General Property Trust
ABN: 58 071 755 609

Annual Financial Report
31 December 2015

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.

DIRECTORS' REPORT
For the year ended 31 December 2015

CONTENTS

DIRECTORS' REPORT
Year ended 31 December 2015

The Directors of GPT RE Limited, the Responsible Entity of General Property Trust, present their report together with the financial statements of the General Property Trust (the Trust) and its controlled entities (the consolidated entity) for the financial year ended 31 December 2015. The consolidated entity together with GPT Management Holdings Limited and its controlled entities form the stapled entity, The GPT Group (GPT).

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

1. OPERATING AND FINANCIAL REVIEW

About GPT
GPT is an owner and manager of a $10.1 billion diversified portfolio of high quality Australian retail, office and logistics property assets and together with GPT's funds management platform the Group has $18.1 billion of property assets under management.

GPT owns and manages some of Australia's most significant real estate assets, including the MLC Centre and Australia Square in Sydney, Melbourne Central and Highpoint Shopping Centre in Melbourne and One One One Eagle Street in Brisbane.

Listed on the Australian Securities Exchange (ASX) since 1971, GPT is today one of Australia's largest diversified listed property groups with a market capitalisation of approximately $8.6 billion. GPT is one of the top 50 listed stocks on the ASX by market capitalisation as at 31 December 2015.

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

A key performance measure for GPT is Total Return. Total Return is calculated as the change in Net Tangible Assets (NTA) per security plus distributions per security declared over the year, divided by the NTA per security at the beginning of the year. This focus on Total Return is aligned with securityholders' long term investment aspirations. In 2015 GPT achieved a Total Return of 11.5%.

GPT targets a Management Expense Ratio (MER) of less than 45 basis points. MER is calculated as management expenses as a percentage of assets under management. In 2015 GPT achieved an MER of 40 basis points.

GPT focusses on maintaining a strong balance sheet. GPT has moderate gearing and significant investment capacity giving it the flexibility to execute on investment opportunities as they arise. In 2015 the Weighted Average Cost of Debt was 4.6% with net gearing at 26.3%.

GPT Portfolio

Retail Portfolio	**Office Portfolio**	**Logistics Portfolio**
14 shopping centres	24 assets	31 assets
990,000 sqm GLA*	1,190,100 sqm NLA**	810,000 sqm GLA
3,400 + tenants	450 + tenants	90 + tenants
$5.0b direct investment	$3.7b direct investment	$1.3b direct investment
$7.9b AUM	**$8.5b AUM**	**$1.7b AUM**

*Gross lettable area
**Net lettable area

Review of operations
Funds from Operations (FFO) represents GPT's underlying and recurring earnings from its operations. This is determined by adjusting statutory net profit after tax under Australian Accounting Standards for certain items which are non-cash, unrealised or capital in nature. FFO has been determined in accordance with the guidelines established by the Property Council of Australia.

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

	31-Dec-15 $M	31-Dec-14 $M	Change %
Retail net operating income	**251.7**	248.7	1.2%
Office net operating income	**153.8**	141.8	8.5%
Logistics net operating income	**91.4**	85.9	6.4%
Income from funds	**98.2**	87.1	12.7%
Investment management expenses	**(6.3)**	(7.6)	(17.1%)
Investment management	**588.8**	555.9	5.9%
Asset management	**7.8**	5.6	39.3%
Development - retail & major projects	**1.8**	1.9	(5.3%)
Development - logistics	**2.2**	6.5	(66.2%)
Funds management	**44.6**	32.5	37.2%
Corporate management expenses	**(33.1)**	(30.1)	10.0%
Net finance costs	**(115.9)**	(103.5)	12.0%
Tax expenses	**(4.9)**	(2.8)	75.0%
Non-core	**12.1**	11.1	9.0%
Less: distribution to exchangeable securities	**(1.7)**	(25.0)	(93.2%)
Funds from Operations (FFO)	**501.7**	452.1	11.0%
Other non-FFO items:			
Valuation increase - core operations	**432.1**	249.5	73.2%
Financial Instruments mark to market value and net foreign exchange movements	**(74.0)**	(89.1)	(16.9%)
Other items*	**6.6**	7.8	(15.4%)
Exclude distributions on exchangeable securities in FFO	**1.7**	25.0	(93.2%)
Net profit after tax	**868.1**	645.3	34.5%
FFO per ordinary stapled security (cents)	**28.28**	26.81	5.5%
Distribution per ordinary stapled security (cents)	22.5	21.2	

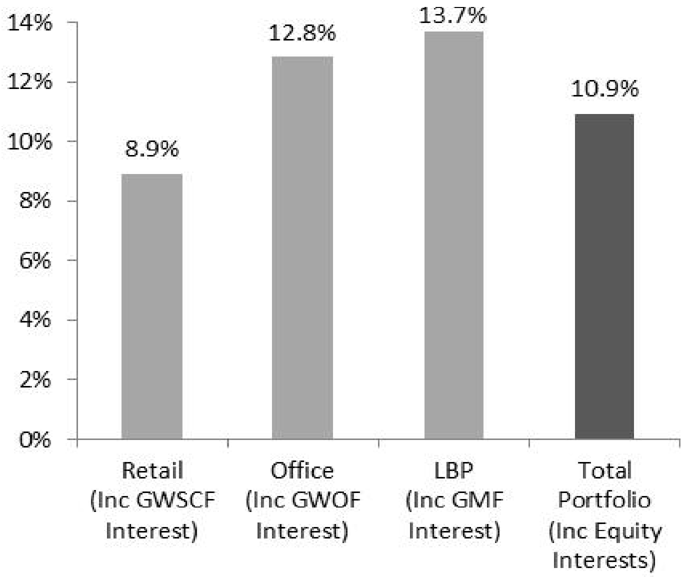
*Other items include amortisation of intangibles, profit on disposal of assets, uplift of loan receivables, write offs of software and IT development costs and related tax impact.

Operating result

GPT delivered FFO of $501.7 million for the 2015 financial year, an increase of 11.0% on the prior year. Allowing for the new equity raised in January 2015, FFO per security was up 5.5% to 28.28 cents.

GPT's statutory net profit after tax was $868.1 million, an increase of 34.5% on the prior year, and included $432.1 million of property revaluation gains offset by a mark to market loss on financial instruments of $74.0 million.

Total Return at the direct investment portfolio level was 10.9% for 2015 with the split between portfolios detailed in the following chart.



GPT has maintained strong metrics across its core portfolios:

	Overall Portfolios	Retail Portfolio	Office Portfolio	Logistics Portfolio
Value of Portfolio		$5.04 billion portfolio including GPT's equity interest in the GPT Wholesale Shopping Centre Fund (GWSCF) (2014: $4.77 billion)	$3.71 billion portfolio including GPT's equity interest in the GPT Wholesale Office Fund (GWOF) (2014: $3.35 billion)	$1.35 billion portfolio including GPT's equity interest in the GPT Metro Office Fund (GMF) (2014: $1.31 billion)
Occupancy	95.3% (2014: 96.4%)	99.2% (2014: 99.5%)	96.0% (2014: 91.4%)	92.3% (2014: 95.1%)
Weighted average lease expiry (WALE)	5.3 years (2014: 5.0 years)	4.0 years (2014: 3.9 years)	5.8 years (2014: 6.3 years)	8.2 years (2014: 6.2 years)
Structured rental reviews		72% of specialty tenants subject to average increases of 4.5% (2014: 72% subject to average increases of 4.5%)	87% of tenants subject to average increases of 3.8% (2014: 89% subject to average increases of 3.9%)	92% of tenants subject to average increases of 3.3% (2014: 86% subject to average increases of 3.3%)
Comparable income growth	3.8% (2014: 0.9%)	3.0% (2014: 2.9%)	6.3% (2014: -1.1%)	0.7% (2014: -0.5%)
Weighted average capitalisation rate	5.90% (2014: 6.27%)	5.58% (2014: 5.87%)	5.94% (2014: 6.41%)	7.03% (2014: 7.72%)

(i) Retail portfolio
Over the year the value of the retail portfolio increased by $0.27 billion. The underlying portfolio quality in conjunction with strong investor sentiment has resulted in further firming in investment metrics. A net revaluation uplift of $127.4 million, including GPT's equity interest in GWSCF, was achieved across the portfolio primarily through valuation uplifts from Melbourne Central, Highpoint Shopping Centre, Rouse Hill and Westfield Penrith offset by the negative contribution from the equity interest in the GWSCF portfolio.

Like for like income growth of 3.0% was driven by a high proportion of structured rental increases in addition to an increased focus on expense management across the portfolio. Retail sales improved over 2015 with weighted total centre annual sales up 4.1% and specialty annual sales up 6.5%. The retail portfolio continues to be well leased with occupancy remaining high at 99.2%. There are currently 41 vacant tenancies (excluding Dandenong).

(ii) Office portfolio
The office portfolio achieved a net revaluation uplift of $212.7 million in 2015, including GPT's equity interest in GWOF, as a result of firming investment metrics and market rental growth.

Like for like income growth of 6.3% was achieved as a result of occupancy increasing 4.6% to 96.0% (including signed leases) as a result of continued leasing success across the portfolio. The main contribution to income growth was from Melbourne Central, One One One Eagle Street, 2 Park Street and Australia Square due to higher occupancy.

(iii) Logistics portfolio
The logistics portfolio achieved a net revaluation uplift of $88 million, including GPT's equity interest in GMF, in 2015. This uplift is attributed to a $20.3 million increase in value from the completion of developments (Rand Transport and Coles RRM facilities) at Erskine Park and $22.4 million from the divestment of assets where significant premiums were achieved on 15, 17 and 19 Berry Street along with 92-116 Holt Street, Pinkenba. The remainder of the valuation uplift was driven by leasing success, with new deals secured across the portfolio and further complemented by firming investment metrics.

Occupancy has decreased to 92.3%, driven primarily by lease expiry at the Citiwest Industrial Estate. The weighted average lease expiry (WALE) has increased significantly to 8.2 years with the inclusion of both the Rand Transport and Coles RRM facilities at Erskine Park which both have lease terms of 20 years.

(iv) Income from funds and funds management
GPT manages and has ownership interests in two wholesale funds, the GPT Wholesale Office Fund (GWOF) and the GPT Wholesale Shopping Centre Fund (GWSCF), and an ASX-listed fund, GPT Metro Office Fund (GMF). Collectively these ownership interests amount to $1.6 billion.

DIRECTORS' REPORT
For the year ended 31 December 2015

As at 31 Dec 2015	GWOF	GWSCF	GMF	Total
Funds under Management	$5.8bn	$3.8bn	$0.4bn	$10.0bn
Number of Assets	19	9	6	34
GPT Interest	20.43%	20.22%	12.98%	-
GPT Investment	$980.3m	$623.2m	$36.0m	$1,639.5m
One year Equity IRR (post-fees)	14.9%	4.4%	13.6%	-
Share of profit - FFO	$58.5m	$36.9m	$2.8m	$98.2m
Funds Management fee income	$24.5m	$17.4m	$2.5m	$44.4m
Performance fee income	$13.9m	-	-	$13.9m

The performance of GWOF continues to be strong, achieving a one year equity IRR of 14.9% for the year. GWSCF delivered a one year equity IRR of 4.4% that was impacted by a material revaluation loss on the Wollongong Central asset. GMF achieved a one year IRR of 13.6%.

GWOF
GWOF's assets under management have grown to $5.8 billion, up $0.5 billion in 2015. The management fees earned from GWOF increased by $18.2 million in 2015 due to a $13.9 million performance fee, the acquisition of four assets in Melbourne in 2014 and strong upward revaluations across the portfolio.

GWSCF
GWSCF's assets under management remained flat at $3.8 billion. The management fee earned from GWSCF increased by $2.8 million in 2015 due to a higher asset base as a result of the Northland Shopping Centre acquisition and upward revaluations in 2014.

GMF
GPT listed GMF on the Australian Securities Exchange in October 2014. GPT's holding in the Fund increased to 12.98% in 2015 (2014: 12.46%) through the participation in the distribution reinvestment plan for the June 2015 distribution. GMF's assets under management have grown to $0.4 billion, up $52.4 million in 2015. The management fee earned from GMF increased by $2.1 million in 2015 due to completion of the 3 Murray Rose Avenue development, strong upward revaluations and a full year of trading since listing.

Asset management
The asset management team is responsible for property management activities for 52 assets across the retail, office and logistics sectors as well as managing initiatives such as Space & Co. The operating profit of asset management increased to $7.8 million (2014: $5.6 million) due to leasing fees achieved for the office portfolio combined with other income initiatives.

Development retail & major projects
In 2015, the development – retail & major projects team focused on the master planning of development opportunities within its $3.5 billion retail and office development pipeline. This includes the repositioning of the MLC Centre, expansions of Rouse Hill and Casuarina Square.

For 2015, the business unit contributed $1.8 million to GPT's FFO (31 Dec 2014: $1.9 million).

Development logistics
In 2015 the development logistics business unit delivered the successful completion of the RAND and Coles RRM facilities at Erskine Park which have been retained as investment assets by GPT and 3 Murray Rose at Sydney Olympic Park which was acquired by GMF. The combined end value of these assets was $300.2 million.

In 2015, the business unit generated a total contribution of $31.6 million across all projects, comprising FFO of $2.2 million, NTA uplift on assets of $17.9 million and profit on sale of assets of $11.5 million. Of the $300.2 million of assets completed in 2015 an average yield on cost of 9.1% and an average WALE of 16.1 years was achieved.

Management expenses
The management expenses increased to $73.6 million (2014: $65.9 million) predominantly caused by one-off corporate restructuring costs to realign the business to a sector-based structure. In 2015 GPT achieved an MER of 40 basis points.

Non-core operations:
Hotel/Tourism portfolio
On 23 May 2011, GPT completed the sale of Ayers Rock Resort to the Indigenous Land Corporation (ILC). Total consideration for the sale was $300.0 million, to be received in three instalments with $81.0 million paid on settlement, $81.0 million paid 12 months after settlement and $138.0 million to be received on 23 May 2016, five years after settlement. Proceeds from the first and second instalments have been received when due.

GPT has been provided with a guarantee on the payments of the deferred considerations and receives interest income at a rate of 6.5% per annum. GPT shares in 46% of any increase in capital value of Ayers Rock Resort over $300.0 million plus capital expenditure committed over the period with a minimum guaranteed payment to GPT of $17.0 million at the end of the five year period. GPT accrue increments of the $17.0 million guaranteed payment over the five year period resulting in an additional 2% return per annum bringing the total return to 8.5% per annum.

During 2015, GPT has worked with the Indigenous Land Corporation (ILC) on a debt restructuring arrangement which includes a repayment of $90.0 million and the extension of the remaining receivable until 2024 at an interest rate of 9.0% per annum. The term sheet has been executed by the ILC and legal documentation is expected to be finalised in early 2016.

Distribution
GPT's distribution policy is a payout ratio of approximately 95-105% of Adjusted Funds from Operations (AFFO) which is defined as FFO less maintenance capex and lease incentives.

For the financial year ended 31 December 2015, distributions paid and payable to stapled securityholders totalled $401.9 million (2014: $357.3 million), representing an annual distribution of 22.5 cents, up 6.1% on 2014 (2014: 21.2 cents). This includes 11.5 cents ($206.4 million) in respect of the second half of 2015, which was declared on 22 December 2015 and is expected to be paid on 29 February 2016.

DIRECTORS' REPORT
For the year ended 31 December 2015

Financial position

	Net Assets 31 Dec 15 $M	Net Assets 31 Dec 14 $M	Change %
Core			
Retail	**4,454.3**	4,161.5	7.0%
Office	**2,721.4**	2,458.4	10.7%
Logistics	**1,391.7**	1,319.9	5.4%
Funds	**1,639.5**	1,543.6	6.2%
Total core assets	**10,206.9**	9,483.4	7.6%
Non-core	**162.5**	154.7	5.0%
Financing and corporate assets	**637.1**	521.0	22.3%
Total assets	**11,006.5**	10,159.1	8.3%
Borrowings	**2,948.0**	2,718.5	8.4%
Other liabilities	**533.4**	508.9	4.8%
Total liabilities	**3,481.4**	3,227.4	7.9%
Net assets	**7,525.1**	6,931.7	8.6%
Total number of ordinary stapled securities (million)	**1,794.8**	1,685.5	6.5%
NTA ($)	**4.17**	3.94	5.8%

Balance sheet
- Total Return of 11.5% (2014: 9.6%) being the growth of NTA per stapled security of 23.0 cents to $4.17 plus the distribution paid / payable per stapled security of 22.5 cents, divided by the opening NTA per stapled security.
- Total core assets increased by 7.6% primarily due to acquisitions, development capital expenditure, positive property revaluations and further investments in the wholesale funds.
- Total borrowings increased by $229.5 million due to additional funding required for net asset acquisitions, developments (including land acquisitions at Rouse Hill and Berrinba offset by the sale of 1-2 Murray Rose in Sydney Olympic Park, 92 Holt Street in Pinkenba and 15 – 19 Berry Street in Granville) plus fair value and other adjustments to the carrying value of foreign currency debt and the CPI bonds, offset by proceeds from equity raisings.

Capital management
- Average cost of debt: 4.6% (2014: 4.8%).
- Net gearing: 26.3% (2014: 26.3%). Target net gearing range is 25% to 35%.
- Weighted average debt maturity: 5.1 years (2014: 5.8 years).
- S&P/Moody's credit rating: A-(Positive)/A3 (stable) (2014: A-(Positive)/A3 (stable)).

GPT continues to maintain a strong focus on capital management. Key highlights for the year include:
- Reduced weighted average cost of debt by 20 basis points due to lower fixed and floating interest rates for the period and renegotiation of bank facilities at lower margins and fees.
- Net gearing remains unchanged as a result of net increase in borrowings during the period offset by valuation increases in the investment portfolio.
- Investment capacity at 30% net gearing is $570.0 million (2014: $530.0 million).
- In conjunction with the sale of Dandenong, a review of GPT's capital management strategy was undertaken resulting in GPT reducing its level of interest rate hedging. GPT is 63.2% hedged as at 31 December 2015.
- Net profit and other comprehensive income were impacted by a $80.8 million loss on net mark to market movements on derivatives and foreign bonds (largely due to decrease in market swap rates during the period), loss on repurchase of $10.0 million CPI bonds and re-estimation of the amortised costs of the remaining $75.0 million CPI bonds.

On 21 January 2015, GPT announced that it would redeem the Exchangeable Securities owned by an affiliate of GIC for $325.0 million, plus accrued distribution. The redemption was funded by an equity raising comprising a $325.0 million institutional placement and a $50.0 million security purchase plan. The institutional placement and the security purchase plan were completed on 22 January and 3 March respectively, at a fixed price of $4.23 per security which represented a 3.0% discount to the GPT closing price on 21 January 2015, being the last trading day prior to the announcement of the equity raising. As a result, a total of 88.7 million stapled securities were issued.

On 22 April 2015, GPT announced the extension of the on market buy back for an additional 12 months until May 2016.

Cash flows
The cash balance as at December 2015 increased to $79.3 million (2014: $72.4 million).

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

	31 Dec 2015 $M	31 Dec 2014 $M	Change %
FFO	**501.7**	452.1	11.0%
Add back: distribution to exchangeable securities included in FFO	**1.7**	25.0	(93.2%)
Add back: non-cash expenses items included in FFO	**16.3**	10.0	63.0%
Less: non-cash revenue items included in FFO	**(21.2)**	(23.6)	(10.2%)
Less: interest capitalised on developments	**(5.7)**	(9.5)	(40.0%)
Less: payments for inventory for development	**(49.6)**	(43.6)	13.8%
Timing difference in receivables and payables	**(0.9)**	(5.7)	(84.2%)
Net cash inflows from operating activities	**442.3**	**404.7**	**9.3%**
Add back: payments for inventory for development	**49.6**	43.6	13.8%
Add back: interest capitalised on developments	**5.7**	9.5	(40.0%)
Less: maintenance capex	**(45.7)**	(42.1)	8.6%
Less: lease incentives (including rent free from JVs)	**(51.7)**	(29.5)	75.3%
Less: distribution to exchangeable securities	**(1.7)**	(25.0)	(93.2%)
Free cash flow	**398.5**	**361.2**	**10.3%**

The Non-IFRS Information included above has not been audited in accordance with Australian Auditing Standards, but has been derived from note 1 and note 13 of the accompanying financial statements.

Investing activities
Investing cash outflows included acquisitions of Rouse Hill Northern Frame land parcels, operating capital expenditures, lease incentives, development capital expenditures and capital injections to the equity accounted investments, offset by cash inflows for the net proceeds from the disposals of 1 & 2 Murray Rose in Sydney Olympic Park, 15 – 19 Berry Street assets in Granville and 92 Holt St in Pinkenba.

Financing activities
Significant financing cash out flows during the year included redemption of the exchangeable securities, distributions paid and payments for termination and restructure of derivatives, offset by net proceeds from borrowings and a new equity raising.

Prospects

(i) Group

Market conditions remain challenging as the Australian economy continues to adjust to lower commodity prices and lower global growth expectations. GPT remains well positioned with high quality assets, strong occupancy levels, a conservative approach to capital management and a healthy development pipeline. In December 2015 GPT announced a move from an operational structural model to a sector based approach. The change was made to better position GPT to deliver on our strategy and to provide strong performance across our direct investment portfolio and managed funds.

Retail:
Retail trade growth performed strongly in 2015 driven by low interest rates and rising house prices, particularly in the non-resource influenced states of NSW and Victoria. The acceleration in retail trade growth was evident in the improvement in GPT's shopping centre sales growth (6.5% for specialty). GPT expects that larger regional centres which dominate strong and growing trade areas will outperform other retail asset classes in the longer term.

Office:
The Eastern Seaboard CBD office markets ended the year on a positive note, with all markets exhibiting stronger fundamentals than the same time last year. Sydney and Melbourne continued their positive momentum with office demand and rental growth. Brisbane, which experienced weak market fundamentals in 2014 and early 2015, is now showing an improving trend in office demand. The Perth market deteriorated further in 2015 with negative net absorption resulting in rising vacancy rates. GPT's office portfolio is heavily weighted to the Sydney and Melbourne markets, and is well placed to benefit from the improving conditions.

Logistics:
A strong investment market for institutional grade product remains in the industrial sector despite patchy fundamentals. Tenant demand improved over the course of 2015 although this was coupled with increased supply. The medium term outlook is for a stabilisation of rents and improved land values. GPT will continue to opportunistically acquire logistics assets as it looks to increase exposure to the sector. GPT will also continue to develop out its land banks and seek new development investment opportunities using its development capability.

Funds management:
GPT has a strong Funds Management platform which has experienced significant growth over the past two years. The funds management team will continue to actively manage the existing portfolios, with new acquisitions and divestments reviewed based on meeting the relevant investment objectives of the respective funds.

(ii) Guidance for 2016

In 2016 GPT expects to deliver between 4.0 and 5.0% growth in FFO per ordinary security. Achieving this target is subject to risks detailed in the following section.

Risks

The Board is ultimately accountable for corporate governance and the appropriate management of risk. The Board determines the risk appetite and oversees the risk profile to ensure activities are consistent with GPT's strategy and values. The Audit and Risk Management Committee (ARMC) supports the Board and is responsible for overseeing and reviewing the effectiveness of the risk management framework. The ARMC and through it, the

Board, receive reports on GPT's risk management practices and control systems including the effectiveness of GPT's management of its material business risks.

GPT has an active enterprise-wide risk management framework. Within this framework the Board has adopted a policy setting out the principles, objectives and approach established to maintain GPT's commitment to integrated risk management. GPT recognises the requirement for effective risk management as a core capability and consequently all employees are expected to be managers of risk. GPT's risk management approach incorporates culture, people, processes and systems to enable the organisation to realise potential opportunities whilst managing adverse effects. The approach is consistent with AS/NZS ISO 31000:2009: Risk Management.

The key components of the approach include the following:

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

The following table sets out the key inherent risks to GPT's main investment objectives, and the strategies GPT uses to manage them:

Level	Risk Description	Strategic Impact	Mitigation
Operational performance	Investments do not perform in line with forecast	• Investments deliver lower investment performance than target • Credit downgrade	• Formal deal management process • Active asset management including regular forecasting and monitoring of performance • High quality property portfolio • Development program to enhance asset returns • Comprehensive asset insurance program
	Inability to lease assets in line with forecast	• Investments deliver lower investment performance than target	• Large and diversified tenant base • High quality property portfolio • Experienced leasing team • Development program to enhance asset returns
Market risk	Volatility and speed of changes in market conditions	• Investments deliver lower investment returns than target	• Holistic capital management • Large multi asset portfolio • Monitoring of asset concentration
Capital management	Re-financing and liquidity risk	• Limits ability to meet debt maturities • Constrains future growth • Limits ability to execute strategy • May impact distributions • Failure to continue as a going concern	• Diversity of funding sources and spreading of debt maturities with a long weighted average debt term • Maintaining a minimum liquidity buffer in cash and surplus committed credit facilities for the forward rolling twelve month period
	Interest rate risk – higher interest rate cost than forecast	• Detrimental impact to investment performance • Adversely affect GPT's operating results	• Interest rate exposures are actively hedged
Health and safety	Risk of incidents, causing injury to tenants, visitors to the properties, employees and contractors	• Criminal/civic proceedings and resultant reputation damage • Financial impact of remediation and restoration	• Formalised Health and Safety management system including policies and procedures for managing safety • Training and education of staff and contractors
People	Inability to attract, retain and develop talented people	• Limits the ability to deliver the business objectives	• Competitive remuneration • Structured development planning • Succession planning and talent management

2. ENVIRONMENTAL REGULATION

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

GPT is also subject to the reporting requirements of the National Greenhouse and Energy Reporting Act 2007 ("NGER Act"). The NGER Act requires GPT to report its annual greenhouse gas emissions and energy use. The measurement period for GPT is 1 July 2015 to 30 June 2016. GPT has implemented systems and processes for the collection and calculation of the data required which enabled submission of its report to the Department of Climate Change and Energy Efficiency within the legislative deadline of 31 October 2015. GPT has submitted its report to the Department of Climate Change and Energy Efficiency for the period ended 30 June 2015.

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

3. EVENTS SUBSEQUENT TO REPORTING DATE

The Directors are not aware of any matter or circumstances occurring since 31 December 2015 that has significantly or may significantly affect the operations of GPT, the results of those operations or the state of affairs of GPT in the subsequent financial years.

4. DIRECTORS AND SECRETARY

Information on directors

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

Rob currently holds Non-Executive directorships in the following listed and other entities:

- Primary Health Care Limited (since 2009) – Chairman
- Watermark Market Neutral Fund Limited (since 2013)
- Tyro Payments Limited (since 2005)
- Smartward Limited (since 2012)

He was also a Non-Executive Chairman of IMF Bentham Limited from 2004 to January 2015.

As at the date of this report, he holds 207,628 GPT stapled securities.

Robert Johnston – Chief Executive Officer
Bob was appointed to the Board as Chief Executive Officer and Managing Director in September 2015. He has 28 years' experience in the property sector including investment, development, project management and construction in Australia, Asia, the US and UK. Prior to joining GPT, Bob was the Managing Director of listed Australand Property Group which became Frasers Australand in September 2014.

As at the date of this report, he holds 116,279 GPT stapled securities.

Michael Cameron – Chief Executive Officer and Managing Director
Michael joined The GPT Group as Chief Executive Officer and Managing Director in May 2009 and retired as a director in September 2015. He has over 30 years' experience in Finance and Business, including Group CFO at Commonwealth Bank of Australia and then St George Bank. Before that, he worked 10 years with Lendlease and MLC Limited before moving to the US in 1994 with The Yarmouth Group, Lendlease's US property business.

Since 2012, Michael has held the position of Non-Executive Director in listed entity, Suncorp Group Limited.

As at the date of his retirement as a director of the GPT Group, Michael owned 1,663,779 GPT stapled securities.

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

Brendan is currently a director of Brickworks Limited (since 2008), Chairman of Cloud FX Pte Ltd, as well as being the Chairman of Western Sydney Parklands Trust. Brendan is also a member of the Investment Committee of CIMB Trust Cap Advisors.

As at the date of this report, he holds 67,092 GPT stapled securities.

Eileen Doyle
Eileen was appointed to the Board in March 2010. She is also the Chair of the Sustainability Committee and a member of the Nomination and Remuneration Committee. She has diverse and substantial business experience having held senior executive roles and directorships in a wide range of industries, including research, financial services, building and construction, steel, mining, logistics and export.

Eileen currently holds the position of Non-Executive Director in the following listed and other entities:

- Boral Limited (since 2010)
- Hunter Valley Research Foundation (Chairman)

Eileen was also a director of Bradken Limited from 2011 to November 2015 and will be a Non-Executive Director of Oil Search Limited with effect from 18 February 2016.

As at the date of this report, she holds 41,597 GPT stapled securities.

Eric Goodwin
Eric was appointed to the Board in November 2005 and retired as a director in May 2015. During his appointment as a Director, Eric was also a member of the Audit and Risk Management Committee and the Sustainability Committee. Eric has extensive experience in design, construction, project management, general management and funds management. He was the founding Fund Manager of the Australian Prime Property Fund and his experience includes fund management of the MLC Property Portfolio.

Since June 2004, Eric has held the position of Non-Executive Director of listed entity Duet Group.

As at the date of his retirement as a director of GPT, Eric owned 34,801 GPT stapled securities.

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

Swe Guan is currently a director of Sunway Berhad in Malaysia (since 2011) and Global Logistics Properties in Singapore (since 2012). Swe Guan is also a member of the Investment Committee of CIMB Trust Cap Advisors.

As at the date of this report, he holds no GPT stapled securities.

Anne McDonald
Anne was appointed to the Board in August 2006 and is also the Chair of the Audit and Risk Management Committee. She is a chartered accountant and was previously a partner of Ernst & Young for 15 years specialising as a company auditor and advising multinational and local companies on governance, risk management and accounting issues.

Anne currently holds the position of Non-Executive Director in the following listed and other entities:
- Specialty Fashion Group Limited (since 2007)
- Spark Infrastructure Group (since 2009)
- Sydney Water Corporation (since 2013)

As at the date of this report, she holds 23,364 GPT stapled securities and 10,000 units in GPT Metro Office Fund.

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

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

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

As at the date of this report, she holds no GPT stapled securities.

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

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

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

As at the date of this report, he holds 48,546 GPT stapled securities and 20,000 units in GPT Metro Office Fund.

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

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

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

	Board		Audit and Risk Committee		Nomination and Remuneration Committee		Sustainability Committee	
	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend
Chair	Rob Ferguson		Anne McDonald		Gene Tilbrook		Eileen Doyle	
Rob Ferguson	11	11	-	-	8	8	-	-
Michael Cameron	7	7	-	-	-	-	-	-
Robert Johnston	4	4	-	-	-	-	-	-
Brendan Crotty	11	11	5	5	-	-	3	3
Eileen Doyle	10	11	-	-	7	8	3	3
Eric Goodwin	5	5	2	2	-	-	1	1
Swe Guan Lim	9	9	3	3	-	-	2	2
Anne McDonald	11	11	5	5	-	-	-	-
Michelle Somerville	2	2	1	1	-	-	-	-
Gene Tilbrook	11	11	-	-	8	8	-	-

5. OTHER DISCLOSURES

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

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

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

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

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

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

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 21 and forms part of the Directors' Report.

Rounding of amounts
The amounts contained in this report and in the financial statements have been rounded to the nearest million dollars unless otherwise stated (where rounding is applicable) under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the class order applies.

6. REMUNERATION REPORT

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

The Board aims to communicate the remuneration outcomes with full transparency, demonstrate that the GPT Group's remuneration platform is both market competitive and fair to all stakeholders, and has performance measures aligned to the achievement of GPT's strategic objectives.

Governance

Who are the members of the Committee?	The Committee consists of 3 Non-Executive Directors: • Gene Tilbrook (Committee Chairman) • Eileen Doyle • Rob Ferguson
What is the scope of work of the Committee?	The Committee provides advice and recommendations to the Board on: • Criteria for selection of Directors; • Nominations for appointment of Directors; • Criteria for reviewing the performance of Directors individually and the GPT Board collectively; • Remuneration policies for Directors and Committee members; • Remuneration amounts for Directors from within the overall Directors fee cap approved by security holders; • Remuneration policy for the CEO and employees; • Incentive plans for the CEO and employees, including exercising discretion where appropriate in determining Short term incentive compensation (STIC) and Long term incentive compensation (LTI) outcomes; and • Any other related matters regarding executives or the Board[1].
Who is included in the Remuneration Report?	GPT's Key Management Personnel (KMP) are the individuals responsible for planning, controlling and managing the GPT Group (being the Non-Executive Directors, the CEO and certain other key Executives). Since the prior year, the number of Executive members has reduced to only include the "C-suite" executives under the new organisation structure implemented in December 2015.

Committee key decisions and outcomes in 2015

Platform component	Key decisions and outcomes
Base pay (fixed)	• Implemented a review of employee base pay, effective 1 January 2015, with an average increase of 2.23%. • Reviewed Non-Executive Director fees[2], effective 1 January 2015, with an average increase of 4.62%.
Short term incentive compensation	• Maintained Total Return as the primary measure of Group financial performance with a target of 9%. • The Group achieved an 11.5% Total Return which exceeded the stretch target of 10% and created a STIC pool of $14.86 million.
Long term incentive compensation	• The Group achieved a Total Return for the 2013-15 period of 9.86%, exceeding the stretch target of 9.5%, and delivering a Relative Total Securityholder Return (Relative TSR)[3] of 56.32%, which ranked 6th out of 12 against the comparator group and exceeded the threshold target for vesting. • As a result, the vesting outcome for the 2013-15 LTI plan was 78.70% of the performance rights for each of the 23 participants in the LTI plan. • Launched the 2015-2017 LTI with two performance measures, Total Return and Relative TSR.
Other employee ownership plans	• Continued the General Employee Security Ownership Plan (GESOP) for 97 STIC eligible employees not in the LTI. Under GESOP participants receive an amount equal to 10% of STIC (less tax) delivered in GPT securities, which must be held for at least 1 year. • Continued the Broad Based Employee Security Ownership Plan (BBESOP) for 307 employees ineligible for GESOP. Under BBESOP, participants receive $1,000 worth of GPT securities that cannot be transferred or sold until the earlier of 3 years from the allocation date or cessation of employment.
Policy & governance	• The appointment of Bob Johnston as CEO of the GPT Group on 7 September 2015, following the resignation of Michael Cameron. • The appointment of Lim Swe Guan as a Non-Executive Director on 23 March 2015, following the notification of the retirement of Eric Goodwin, which occurred in May 2015. • The appointment of Michelle Somerville as a Non-Executive Director on 1 December 2015, in anticipation of the retirement of Anne McDonald from the Board at the May 2016 AGM. • Utilised external advice on market compensation benchmarks and practice, prevailing regulatory and governance standards, and drafting of incentive plan documentation from Ernst & Young and Conari Partners.
Diversity	• The percentage of females in senior leadership roles increased from 34% to 37%, falling short of the 2015 target of 40%. • The percentage of Aboriginal and Torres Strait Islander employees increased from 1.8% to 3%, exceeding the 2015 target of 2.5%.

[1] 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).
[2] The last review of Non-Executive Director base fees was effective 1 January 2008.
[3] TSR represents an investor's return, calculated as the percentage difference between an initial amount invested in stapled securities and the final value of those stapled securities at the end of the relevant period, assuming distributions were reinvested.

GPT's purpose & goals and the link to remuneration structures

GPT's purpose & goals (measured over 1,3 and 5 years)			
Property to Prosperity - We maximise the financial potential of Australian property with solutions that fulfil the aspirations of our investors, tenants and communities	**Total Return > 9%**	**Generate competitive Relative Total Securityholder Return**	**Average FFO growth > CPI plus 1%**

Total remuneration components			
Base pay (fixed) • Base level of reward. • Set around Australian market median using external benchmark data (including AON Hewitt and the Financial Institutions Remuneration Group (FIRG)). • Varies based on employee's responsibilities, experience, skill and performance. • External & internal relativities considered.	**STIC (variable)** • Discretionary, at risk, and with aggregate STIC funding aligned to overall Group financial outcomes. • Set around market median for target performance with potential to approach top quartile for stretch outcomes. • Determined by GPT and individual performance against a mix of balanced scorecard measures which include financial & non-financial measures. • Financial measures include Total Return and FFO per security, portfolio and/or property level metrics. • Non-financial objectives focus on execution of strategy, delivery of key projects and developments, cultural change, sustainability, innovation, people management and development, and process optimisation, as applicable. • Delivered in cash, or (for senior executives), a combination of cash and equity with deferred vesting for 1 and 2 years.	**LTI (variable)** • Discretionary, at risk, and aligned to overall Group financial outcomes. • Set around market median for target performance with potential to achieve top quartile for Stretch outcomes. • Determined by GPT performance against Total Return and Relative TSR financial performance. • Relative TSR is measured against relevant comparators from the AREIT sector. • Assessed over a 3 year performance period, no re-testing. • No value derived unless GPT meets or exceeds defined performance measures. • Delivered in restricted GPT securities to align executive and securityholder interests.	**Other employee ownership plans (variable)** **GESOP** • For STIC eligible individuals who are ineligible for LTI. • Equal to 10% of STIC (less tax) delivered in GPT securities, which must be held for at least 1 year. **BBESOP** • For individuals ineligible for STIC or LTI. • GPT must achieve at least Target outcome on the annual Total Return of 9%. • A grant of $1,000 worth of GPT securities which must be held until the earlier of 3 years or end of employment.

Attract, retain, motivate and reward high calibre executives to deliver superior performance by: • Providing competitive rewards. • Opportunity to achieve incentives beyond base pay based on high Performance.	**Align executive rewards to GPT's performance and securityholder interests by:** • Assessing incentives against multiple financial and non-financial business measures that are aligned with GPT strategy, with an equity component. • Putting significant components of total remuneration at risk.

Employment Terms

1. Employment terms – Chief Executive Officer and Managing Director

Term	Conditions
Contract duration	Open ended.
Termination by Executive	6 months' notice. GPT may elect to make a payment in lieu of notice.
Remuneration Package	In 2015, Michael Cameron's annual remuneration mix and potential incentives remained unchanged from the 2014 level as: • Fixed pay: $1,500,000. • STIC: $0 to $1,875,000 (ie 0% to 125% of base pay) based on performance and paid in an equal mix of cash and deferred GPT securities, with the securities component vesting in two equal tranches 1 year and 2 years after the conclusion of the performance year. • LTI: $0 to $2,250,000 (ie 0% to 150% of base pay) based on performance and continued service and delivered in restricted GPT securities. On appointment, Bob Johnston's annual remuneration mix and potential incentives were: • Fixed pay: $1,400,000. • STIC: $0 to $1,750,000 (ie 0% to 125% of base pay) based on performance and paid in an equal mix of cash and deferred GPT securities, with the securities component vesting in two equal tranches 1 year and 2 years after the conclusion of the performance year. • LTI: $0 to $2,100,000 (ie 0% to 150% of base pay) based on performance and continued service and delivered in restricted GPT securities.
Termination by Company for cause	No notice requirement or termination benefits (other than accrued entitlements).
Termination by Company (other)	12 months' notice. Treatment of unvested STIC and LTI will be at Committee discretion under the terms of the relevant plans and GPT policy.
Post-employment restraints	6 months Non-Compete, 12 months Non-solicitation of GPT employees.
External Directorships	Under GPT policy Michael Cameron was eligible to take up one external Directorship. In 2012 he joined the Suncorp Group Board. All Board fees received by Michael Cameron associated with this appointment were paid to GPT. Bob Johnston is an unpaid Director on the Property Industry Foundation (PIF) Board.

2. Employment terms – Executive KMP

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

Remuneration Package:

Component	Mark Fookes	Anastasia Clarke[4]	Carmel Hourigan[5]
Fixed pay	$800,000	$575,000	$775,000
STIC[6]	$0 to $800,000	$0 to $431,250	$0 to $775,000
LTI	$0 to $800,000	$0 to $431,250	$0 to $775,000

3. Compensation mix

	Fixed remuneration	Variable or "at risk" remuneration[7]	
Senior Executives	**Base pay**	**STI**	**LTI**
Bob Johnston Chief Executive Officer and Managing Director	26.7%	33.3%	40.0%
Anastasia Clarke[8] Chief Financial Officer	40.0%	30.0%	30.0%
Mark Fookes Chief Operating Officer	33.4%	33.3%	33.3%

[4] Figures listed are 2015 package prior to a remuneration review in line with Ms Clarke's appointment to Chief Financial Officer effective 1 December 2015. Her revised package is fixed pay of $650,000 and STIC range of $0 to $650,000; LTI range will be determined when the 2016-18 LTI is launched in May 2016.
[5] Ms Hourigan resigned on 30 October 2015; the figures listed in this table are full year equivalent figures.
[6] The STIC is paid in an equal mix of cash and deferred GPT securities, with the securities component vesting in two equal tranches 1 year and 2 years after the conclusion of the performance year.
[7] The percentage of each component of total remuneration is calculated with reference to maximum or stretch potential outcomes as set out under Remuneration Package in Tables 1 and 2 above. As Mr Cameron and Ms Hourigan resigned during the course of 2015 their packages were 100% base pay and hence they have not been included in the table.
[8] Figures listed are 2015 package prior to a remuneration review in line with Ms Clarke's appointment to Chief Financial Officer effective 1 December 2015. Her revised package is fixed pay of $650,000 and STIC range of $0 to $650,000; LTI range will be determined when the 2016-18 LTI is launched in May 2016.

Group Financial Performance & Incentive Outcomes

1. Five year Group financial performance

		2015	2014	2013	2012	2011
Total Shareholder Return (TSR)	%	**15.4**	34.5	4.1	26.9	10.5
Total Return	%	**11.5**	9.6	8.5	9.5	4.9
NTA (per security)	$	**4.17**	3.94	3.79	3.73	3.59
FFO (per security)[9]	cents	**28.3**	26.8	25.7	24.2	22.4
Security price at end of calendar year	$	**4.78**	4.35	3.40	3.68	3.07

2. Group performance driving the 2015 STIC result

Performance range	Total Return	STIC pool funding at each performance benchmark	2015 Total Return outcome	2015 STIC pool
Threshold	8.0%	$1.07 million		
	8.5%	$5.10 million		
Target	9.0%	$9.28 million	**11.5%**	**$14.86 million**
	9.5%	$12.10 million		
Stretch	10.0%	$14.86 million		

3. 2015 STIC outcomes by Executive KMP[10]

Senior Executive	Position	Actual STIC awarded ($)	Actual STIC awarded as a % of maximum STIC	% of maximum STIC award forfeited	Cash component ($)	Equity component (# of GPT securities)[11]
Bob Johnston	Chief Executive Officer and Managing Director	$353,000	80%	20%	$176,500	39,694[12]
Anastasia Clarke	Chief Financial Officer	$400,000	93%	7%	$200,000	48,687
Mark Fookes	Chief Operating Officer	$800,000	100%	0%	$400,000	97,373

4. Group Performance measures for LTI Plans

LTI	LTI performance measurement period	Performance measure	Performance measure hurdle	Weighting	Results	Vesting % by performance measure
2013	2013-2015	Relative TSR versus comparator group.	50% of rights vest at 51st percentile, up to 100% at the 75th percentile (pro rata vesting in between).	50%	56.32%,6th out of 12	57.39%
		Total Return	50% of rights vest at 9% Total Return, up to 100% at 9.5% Total Return (pro-rata vesting in between).	50%	9.86%	100%
2014	2014-2016	Relative TSR versus comparator group.	50% of rights vest at 51st percentile, up to 100% at the 75th percentile (pro rata vesting in between)	50%	N/A	N/A
		Total Return	25% of rights vest at 9% Total Return, up to 100% at 9.75% Total Return (pro-rata vesting in between).	50%		
2015	2015-2017	Relative TSR versus comparator group.	50% of rights vest at 51st percentile, up to 100% at the 75th percentile (pro rata vesting in between)	50%	N/A	N/A
		Total Return	25% of rights vest at 9% Total Return, up to 100% at 9.75% Total Return (pro-rata vesting in between).	50%		

5. 2013-2015 LTI outcomes by Executive KMP[13]

Senior Executive	Position	Performance rights granted	Performance rights vested	Performance rights lapsed
Anastasia Clarke	Chief Financial Officer	98,475	77,495	20,980
Mark Fookes	Chief Operating Officer	218,834	172,211	46,623

[9] Represents Realised Operating Income (ROI) until 2013.
[10] Excluding the impact of movements in the GPT security price on deferred STIC value received. This table does not include former executives Mr Cameron and Ms Hourigan as they did not receive any STIC for 2015.
[11] The deferred GPT securities that have been allocated will vest subject to service in two equal tranches on 31 December 2016 and 31 December 2017.
[12] As Mr Johnston commenced part way through the calendar year, the VWAP that was used to calculate the number of securities to be granted under his pro-rata 2015 STIC was based on GPT's June to August (ie 3 month) 2015 VWAP of $4.4465, subject to approval at the May 2016 AGM.
[13] This excludes Mr Johnston as he was not a participant in the 2013-15 LTI plan, and does not include former executives Mr Cameron and Ms Hourigan as their LTI participation lapsed upon the cessation of their employment during 2015.

6. LTI outcomes – fair value and maximum value recognised in future years

Senior Executive	LTI scheme	Grant date	Fair value per performance right	Performance rights granted as at 31 Dec 15	Vesting date	Maximum value to be recognised in future years
Bob Johnston	**2015**	**8 Sept 15**	**$2.21**	**430,476**	**31 Dec 17**	**$821,514**
Chief Executive Officer and Managing Director						
Anastasia Clarke	**2015**	**18 May 15**	**$2.48**	**104,981**	**31 Dec 17**	**$198,742**
Chief Financial Officer	2014	26 May 14	$2.09	114,706	31 Dec 16	$92,787
Mark Fookes	**2015**	**18 May 15**	**$2.48**	**194,747**	**31 Dec 17**	**$368,680**
Chief Operating Officer	2014	26 May 14	$2.09	217,087	31 Dec 16	$175,604

7. Reported remuneration – Executive KMP - Cash[14]

		Fixed pay		Variable or "at risk"[15]			
Senior Executive		**Base pay**	**Superannuation**	**Other[16]**	**STIC**	**LTI**	**Total**
Bob Johnston[17]	**2015**	**$419,518**	**$4,827**	**$608,734**	**$361,633**	**-**	**$1,394,712**
Chief Executive Officer and Managing Director							
Anastasia Clarke[18]	**2015**	**$562,204**	**$19,046**	**$2,314**	**$427,076**	**$361,437**	**$1,372,077**
Chief Financial Officer							
Mark Fookes	**2015**	**$780,954**	**$19,046**	**$9,599**	**$854,148**	**$803,192**	**$2,466,939**
Chief Operating Officer	2014	$756,720	$18,279	$7,583	$634,448	$575,254	$1,992,284
Senior Executives – Former							
Michael Cameron[19]	**2015**	**$1,380,845**	**$14,219**	**$13,279**	**-**	**-**	**$1,408,343**
Chief Executive Officer and Managing Director	2014	$1,481,721	$18,279	$9,514	$1,290,402	$1,614,421	$4,414,337
Carmel Hourigan[20]	**2015**	**$675,400**	**$19,046**	**$3,521**	**-**	**-**	**$697,967**
Chief Investment Officer	2014	$733,357	$18,279	$6,206	$602,187	$372,624	$1,732,653
Total	**2015**	**$3,818,921**	**$76,184**	**$637,447**	**$1,642,857**	**$1,164,629**	**$7,340,038**
	2014	$2,971,798	$54,837	$23,303	$2,527,037	$2,562,299	$8,139,274

[14] This table discloses the cash and other benefits received by GPT's executive KMP, as distinct from the accounting expense. As a result, it does not align to Australian accounting standards.
[15] For the purpose of recording a gross dollar value for the deferred equity component of STIC & the 2013-15 LTI outcome, the equity awarded has been multiplied by GPT's fourth quarter 2015 volume weighted average security price (VWAP) of $4.664 to derive a dollar value.
[16] Other may include sign on payments totalling $608,100 to Mr Johnston, death & total/permanent disability insurance premiums, service awards, superannuation plan administration fees, executive health assessments and/or other benefits.
[17] Mr Johnston commenced employment with the Group on 7 September 2015.
[18] Ms Clarke was not KMP in 2014 hence only 2015 remuneration is reported.
[19] Mr Cameron resigned on 2 September 2015.
[20] Ms Hourigan resigned on 30 October 2015.

8. Reported remuneration – Executive KMP – AIFRS Accounting[21]

Senior Executives - Current		Fixed pay: Base pay	Fixed pay: Superannuation	Variable or "at risk": Other[22]	Variable or "at risk": STIC (cash plus accrual)[23, 24]	Variable or "at risk": LTI award accrual[25]	Variable or "at risk": Grant or vesting of non STI or LTI performance rights[26]	Total
Bob Johnston Chief Executive Officer and Managing Director	**2015**	**$458,781**	**$4,827**	**$634**	**$176,500**	**$128,116**	**$552,086**	**$1,320,944**
Anastasia Clarke[27] Chief Financial Officer	**2015**	**$594,237**	**$19,046**	**$2,314**	**$348,719**	**$233,384**	-	**$1,197,700**
Mark Fookes	**2015**	**$780,626**	**$19,046**	**$9,599**	**$679,759**	**$465,467**	-	**$1,954,497**
Chief Operating Officer	2014	$771,813	$18,279	$7,583	$420,510	$456,709	-	$1,674,894
Senior Executives – Former								
Michael Cameron[28]	**2015**	**$1,380,845**	**$14,219**	**$13,279**	**-**	**-**	-	**$1,408,343**
Chief Executive Officer and Managing Director	2014	$1,580,276	$18,279	$9,514	$855,274	$1,308,764	-	$3,772,107
Carmel Hourigan[29]	**2015**	**$675,400**	**$19,046**	**$3,521**	**-**	**-**	**-**	**$697,967**
Chief Investment Officer	2014	$746,088	$18,279	$6,206	$399,127	$398,671	$53,687	$1,622,058
Total	**2015**	**$3,889,889**	**$76,184**	**$29,347**	**$1,204,978**	**$826,967**	**$552,086**	**$6,579,451**
	2014	$3,098,177	$54,837	$23,303	$1,674,911	$2,164,144	$53,687	$7,069,059

9. Security ownership and performance rights entitlements of GPT's Executive KMP

	Current GPT security ownership at 31/12/15						Performance rights	
	Vested security holding[30]	Securities allocated and still deferred[31]	Private holdings				Performance rights that lapsed in 2015[33]	Performance rights still on foot at 31/12/15[34]
Senior Executive	(# of securities)	(# of securities)	Balance (31/12/14)	Purchase/ (Sale)	Balance (31/12/15)	MSHR[32] (Y/N)	(# of rights)	(# of rights)
Bob Johnston Chief Executive Officer and Managing Director	116,279	0	0	0	0	N	0	455,615
Anastasia Clarke Chief Financial Officer	277,912	71,796	0	3,546	3,546	Y	24,783	219,687
Mark Fookes Chief Operating Officer	644,642	138,690	0	3,546	3,546	Y	46,623	411,834

[21] This table provides a breakdown of remuneration for executive KMP in accordance with statutory requirements and Australian accounting standards.
[22] Other may include death & total/permanent disability insurance premiums, GPT superannuation plan administration fees, service awards, executive health assessments and other benefits.
[23] This column includes the cash value of the STIC award and an accounting valuation of the deferred equity component, with the exception of the amount recorded for Mr Johnston which is cash only.
[24] In addition to the cash amount noted, approval will be sought at the May 2016 AGM to grant a further 39,694 deferred GPT securities to Mr Johnston to vest in two equal tranches on 31 December 2016 and 31 December 2017 respectively.
[25] This column records the amount of the fair value of performance rights under the various LTI plans expensed in the relevant financial years, and does not represent actual LTI awards made to executives.
[26] Grant or vesting of one off non STI or LTI performance rights includes a sign on package for Mr Johnston and the sign on package of Ms Hourigan.
[27] Ms Clarke was not KMP in 2014 hence only 2015 remuneration is reported.
[28] Mr Cameron resigned on 2 September 2015.
[29] Ms Hourigan resigned on 30 October 2015.
[30] This number may include LTI plans up to and including the 2013-15 outcome and deferred 2014 STIC that has vested.
[31] This number may include 2014 and 2015 STIC deferred equity that remains subject to further service conditions prior to vesting. For Mr Johnston, 39,694 deferred GPT securities for his 2015 STIC are still subject to securityholder approval at the May 2016 AGM and hence are not included in this column.
[32] This shows whether the Minimum Security Holding Requirement (MSHR) has been met at a GPT security price of $4.664 (the Q4 2015 GPT VWAP).
[33] The number of performance rights that were awarded to a participant in the 2013 LTI that did not vest at the end of the 2013-2015 performance period, and as a result, lapsed. It also includes performance rights granted under the 2015 STIC that also lapsed.
[34] The total of unvested performance rights currently on foot and excludes any GPT securities or performance rights that may have lapsed up to 31 December 2015. This represents the current maximum number of additional GPT securities to which the individual may become entitled subject to satisfying the various applicable performance measures; as such, these performance rights are "at risk" and may never vest.

Remuneration – Non-Executive Directors

What are the key elements of the Non-Executive Director Remuneration Policy?

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

1. Board and Committee fees[35,36]

		Board	Audit and Risk Management Committee	Sustainability Committee	Nomination and Remuneration Committee	Project Control Group
Chairman	**2015**	**$362,500**	**$36,000**	**$30,000**	**$30,000**	**$20,000**
	2014	$346,500	$34,650	$11,000	$23,100	$20,000
Members	**2015**	**$145,000**	**$18,000**	**$15,000**	**$15,000**	**N/A**
	2014	$138,600	$17,325	$8,000	$11,550	N/A

2. Reported Remuneration - Non-Executive Directors – AIFRS Accounting[37,38]

		Fixed pay			
Non-Executive Directors - Current		**Salary & fees**	**Superannuation**	**Other[39]**	**Total**
Rob Ferguson	**2015**	**$362,500**	**$19,046**	-	**$381,546**
Chairman	2014	$346,500	$18,279	-	$364,779
Brendan Crotty	**2015**	**$198,000**	**$18,797**	**-**	**$216,797**
	2014	$183,925	$16,171	-	$200,096
Eileen Doyle	**2015**	**$190,000**	**$18,050**	-	**$208,050**
	2014	$161,150	$15,108	-	$176,258
Swe Guan Lim[40]	**2015**	**$129,154**	**$12,270**	**$551**	**$141,975**
Anne McDonald	**2015**	**$181,000**	**$17,195**	**$3,350**	**$201,545**
	2014	$173,250	$16,242	$1,329	$190,821
Michelle Somerville[41]	**2015**	**$13,583**	**$1,291**	**-**	**$14,874**
Gene Tilbrook	**2015**	**$175,000**	**$16,625**	**$1,446**	**$193,071**
	2014	$161,700	$15,159	$736	$177,595
Non-Executive Directors - Former					
Eric Goodwin[42]	**2015**	**$68,285**	**$6,480**	-	**$74,765**
	2014	$183,925	$16,171	-	$200,096
Total	**2015**	**$1,317,522**	**$109,754**	**$5,347**	**$1,432,623**
	2014	$1,210,450	$97,130	$2,065	$1,309,645

[35] 'Chairman' used in this sense may refer to the chairperson of the board or a particular committee.
[36] In addition to the fees noted in the table, all non-executive directors receive reimbursement for reasonable travel, accommodation and other expenses incurred while undertaking GPT business.
[37] This table provides a breakdown of remuneration for non-executive directors in accordance with statutory requirements and Australian accounting standards.
[38] No termination benefits were paid during the financial year.
[39] Other may include death & total/permanent disability insurance premiums and/or GPT superannuation plan administration fees.
[40] Mr Lim joined the GPT Board on 23 March 2015.
[41] Ms Somerville joined the GPT Board on 1 December 2015.
[42] Mr Goodwin retired from the GPT Board on 5 May 2015.

3. Non-Executive Director - GPT security holdings

	Private holdings (# of securities)			MSHR (Y/N)[43]
Director	Balance 31/12/14	Purchase / (Sale)	Balance 31/12/15	
Rob Ferguson	204,082	3,546	207,628	Y
Brendan Crotty	60,000	7,092	67,092	Y
Eileen Doyle	31,450	10,147	41,597	Y
Swe Guan Lim	-	-	-	N
Anne McDonald	21,000	2,364	23,364	N
Michelle Somerville	-	-	-	N
Gene Tilbrook	45,000	3,546	48,546	Y

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

Rob Ferguson
Chairman

Sydney
17 February 2016

Bob Johnston
Chief Executive Officer and Managing Director

pwc

Auditor's Independence Declaration

As lead auditor for the audit of General Property Trust for the year ended 31 December 2015, 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.

Matthew Lunn
Partner
PricewaterhouseCoopers

Sydney
17 February 2016

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THE GPT GROUP

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2015

	Note	31 Dec 15 $M	31 Dec 14 $M
Revenue			
Rent from investment properties		**588.5**	573.5
Property and fund management fees		**79.9**	52.5
Development revenue		**16.0**	17.1
Development management fees		**4.0**	5.1
		688.4	648.2
Other income			
Fair value gain on investment properties		**325.9**	208.9
Share of after tax profit of equity accounted investments		**276.8**	202.4
Interest revenue		**1.8**	5.8
Net foreign exchange gain		**0.1**	0.2
Net profit on disposal of assets		**9.8**	3.7
Reversal of prior year impairment expense		**12.7**	-
		627.1	421.0
Total revenue and other income		**1,315.5**	1,069.2
Expenses			
Property expenses and outgoings		**163.8**	158.5
Management and other administration costs		**71.3**	64.0
Development costs		**9.5**	13.3
Depreciation expense		**2.3**	1.9
Amortisation expense		**6.8**	6.7
Impairment expense		**5.9**	-
Finance costs		**117.7**	109.3
Fair value loss / (gain) of unlisted equity investments		**6.0**	(1.2)
Net loss on fair value movements of derivatives		**25.5**	84.8
Loss on redemption of financial liability		**5.6**	-
Loss on re-estimation of financial liability at amortised cost		**41.1**	-
Net impact of foreign currency borrowings and associated hedging loss		**0.8**	3.6
Total expenses		**456.3**	440.9
Profit before income tax expense		**859.2**	628.3
Income tax expense / (credit)	9(a)	**2.4**	(4.3)
Profit after income tax expense		**856.8**	632.6
Profit from discontinued operations		**11.3**	12.7
Net profit for the year		**868.1**	645.3
Other comprehensive income			
Items that may be reclassified to profit or loss			
Revaluation of available for sale financial asset	10(b)	**8.6**	-
Net foreign exchange translation adjustments	10(b)	**0.5**	(7.9)
Changes in the fair value of cash flow hedges	10(b)	**(7.8)**	(5.6)
Total other comprehensive income		**1.3**	(13.5)
Total comprehensive income for the year		**869.4**	631.8
Net profit attributable to:			
- Securityholders of the Trust		**847.8**	656.2
- Securityholders of other entities stapled to the Trust		**20.3**	(10.9)
Total comprehensive income attributable to:			
- Securityholders of the Trust		**840.4**	640.9
- Securityholders of other entities stapled to the Trust		**29.0**	(9.1)
Basic earnings per unit attributable to ordinary unitholders of the Trust			
Earnings per unit (cents per unit) - profit from continuing operations	11(a)	47.1	36.4
Basic earnings per stapled security attributable to ordinary stapled securityholders of the GPT Group			
Earnings per stapled security (cents per stapled security) - profit from continuing operations	11(b)	48.2	36.0

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

THE GPT GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	31 Dec 15 $M	31 Dec 14 $M
ASSETS			
Current assets			
Cash and cash equivalents		**79.3**	72.4
Loans and receivables	4	**200.9**	104.4
Derivative assets	15(a)	**-**	3.5
Prepayments		**7.3**	6.2
		287.5	186.5
Non-current assets held for sale		**197.2**	4.3
Total current assets		**484.7**	190.8
Non-current assets			
Investment properties	2	**7,375.9**	7,093.5
Equity accounted investments	3	**2,525.1**	2,334.8
Loans and receivables	4	**82.2**	156.3
Intangible assets	5	**35.5**	43.7
Inventories	6	**101.5**	43.6
Property, plant & equipment		**14.1**	14.4
Derivative assets	15(a)	**342.5**	237.8
Deferred tax assets	9	**30.2**	32.4
Other assets		**14.8**	11.8
Total non-current assets		**10,521.8**	9,968.3
Total assets		**11,006.5**	10,159.1
LIABILITIES			
Current liabilities			
Payables	7	**390.8**	338.8
Borrowings	14	**6.7**	7.0
Derivative liabilities	15(a)	**0.3**	4.4
Provisions	8	**24.8**	23.8
Total current liabilities		**422.6**	374.0
Non-current liabilities			
Borrowings	14	**2,941.3**	2,711.5
Derivative liabilities	15(a)	**115.6**	139.9
Provisions	8	**1.9**	2.0
Total non-current liabilities		**3,058.8**	2,853.4
Total liabilities		**3,481.4**	3,227.4
Net assets		**7,525.1**	6,931.7
EQUITY			
Securityholders of the Trust (parent entity)			
Contributed equity	10(a)	**7,709.4**	7,585.1
Reserves	10(b)	**(43.9)**	(34.2)
Retained earnings	10(c)	**477.8**	29.7
Total equity of Trust securityholders		**8,143.3**	7,580.6
Securityholders of other entities stapled to the Trust			
Contributed equity	10(a)	**325.3**	319.3
Reserves	10(b)	**59.1**	57.5
Accumulated losses	10(c)	**(1,002.6)**	(1,025.7)
Total equity of other stapled securityholders		**(618.2)**	(648.9)
Total equity		**7,525.1**	6,931.7

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

THE GPT GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2015

		General Property Trust				Other entities stapled to the General Property Trust				
		Contributed equity	Reserves	Retained earnings / accumulated losses	Total	Contributed equity	Reserves	Accumulated losses	Total	Total equity
	Note	$M	$M	$M	$M	$M	$M	$M	$M	$M
Equity attributable to securityholders:										
Balance at 1 January 2014		7,620.2	(18.9)	(244.2)	7,357.1	319.5	53.0	(1,014.8)	(642.3)	6,714.8
Foreign currency translation reserve	10(b)	-	(9.7)	-	(9.7)	-	1.8	-	1.8	(7.9)
Cash flow hedge reserve	10(b)	-	(5.6)	-	(5.6)	-	-	-	-	(5.6)
Other comprehensive income / (loss) for the year		-	(15.3)	-	(15.3)	-	1.8	-	1.8	(13.5)
Profit / (loss) for the year		-	-	656.2	656.2	-	-	(10.9)	(10.9)	645.3
Total comprehensive income / (loss) for the year		-	(15.3)	656.2	640.9	-	1.8	(10.9)	(9.1)	631.8
Transactions with Securityholders in their capacity as Securityholders:										
On-market securities buy-back	10(a)	(40.8)	-	-	(40.8)	(0.2)	-	-	(0.2)	(41.0)
Issue of stapled securities	10(a)	5.7	-	-	5.7	-	-	-	-	5.7
Movement in employee incentive security scheme reserve net of tax	10(b)	-	-	-	-	-	2.7	-	2.7	2.7
Distributions paid and payable	12	-	-	(382.3)	(382.3)	-	-	-	-	(382.3)
Balance at 31 December 2014		7,585.1	(34.2)	29.7	7,580.6	319.3	57.5	(1,025.7)	(648.9)	6,931.7
Balance at 1 January 2015		**7,585.1**	**(34.2)**	**29.7**	**7,580.6**	**319.3**	**57.5**	**(1,025.7)**	**(648.9)**	**6,931.7**
Revaluation of available for sale financial asset		**-**	**-**	**-**	**-**	**-**	**8.6**	**-**	**8.6**	**8.6**
Foreign currency translation reserve	10(b)	**-**	**0.4**	**-**	**0.4**	**-**	**0.1**	**-**	**0.1**	**0.5**
Cash flow hedge reserve	10(b)	**-**	**(7.8)**	**-**	**(7.8)**	**-**	**-**	**-**	**-**	**(7.8)**
Other comprehensive income for the year		**-**	**(7.4)**	**-**	**(7.4)**	**-**	**8.7**	**-**	**8.7**	**1.3**
Profit for the year		**-**	**-**	**847.8**	**847.8**	**-**	**-**	**20.3**	**20.3**	**868.1**
Total comprehensive income for the year		**-**	**(7.4)**	**847.8**	**840.4**	**-**	**8.7**	**20.3**	**29.0**	**869.4**
Transactions with Securityholders in their capacity as Securityholders:										
Issue of stapled securities	10(a)	**449.4**	**-**	**-**	**449.4**	**6.0**	**-**	**-**	**6.0**	**455.4**
Redemption of exchangeable securities	10(a)	**(325.1)**	**-**	**-**	**(325.1)**	**-**	**-**	**-**	**-**	**(325.1)**
Movement in employee incentive security scheme reserve net of tax	10(b)	**-**	**(2.3)**	**-**	**(2.3)**	**-**	**(7.1)**	**-**	**(7.1)**	**(9.4)**
Reclassification of employee incentive security scheme reserve to retained earnings / accumulated losses	10(c)	**-**	**-**	**3.9**	**3.9**	**-**	**-**	**2.8**	**2.8**	**6.7**
Distributions paid and payable	12	**-**	**-**	**(403.6)**	**(403.6)**	**-**	**-**	**-**	**-**	**(403.6)**
Balance at 31 December 2015		**7,709.4**	**(43.9)**	**477.8**	**8,143.3**	**325.3**	**59.1**	**(1,002.6)**	**(618.2)**	**7,525.1**

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

THE GPT GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Note	**31 Dec 15 $M**	31 Dec 14 $M
Cash flows from operating activities			
Cash receipts in the course of operations (inclusive of GST)		**706.1**	633.9
Cash payments in the course of operations (inclusive of GST)		**(265.7)**	(219.6)
Cash receipts from development activities		**32.8**	0.4
Payments for development activities		**(11.7)**	(5.4)
Payment for inventories	13	**(49.6)**	(43.6)
Distributions received from equity accounted investments		**139.5**	137.6
Interest received		**11.2**	17.6
Income taxes paid		**-**	(0.8)
Finance costs		**(120.3)**	(115.4)
Net cash inflows from operating activities	13	**442.3**	404.7
Cash flows from investing activities			
Acquisition of investment properties		**(47.7)**	(392.6)
Payments for operating capital expenditure of investment properties		**(54.0)**	(59.7)
Payments for development capital expenditure of investment properties		**(143.7)**	(261.7)
Proceeds from disposal of investment properties		**110.2**	165.3
Payments for property, plant and equipment		**(2.3)**	(0.2)
Payments for intangibles		**(4.6)**	(2.3)
Investment in unlisted equities		**-**	(0.3)
Investment in equity accounted investments		**(53.1)**	(289.7)
Proceeds from disposal of subsidiaries		**-**	355.5
Proceed from loan repayments		**4.4**	6.4
Net cash outflows from investing activities		**(190.8)**	(479.3)
Cash flows from financing activities			
Proceeds from issue of stapled securities net of transaction costs		**443.8**	-
Payment for the redemption of exchangeable securities including transaction costs		**(325.1)**	-
Proceeds from borrowings		**526.4**	1,453.3
Repayment of borrowings		**(423.6)**	(1,167.0)
Redemption of CPI bonds		**(15.6)**	-
Payment for termination and restructure of derivatives		**(70.2)**	-
Purchase of securities for the employee incentive scheme		**(0.3)**	(0.4)
Payments for the on-market buy-back of securities		**-**	(41.0)
Distributions paid to securityholders		**(380.0)**	(376.6)
Net cash outflows from financing activities		**(244.6)**	(131.7)
Net increase / (decrease) in cash and cash equivalents		**6.9**	(206.3)
Cash and cash equivalents at the beginning of the year		**72.4**	278.7
Cash and cash equivalents at the end of the year		**79.3**	72.4

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

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

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

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

Note 1 - Results for the year: focuses on results and performance of GPT.
Notes 2 to 9 - Operating assets and liabilities: provides information on the assets and liabilities used to generate GPT's trading performance.
Notes 10 to 15 - Capital structure: outlines how GPT manages its capital structure and various financial risks.
Notes 16 to 24 - Other disclosure items: provides information on other items that must be disclosed to comply with Australian Accounting Standards and other regulatory pronouncements.

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

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

Area of estimates	Assumptions underlying	Note
Management rights with indefinite life	Impairment trigger and recoverable amounts	5
IT development and software	Impairment trigger and recoverable amounts	5
Inventories	Lower of cost and net realisable value	6
Deferred tax assets	Recoverability	9
Security based payments	Fair value	18
Derivatives	Fair value	22
Investment properties	Fair value	22

RESULT FOR THE YEAR

1. SEGMENT INFORMATION

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

Segment	Types of products and services which generate the segment result
Retail	Ownership and management of predominantly regional and sub-regional shopping centres, including property management and development activities.
Office	Ownership and management of prime CBD office properties with some associated retail space, including property management and development activities.
Logistics	Ownership and management of established logistics and business park assets, including property management and development activities.
Funds Management	Management of three Australian property funds covering the retail, office and metropolitan office and business parks sectors, as well as equity investments by GPT in GPT Wholesale Shopping Centre Fund, GPT Wholesale Office Fund and GPT Metro Office Fund.
Corporate	Cash, borrowings and intangible assets plus resulting net interest costs and corporate operating costs.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

(a) Segment financial information

31 December 2015
The segment financial information provided to the chief operating decision maker for the year ended 31 December 2015 is set out below.

Financial performance by segment

		Core operations					Total	Total	
		Retail	Office	Logistics	Funds Mgmt	Corporate	Core	Non-core (1)	Total
	Note	$M	$M	$M	$M	$M	$M	$M	$M
Investment Management									
Rent from investment properties	(b)(ii)	360.7	204.8	108.2	-	-	673.7	(61.8)	611.9
Share of after tax profits of investments in associates and joint ventures (excluding fair value adjustments)	(b)(iii)	-	-	-	98.2	-	98.2	48.8	147.0
Other Income		2.2	1.7	1.3	-	-	5.2	(5.2)	-
Property expenses and outgoings		(109.0)	(51.0)	(16.8)	-	-	(176.8)	13.0	(163.8)
Property Net Income		253.9	155.5	92.7	98.2	-	600.3	(5.2)	595.1
Management & administrative expenses	(b)(iv)	(6.9)	(2.5)	(1.5)	-	(0.6)	(11.5)	5.2	(6.3)
Net Contribution - Investment Management		247.0	153.0	91.2	98.2	(0.6)	588.8	-	588.8
Asset Management									
Property management fees		21.3	2.9	1.7	16.2	-	42.1	(20.5)	21.6
Management & administrative expenses	(b)(iv)	(9.5)	(2.3)	(2.5)	(20.0)	-	(34.3)	20.5	(13.8)
Net Contribution - Asset Management		11.8	0.6	(0.8)	(3.8)	-	7.8	-	7.8
Development - Retail and Major Projects									
Development fees		4.5	2.8	-	3.6	-	10.9	(6.9)	4.0
Management & administrative expenses	(b)(iv)	(5.0)	(1.5)	-	(2.6)	-	(9.1)	6.9	(2.2)
Net Contribution - Development Retail and Major Projects		(0.5)	1.3	-	1.0	-	1.8	-	1.8
Development - Logistics									
Development fees		-	-	1.7	-	-	1.7	(1.7)	-
Development revenue		-	-	16.0	-	-	16.0	-	16.0
Development costs		-	-	(9.5)	-	-	(9.5)	-	(9.5)
Share of after tax profits of investments in joint ventures	(b)(iii)	-	-	0.2	-	-	0.2	-	0.2
Management & administrative expenses	(b)(iv)	-	-	(6.2)	-	-	(6.2)	1.7	(4.5)
Net Contribution - Development Logistics		-	-	2.2	-	-	2.2	-	2.2
Funds Management									
Funds management fees		-	-	-	44.4	-	44.4	-	44.4
Performance management fees		-	-	-	13.9	-	13.9	-	13.9
Management & administrative expenses	(b)(iv)	-	-	-	(13.7)	-	(13.7)	-	(13.7)
Net Contribution - Funds Management		-	-	-	44.6	-	44.6	-	44.6
Corporate									
Management & administrative expenses	(b)(iv)	-	-	-	-	(33.1)	(33.1)	(0.1)	(33.2)
Interest income		-	-	-	-	23.7	23.7	(9.1)	14.6
Finance costs		-	-	-	-	(139.6)	(139.6)	21.9	(117.7)
Segment Result Before Tax		258.3	154.9	92.6	140.0	(149.6)	496.2	12.7	508.9
Income tax expense	(b)(v)	-	-	-	-	(4.9)	(4.9)	(0.6)	(5.5)
Distributions on exchangeable securities		-	-	-	-	(1.7)	(1.7)	-	(1.7)
Funds from Operations (FFO)	(b)(i)	258.3	154.9	92.6	140.0	(156.2)	489.6	12.1	501.7

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

	Retail	Office	Logistics	Funds Mgmt	Corporate	Total Core	Total Non-core (1)	Total
Current assets								
Current assets	197.0	-	-	-	197.5	394.5	90.2	484.7
Total current assets	197.0	-	-	-	197.5	394.5	90.2	484.7
Non-current assets								
Investment properties	4,200.8	1,862.4	1,312.7	-	-	7,375.9	-	7,375.9
Equity accounted investments	23.4	858.0	-	1,639.5	4.2	2,525.1	-	2,525.1
Inventories	22.6	-	78.9	-	-	101.5	-	101.5
Other non-current assets	10.5	1.0	0.1	-	435.4	447.0	72.3	519.3
Total non-current assets	4,257.3	2,721.4	1,391.7	1,639.5	439.6	10,449.5	72.3	10,521.8
Total assets	4,454.3	2,721.4	1,391.7	1,639.5	637.1	10,844.0	162.5	11,006.5
Current and non-current liabilities	-	-	-	-	3,481.4	3,481.4	-	3,481.4
Total liabilities	-	-	-	-	3,481.4	3,481.4	-	3,481.4
Net assets	4,454.3	2,721.4	1,391.7	1,639.5	(2,844.3)	7,362.6	162.5	7,525.1

(1) Includes non-core operations, consolidation and eliminations.

31 December 2014

The segment financial information provided to the chief operating decision maker for the year ended 31 December 2014 is set out below.

Financial performance by segment

		Core operations							
		Retail	Office	Logistics	Funds Mgmt	Corporate	**Total Core**	**Total Non-core [1]**	**Total**
	Note	$M	$M	$M	$M	$M	**$M**	**$M**	**$M**
Investment Management									
Rent from investment properties	(b)(ii)	355.5	188.2	101.9	-	-	645.6	(62.2)	583.4
Share of after tax profits of investments in associates and joint ventures (excluding fair value adjustments)	(b)(iii)	-	-	-	87.1	-	87.1	49.4	136.5
Other Income		2.2	1.7	1.1	-	-	5.0	(5.0)	-
Property expenses and outgoings		(106.8)	(46.4)	(16.0)	-	-	(169.2)	12.8	(156.4)
Property Net Income		250.9	143.5	87.0	87.1	-	568.5	(5.0)	563.5
Management & administrative expenses	(b)(iv)	(7.9)	(2.4)	(1.4)	-	(0.9)	(12.6)	5.0	(7.6)
Net Contribution - Investment Management		243.0	141.1	85.6	87.1	(0.9)	555.9	-	555.9
Asset Management									
Property management fees		20.0	1.5	2.0	13.2	-	36.7	(19.4)	17.3
Management & administrative expenses	(b)(iv)	(11.8)	(1.5)	(2.4)	(15.4)	-	(31.1)	19.4	(11.7)
Net Contribution - Asset Management		8.2	-	(0.4)	(2.2)	-	5.6	-	5.6
Development - Retail and Major Projects									
Development fees		4.7	2.3	-	3.8	-	10.8	(6.3)	4.5
Management & administrative expenses	(b)(iv)	(4.1)	(1.2)	-	(3.6)	-	(8.9)	6.3	(2.6)
Net Contribution - Development Retail and Major Projects		0.6	1.1	-	0.2	-	1.9	-	1.9
Development - Logistics									
Development fees		-	-	5.9	-	-	5.9	(5.3)	0.6
Development revenue		-	-	17.1	-	-	17.1	-	17.1
Development costs		-	-	(13.3)	-	-	(13.3)	-	(13.3)
Share of after tax profits of investments in joint ventures	(b)(iii)	-	-	3.0	-	-	3.0	-	3.0
Management & administrative expenses	(b)(iv)	-	-	(6.2)	-	-	(6.2)	5.3	(0.9)
Net Contribution - Development Logistics		-	-	6.5	-	-	6.5	-	6.5
Funds Management									
Rent from investment properties	(b)(ii)	-	-	12.4	-	-	12.4	-	12.4
Property expenses and outgoings		-	-	(2.1)	-	-	(2.1)	-	(2.1)
Property Net Income		-	-	10.3	-	-	10.3	-	10.3
Funds management fees		-	-	-	35.2	-	35.2	-	35.2
Management & administrative expenses	(b)(iv)	-	-	-	(13.0)	-	(13.0)	-	(13.0)
Net Contribution - Funds Management		-	-	10.3	22.2	-	32.5	-	32.5
Corporate									
Management & administrative expenses	(b)(iv)	-	-	-	-	(30.1)	(30.1)	(0.1)	(30.2)
Interest income		-	-	-	-	31.0	31.0	(12.1)	18.9
Finance costs		-	-	-	-	(134.5)	(134.5)	25.2	(109.3)
Segment Result Before Tax		251.8	142.2	102.0	107.3	(134.5)	468.8	13.0	481.8
Income tax expense	(b)(v)	-	-	-	-	(2.8)	(2.8)	(1.9)	(4.7)
Distributions on exchangeable securities		-	-	-	-	(25.0)	(25.0)	-	(25.0)
Funds from Operations (FFO)	(b)(i)	251.8	142.2	102.0	107.3	(162.3)	441.0	11.1	452.1

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

	Retail	Office	Logistics	Funds Mgmt	Corporate	Total Core	Total Non-core [1]	Total
Current assets								
Current assets	-	-	-	-	186.5	186.5	4.3	190.8
Total current assets	-	-	-	-	186.5	186.5	4.3	190.8
Non-current assets								
Investment properties	4,128.6	1,688.6	1,276.3	-	-	7,093.5	-	7,093.5
Equity accounted investments	22.2	769.0	-	1,543.6	-	2,334.8	-	2,334.8
Inventories	-	-	43.6	-	-	43.6	-	43.6
Other non-current assets	10.7	0.8	-	-	334.5	346.0	150.4	496.4
Total non-current assets	4,161.5	2,458.4	1,319.9	1,543.6	334.5	9,817.9	150.4	9,968.3
Total assets	4,161.5	2,458.4	1,319.9	1,543.6	521.0	10,004.4	154.7	10,159.1
Current and non-current liabilities	-	-	-	-	3,227.4	3,227.4	-	3,227.4
Total liabilities	-	-	-	-	3,227.4	3,227.4	-	3,227.4
Net assets	4,161.5	2,458.4	1,319.9	1,543.6	(2,706.4)	6,777.0	154.7	6,931.7

(1) Includes non-core operations, consolidation and eliminations.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

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

	31-Dec-15 $M	31-Dec-14 $M
(i) FFO to Net profit for the year		
Segment result		
FFO	**501.7**	452.1
Adjustments		
Fair value gain on investment properties	**325.9**	208.9
Fair value gain and other adjustments to equity accounted investments	**129.6**	62.9
Net loss on fair value movement of derivatives	**(25.5)**	(84.8)
Net impact of foreign currency borrowings and associated hedging loss	**(0.8)**	(3.6)
Net foreign exchange loss	**(1.0)**	(0.7)
Loss on redemption of financial liability	**(5.6)**	-
Loss on re-estimation of financial liability at amortised cost	**(41.1)**	-
Reversal of prior year impairment - loan and receivables	**12.7**	-
Amortisation of lease incentives	**(32.4)**	(29.8)
Straightlining of leases	**9.0**	7.5
Other items	**(6.1)**	7.8
Exclude distributions on exchangeable securities included in FFO	**1.7**	25.0
Consolidated Statement of Comprehensive Income		
Net profit for the year	**868.1**	645.3
(ii) Rent from investment properties		
Segment result		
Rent from investment properties (Investment Management)	**611.9**	583.4
Rent from investment properties (Funds Management)	**-**	12.4
Adjustments		
Amortisation of lease incentives	**(32.4)**	(29.8)
Straightlining of leases	**9.0**	7.5
Consolidated Statement of Comprehensive Income		
Rent from investment properties	**588.5**	573.5
(iii) Share of after tax profits of equity accounted investments		
Segment result		
Share of after tax profits of investments in associates and joint ventures, excluding fair value adjustments (Investment Management)	**147.0**	136.5
Share of after tax profits of investments in associates and joint ventures, excluding fair value adjustments (Development - Logistics)	**0.2**	3.0
Adjustment		
Fair value gain and other adjustments to equity accounted investments	**129.6**	62.9
Consolidated Statement of Comprehensive Income		
Share of after tax profits of equity accounted investments	**276.8**	202.4
(iv) Management and administration expenses		
Segment result		
Investment Management	**6.3**	7.6
Asset Management	**13.8**	11.7
Development - Retail & Major Projects	**2.2**	2.6
Development - Logistics	**4.5**	0.9
Funds Management	**13.7**	13.0
Corporate - core operations	**33.1**	30.1
Less: depreciation expense	**(2.3)**	(1.9)
Consolidated Statement of Comprehensive Income		
Management and administration expenses	**71.3**	64.0
(v) Income tax expense		
Segment result		
Income tax expense - core operations	**4.9**	2.8
Adjustment		
Tax impact on reconciling items from segment result to net profit / (loss) for the year - core operations	**(2.5)**	(7.1)
Consolidated Statement of Comprehensive Income		
Income tax expense / (credit)	**2.4**	(4.3)

(c) Net profit / (loss) on disposal of assets

	Core operations		Total		
	Logistics	Total Core	Non-core	31 Dec 15	31 Dec 14
	$M	$M	$M	$M	$M
Details of disposals during the year:					
Cash consideration	111.9	111.9	-	**111.9**	520.0
Less: transaction costs	(1.6)	(1.6)	-	**(1.6)**	(0.9)
Net consideration	110.3	110.3	-	**110.3**	519.1
Carrying amount of net assets sold	(100.5)	(100.5)	-	**(100.5)**	(515.4)
Foreign exchange gain realised on disposal	-	-	-	**-**	7.2
Profit on sale before income tax	9.8	9.8	-	**9.8**	10.9
The carrying amounts of assets and liabilities as at the date of disposal were:					
Investment properties	100.5	100.5	-	**100.5**	506.9
Other assets	-	-	-	**-**	15.0
Other liabilities	-	-	-	**-**	(6.5)
Net assets	100.5	100.5	-	**100.5**	515.4

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

Property, development and fund management fee revenue is recognised on an accruals basis, in accordance with the terms of the relevant contracts.

Development revenue is recognised on the percentage of completion basis, using the proportion of development completed at reporting date.

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

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

Profit or loss on disposal of assets is recognised as the difference between the carrying amount and the net proceeds from 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.

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

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

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

OPERATING ASSETS AND LIABILITIES

2. INVESTMENT PROPERTIES

	Note	31 Dec 15	31 Dec 14
		$M	$M
Retail	(a)	**4,144.9**	4,128.6
Office	(b)	**1,862.4**	1,688.6
Logistics	(c)	**1,271.1**	1,047.2
Properties under development	(d)	**97.5**	229.1
Total investment properties	(e)	**7,375.9**	7,093.5

	Ownership interest [9] %	Acquisition date	Fair value 31 Dec 15 $M	Fair value 31 Dec 14 $M	Latest independent valuation date	Valuer
(a) Retail						
Casuarina Square, NT	50.0	Oct 1973	**285.5**	271.7	Dec 2015	CB Richard Ellis Pty Ltd
Charlestown Square, NSW	100.0	Dec 1977	**853.5**	835.3	Jun 2015	Savills Australia
Pacific Highway, Charlestown, NSW	100.0	Oct 2002 / Jul 2003	**5.7**	5.7	Jun 2015	Savills Australia
Dandenong Plaza, VIC [1]	100.0	Dec 1993 / Dec 1999	**-**	188.0	Dec 2014	Savills Australia
Highpoint Shopping Centre, VIC	16.7	Aug 2009	**335.7**	320.3	Sep 2015	CB Richard Ellis Pty Ltd
Homemaker City, Maribyrnong, VIC	16.7	Aug 2009	**9.0**	8.8	Sep 2015	CB Richard Ellis Pty Ltd
Westfield Penrith, NSW	50.0	Jun 1971	**591.8**	566.1	Jun 2015	Jones Lang LaSalle
Sunshine Plaza, QLD	** 50.0	Dec 1992 / Sep 2004	**381.7**	378.2	Jun 2015	CB Richard Ellis Pty Ltd
Plaza Parade, QLD	50.0	Jun 1999	**10.7**	10.3	Jun 2015	CB Richard Ellis Pty Ltd
Rouse Hill Town Centre, NSW	100.0	Dec 2005	**542.0**	495.0	Dec 2015	Jones Lang LaSalle
Melbourne Central, VIC - retail portion [2]	100.0	May 1999 / May 2001	**1,129.3**	1,049.2	Dec 2015	Savills Australia
Total Retail			**4,144.9**	4,128.6		
(b) Office						
Australia Square, Sydney, NSW	50.0	Sep 1981	**342.4**	327.0	Jun 2015	Savills Australia
MLC Centre, Sydney, NSW	50.0	Apr 1987	**459.8**	383.2	Dec 2015	Knight Frank Valuations
One One One Eagle Street, Brisbane, QLD	33.3	Apr 1984	**273.7**	246.7	Sep 2015	Colliers International
Melbourne Central, VIC - office portion [2]	100.0	May 1999 / May 2001	**469.0**	427.0	Dec 2015	Knight Frank Valuations
Corner of Bourke and William, VIC	50.0	Oct 2014	**317.5**	304.7	Sep 2015	Jones Lang LaSalle
Total Office			**1,862.4**	1,688.6		
(c) Logistics						
2-4 Harvey Road, Kings Park, NSW	100.0	May 1999	**46.7**	46.5	Jun 2014	Savills Australia
Citi-West Industrial Estate, Altona North, VIC	100.0	Aug 1994	**66.6**	67.5	Dec 2015	Savills Australia
Quad 1, Sydney Olympic Park, NSW	* 100.0	Jun 2001	**24.9**	21.4	Jun 2015	Savills Australia
Quad 4, Sydney Olympic Park, NSW	* 100.0	Jun 2004	**41.4**	31.2	Jun 2015	Savills Australia
6 Herb Elliott Avenue, Sydney Olympic Park, NSW	* 100.0	Jun 2010	**13.2**	13.0	Dec 2014	CB Richard Ellis Pty Ltd
8 Herb Elliott Avenue, Sydney Olympic Park, NSW	* 100.0	Aug 2004	**10.6**	10.6	Dec 2014	CB Richard Ellis Pty Ltd
3 Figtree Drive, Sydney Olympic Park, NSW	* 100.0	Apr 2013	**21.0**	21.0	Dec 2014	CB Richard Ellis Pty Ltd
5 Figtree Drive, Sydney Olympic Park, NSW	* 100.0	Jul 2005	**23.8**	23.8	Jun 2014	CB Richard Ellis Pty Ltd
7 Figtree Drive, Sydney Olympic Park, NSW	* 100.0	Jul 2004	**13.8**	13.8	Dec 2014	CB Richard Ellis Pty Ltd
Rosehill Business Park, Camellia, NSW	100.0	May 1998	**79.0**	75.0	Dec 2015	Urbis
15 Berry Street, Granville, NSW [3]	-	Nov 2000	**-**	13.0	Dec 2014	Savills Australia
19 Berry Street, Granville, NSW [3]	-	Dec 2000	**-**	28.1	Dec 2014	Savills Australia
16-34 Templar Road, Erskine Park, NSW	100.0	Jun 2008	**51.5**	41.0	Dec 2015	CB Richard Ellis Pty Ltd
67-75 Templar Road, Erskine Park, NSW	100.0	Jun 2008	**22.5**	20.5	Dec 2015	CB Richard Ellis Pty Ltd
Austrak Business Park, Somerton, VIC	50.0	Oct 2003	**155.0**	144.4	Dec 2015	M3 Property
116 Holt Street, Pinkenba, QLD [4]	-	Mar 2006	**-**	14.1	Jun 2014	M3 Property
4 Holker Street, Silverwater, NSW	100.0	Mar 2006	**30.5**	24.2	Jun 2014	Colliers International
372-374 Victoria Street, Wetherill Park, NSW	100.0	Jul 2006	**19.0**	21.0	Dec 2015	Jones Lang LaSalle
18 - 24 Abbott Road, Seven Hills, NSW [5]	100.0	Oct 2006	**-**	9.1	Jun 2015	Urbis
Citiport Business Park, Port Melbourne, VIC	100.0	Mar 2012	**68.4**	60.0	Jun 2015	Urbis
83 Derby Street, Silverwater, NSW	100.0	Aug 2012	**29.3**	28.4	Dec 2015	M3 Property
10 Interchange Drive, Eastern Creek, NSW	100.0	Aug 2012	**30.8**	30.0	Dec 2015	Jones Lang LaSalle
407 Pembroke Road, Minto, NSW	50.0	Oct 2008	**25.0**	25.0	Dec 2014	M3 Property
Corner Pine Road and Loftus Road, Yennora, NSW	100.0	Nov 2013	**50.5**	45.8	Jun 2015	CB Richard Ellis Pty Ltd
16-28 Quarry Road, Yatala, QLD	100.0	Nov 2013	**47.4**	47.3	Dec 2014	Knight Frank Valuations
Toll NQX, Karawatha, QLD	100.0	Dec 2012	**98.6**	94.5	Jun 2015	M3 Property
TNT, 29-55 Lockwood Road, Erskine Park, NSW	100.0	Jun 2008	**81.5**	77.0	Dec 2015	CB Richard Ellis Pty Ltd
RAND, 36-52 Templar Road, Erskine Park, NSW [6]	100.0	Jun 2008	**84.3**	-	Feb 2015	CB Richard Ellis Pty Ltd
RRM, 54-70 Templar Road, Erskine Park, NSW [6]	100.0	Jun 2008	**135.8**	-	Jun 2015	Jones Lang LaSalle
Total Logistics			**1,271.1**	1,047.2		

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

	Ownership interest [9] %	Acquisition date	Fair value 31 Dec 15 $M	Fair value 31 Dec 14 $M	Latest independent valuation date	Valuer
(d) Properties under development						
17 Berry St, Granville, NSW [3]	-	Sep 2009	**-**	3.0	Jun 2012	Savills Australia
Erskine Park, NSW [6]	100.0	Jun 2008	**3.4**	176.7	Jun 2015	CB Richard Ellis Pty Ltd
407 Pembroke Rd, Minto, NSW	50.0	Oct 2008	**4.7**	4.7	Jun 2013	Knight Frank Valuations
Austrak Business Park, Somerton, VIC	50.0	Oct 2003	**21.4**	24.0	Dec 2015	M3 Property
18 - 24 Abbott Road, Seven Hills, NSW [5]	100.0	Oct 2006	**9.0**	-	Jun 2015	Urbis
1 & 2 Murray Rose Drive, Sydney Olympic Park, NSW [7]	-	May 2002	**-**	18.0	Dec 2014	CB Richard Ellis Pty Ltd
4 Murray Rose Drive, Sydney Olympic Park, NSW	* 100.0	May 2002	**3.1**	2.7	Dec 2014	CB Richard Ellis Pty Ltd
Rouse Hill Land, NSW [8]	* 100.0	Apr 2015	**55.9**	-	Mar 2015	CB Richard Ellis Pty Ltd
Total Properties under development			**97.5**	**229.1**		

(1) Dandenong Plaza has been classified as an asset held for sale as at 31 December 2015.
(2) Melbourne Central: 70.7% Retail and 29.3% Office (Dec 14: 71.1% Retail and 28.9% Office). Melbourne Central – Retail Includes 100% of Melbourne Central car park and 100% of 202 Little Lonsdale Street.
(3) On 10 December 2015 GPT sold its 100% interest in 15, 17 and 19 Berry Street, Granville for a total consideration of $65.0 million.
(4) On 11 August 2015 GPT sold its 100% interest in 116 Holt Street, Pinkenba for a consideration of $16.4 million.
(5) 18 - 24 Abbott Road has been classified as property under development as at 31 December 2015.
(6) Following practical completion in February and June 2015 respectively, RAND, 36-52 Templar Road, Erskine Park and RRM, 54-70 Templar Road, Erskine Park have been reclassified from properties under development to investment property in the Logistics portfolio. The remaining plot of land at Erskine Park continues to be classified as properties under development.
(7) On 30 June 2015 GPT sold its 100% interest in Lots 1 and 2 Murray Rose Avenue, Sydney Olympic Park, NSW 2127 for a total consideration of $30.5 million.
(8) On 10 April 2015 GPT acquired a 100% interest in land at Rouse Hill for a total consideration of $42.9 million.
(9) Freehold, unless otherwise marked with a * which denotes leasehold and ** denotes a combination of freehold and leasehold respectively.

(e) Reconciliation

	Retail $M	Office $M	Logistics $M	Properties under development $M	31 Dec 15 $M	31 Dec 14 $M
Carrying amount at the beginning of the year	4,128.6	1,688.6	1,047.2	229.1	**7,093.5**	6,678.2
Additions - operating capital expenditure	12.7	16.7	7.9	0.2	**37.5**	38.7
Additions - interest capitalised [1]	0.2	-	(0.1)	3.7	**3.8**	9.1
Additions - development capital expenditure	50.7	46.0	6.5	41.0	**144.2**	264.6
Asset acquisitions	3.2	-	-	44.5	**47.7**	392.7
Transfers to assets held for sale	(197.0)	-	-	-	**(197.0)**	-
Transfers to / (from) properties under development	-	-	211.1	(211.1)	**-**	-
Transfer to inventory	-	-	-	(4.1)	**(4.1)**	-
Lease incentives	9.1	26.2	8.9	-	**44.2**	29.7
Amortisation of lease incentives	(10.4)	(19.1)	(2.9)	-	**(32.4)**	(29.8)
Disposals	-	-	(77.3)	(23.0)	**(100.3)**	(506.9)
Fair value adjustments	148.6	97.8	66.4	13.1	**325.9**	208.9
Leasing costs (net of amortisation)	1.9	1.7	0.3	-	**3.9**	0.8
Straightlining of rental income	(2.7)	4.5	3.1	4.1	**9.0**	7.5
Carrying amount at the end of the year	4,144.9	1,862.4	1,271.1	97.5	**7,375.9**	7,093.5

(1) A capitalisation interest rate of 4.7% (2014: 5.3%) has been applied when capitalising interest on qualifying assets.

Land and buildings held for the long-term for rental yields and which are not occupied by GPT, are classified as investment properties.

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

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

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

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

(f) Operating lease receivables

Non-cancellable operating leases receivables not recognised in the financial statements at balance date:

	Consolidated entity	
	31 Dec 15	31 Dec 14
	$M	$M
Due within one year	**474.6**	454.6
Due between one and five years	**1,328.9**	1,215.5
Due after five years	**1,098.9**	864.6
Total operating lease receivables	**2,902.4**	2,534.7

3. EQUITY ACCOUNTED INVESTMENTS

	Note	31 Dec 15 $M	31 Dec 14 $M
Investments in joint ventures	(i)	**885.6**	791.2
Investments in associates	(ii)	**1,639.5**	1,543.6
Total equity accounted investments		**2,525.1**	2,334.8

(a) Details of equity accounted investments

Name	**Principal Activity**	**Ownership Interest**			
		31 Dec 15	31 Dec 14	**31 Dec 15**	31 Dec 14
		%	%	**$M**	$M
(i) Joint ventures					
2 Park Street Trust [1]	Investment property	50.00	50.00	**492.5**	431.8
1 Farrer Place Trust [1]	Investment property	50.00	50.00	**365.4**	337.1
Horton Trust	Investment property	50.00	50.00	**23.4**	22.2
Lendlease GPT (Rouse Hill) Pty Limited [1] [2]	Property development	50.00	50.00	**4.2**	-
DPT Operator Pty Limited [1]	Managing property	50.00	50.00	**0.1**	0.1
Total investment in joint venture entities				**885.6**	791.2
(ii) Associates					
GPT Wholesale Office Fund [1]	Property investment	20.43	20.36	**980.3**	890.3
GPT Wholesale Shopping Centre Fund [1]	Property investment	20.22	20.11	**623.2**	622.9
GPT Metro Office Fund [1] [3]	Property investment	12.98	12.46	**36.0**	30.4
Total investments in associates				**1,639.5**	1,543.6

(1) The entity has a 30 June balance date.
(2) GPT has 50% interest in Lendlease GPT (Rouse Hill) Pty Limited, a joint venture developing residential and commercial land at Rouse Hill, in partnership with Urban Growth and the NSW Department of Planning.
(3) The fair value of GPT Metro Office Fund based on the quoted market price is $34.4 million. There are no quoted market prices for GPT's other associates and joint ventures.

(b) Summarised financial information for associates and joint ventures

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

(iii) Joint ventures

	2 Park Street Trust		1 Farrer Place Trust		Others		Total	
	31 Dec 15	31 Dec 14	**31 Dec 15**	31 Dec 14	**31 Dec 15**	31 Dec 14	**31 Dec 15**	31 Dec 14
	$M	$M	**$M**	$M	**$M**	$M	**$M**	$M
Current assets								
Cash and cash equivalents	**9.7**	7.9	**8.5**	4.6	**68.5**	15.0	**86.7**	27.5
Other current assets	**-**	10.1	**1.5**	3.2	**0.9**	2.5	**2.4**	15.8
Total current assets	**9.7**	18.0	**10.0**	7.8	**69.4**	17.5	**89.1**	43.3
Total non-current assets	**980.0**	865.0	**755.3**	680.8	**49.5**	80.5	**1,784.8**	1,626.3
Current liabilities								
Financial liabilities (excluding trade payables, other payables and provisions)	**4.6**	19.5	**30.3**	14.5	**4.4**	9.3	**39.3**	43.3
Other current liabilities	**0.2**	-	**4.2**	-	**2.0**	3.2	**6.4**	3.2
Total current liabilities	**4.8**	19.5	**34.5**	14.5	**6.4**	12.5	**45.7**	46.5
Non-current liabilities								
Financial liabilities (excluding trade payables,	**-**	-	**-**	-	**-**	-	**-**	-
other payables and provisions)	**-**	-	**-**	-	**57.1**	57.1	**57.1**	57.1
Total non-current liabilities	**-**	-	**-**	-	**57.1**	57.1	**57.1**	57.1
Negative net assets not recognised (1)	**-**	-	**-**	-	**-**	16.2	**-**	16.2
Net assets	**984.9**	863.5	**730.8**	674.1	**55.4**	44.6	**1,771.1**	1,582.2
Reconciliation to carrying amounts:								
Opening net assets 1 January	**863.5**	769.0	**674.1**	664.5	**44.6**	42.2	**1,582.2**	1,475.7
Profit for the year	**140.5**	80.3	**67.7**	44.9	**13.5**	10.8	**221.7**	136.0
Issue of equity	**29.2**	61.3	**25.5**	6.0	**-**	-	**54.7**	67.3
Distributions paid / payable	**(48.3)**	(47.1)	**(36.5)**	(41.3)	**(2.7)**	(8.4)	**(87.5)**	(96.8)
Closing net assets	**984.9**	863.5	**730.8**	674.1	**55.4**	44.6	**1,771.1**	1,582.2
GPT's share	**492.5**	431.8	**365.4**	337.1	**27.7**	22.3	**885.6**	791.2
Summarised statement of comprehensive income								
Revenue	**60.8**	60.4	**45.8**	52.6	**0.6**	6.2	**107.2**	119.2
Profit for the year	**140.5**	80.3	**67.7**	44.9	**13.5**	10.8	**221.7**	136.0
Other comprehensive income	**-**	-	**-**	-	**-**	-	**-**	-
Total comprehensive income	**140.5**	80.3	**67.7**	44.9	**13.5**	10.8	**221.7**	136.0

(1) This represents the negative net assets of Lendlease GPT (Rouse Hill) Pty Limited.

(iv) Associates

	GPT Wholesale Office Fund		GPT Wholesale Shopping Centre Fund		GPT Metro Office Fund		Total	
	31 Dec 15	31 Dec 14	**31 Dec 15**	31 Dec 14	**31 Dec 15**	31 Dec 14	**31 Dec 15**	31 Dec 14
	$M	$M	**$M**	$M	**$M**	$M	**$M**	$M
Total current assets	**332.3**	41.1	**39.4**	24.2	**11.1**	10.9	**382.8**	76.2
Total non-current assets	**5,512.7**	5,334.8	**3,727.0**	3,818.4	**406.4**	352.5	**9,646.1**	9,505.7
Total current liabilities	**147.6**	125.2	**119.5**	111.4	**15.6**	14.7	**282.7**	251.3
Total non-current liabilities	**899.6**	878.3	**564.4**	633.8	**124.9**	104.6	**1,588.9**	1,616.7
Net assets	**4,797.8**	4,372.4	**3,082.5**	3,097.4	**277.0**	244.1	**8,157.3**	7,713.9
Reconciliation to carrying amounts:								
Opening net assets 1 January	**4,372.4**	3,524.4	**3,097.4**	2,578.2	**244.1**	-	**7,713.9**	6,102.6
Profit / (loss) for the year	**644.1**	483.4	**136.5**	176.4	**54.7**	(2.5)	**835.3**	657.3
Issue of equity	**57.1**	616.5	**29.8**	504.2	**1.2**	246.6	**88.1**	1,367.3
Distributions paid / payable	**(275.8)**	(251.9)	**(181.2)**	(161.4)	**(23.0)**	-	**(480.0)**	(413.3)
Closing net assets	**4,797.8**	4,372.4	**3,082.5**	3,097.4	**277.0**	244.1	**8,157.3**	7,713.9
GPT's share	**980.3**	890.3	**623.2**	622.9	**36.0**	30.4	**1,639.5**	1,543.6
Summarised statement of comprehensive income								
Revenue	**525.1**	427.1	**321.0**	277.9	**33.7**	5.6	**879.8**	710.6
Profit for the year	**644.1**	483.4	**136.5**	176.4	**54.7**	(2.5)	**835.3**	657.3
Total comprehensive income	**644.1**	483.4	**136.5**	176.4	**54.7**	(2.5)	**835.3**	657.3
Distributions received from their associates	**44.8**	35.0	**-**	-	**-**	-	**44.8**	35.0

4. LOANS AND RECEIVABLES

	31 Dec 15	31 Dec 14
	$M	$M
Current assets		
Trade receivables	**20.1**	15.3
Less: impairment of trade receivables	**(0.6)**	(0.4)
	19.5	14.9
Distributions receivable from joint ventures	**9.0**	8.1
Distributions receivable from associates	**23.5**	24.1
Related party receivables (1)	**32.5**	27.0
Loan receivables (2)	**90.0**	-
Other receivables	**26.4**	30.3
Total current loans and receivables	**200.9**	104.4
Non-current assets		
Loan receivables (2)	**63.7**	150.4
Loan advanced to Lendlease GPT (Rouse Hill) Pty Limited	**18.5**	5.9
Total non-current loans and receivables	**82.2**	156.3

(1) The related party receivables are on commercial terms and conditions.
(2) Includes $153.7 million (2014: $150.4 million) deferred consideration from the Indigenous Land Corporation (ILC) relating to the sale of Ayers Rock Resort. GPT has been provided with security guaranteeing the deferred payment and therefore the receivable is considered as recoverable. GPT has worked with the ILC on a debt restructuring arrangement which includes an immediate repayment of $90.0 million and the extension of the remaining receivable until December 2024 at an interest rate of 9.0% per annum. Hence the $90.0 million has been classified as current receivables and the remaining balance as non-current receivables.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

The table below shows the ageing analysis of GPT's loans and receivables.

	31 Dec 15						31 Dec 14					
	Not Due	**0-30 days**	**31-60 days**	**61-90 days**	**90+ days**	**Total**	Not Due	0-30 days	31-60 days	61-90 days	90+ days	Total
	$M	**$M**	**$M**	**$M**	**$M**	**$M**	$M	$M	$M	$M	$M	$M
Current receivables	**-**	**106.7**	**1.2**	**0.2**	**3.4**	**111.5**	-	100.3	1.1	0.7	2.7	104.8
Impairment of current receivables	**-**	**-**	**-**	**-**	**(0.6)**	**(0.6)**	-	-	-	-	(0.4)	(0.4)
Current loans and receivables	**90.0**	**-**	**-**	**-**	**-**	**90.0**	-	-	-	-	-	-
Non current loans and receivables	**82.2**	**-**	**-**	**-**	**-**	**82.2**	156.3	-	-	-	-	156.3
Total loans and receivables	**172.2**	**106.7**	**1.2**	**0.2**	**2.8**	**283.1**	156.3	100.3	1.1	0.7	2.3	260.7

Loans and receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method less any allowance for impairment. All loans and receivables with maturities greater than 12 months after balance date are classified as non-current assets.

Recoverability of trade receivables

Recoverability of trade receivables is assessed on an ongoing basis. Impairment is recognised in the Consolidated Statement of Comprehensive Income when there is objective evidence that GPT will not be able to collect the debts. Financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation and default or delinquency in payments are considered objective evidence of impairment. See note 15(e) for more information on management of credit risk relating to trade receivables.

The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. Debts that are known to be uncollectable are written off when identified.

5. INTANGIBLES

	Management rights	**IT development and software**	**Total**
	$M	**$M**	**$M**
Costs			
Balance as at 31 December 2013	78.0	58.0	136.0
Additions	0.2	2.3	2.5
Transfer to other assets	-	(2.8)	(2.8)
Balance as at 31 December 2014	78.2	57.5	135.7
Additions	**0.1**	**4.4**	**4.5**
Balance as at 31 December 2015	**78.3**	**61.9**	**140.2**
Accumulated amortisation and impairment			
Balance as at 31 December 2013	(66.4)	(18.9)	(85.3)
Amortisation	(0.6)	(6.1)	(6.7)
Balance as at 31 December 2014	(67.0)	(25.0)	(92.0)
Amortisation	**(0.3)**	**(6.5)**	**(6.8)**
Impairment	**-**	**(5.9)**	**(5.9)**
Balance as at 31 December 2015	**(67.3)**	**(37.4)**	**(104.7)**
Carrying amounts			
Balance as at 31 December 2014	11.2	32.5	43.7
Balance as at 31 December 2015	**11.0**	**24.5**	**35.5**

Management rights

Management rights include property management and development management rights. Rights are initially measured at cost and subsequently amortised over their useful life, which ranges from 3 to 10 years.

For the management rights of Highpoint Shopping Centre, management considers the useful life as indefinite as there is no fixed term included in the management agreement. Therefore, GPT tests for impairment at balance date. Assets are impaired if the carrying value exceeds their recoverable amount. The recoverable amount is determined using a value in use calculation based on cash flow projections for a five year period. The discount rate applied to these asset-specific cash flow projections is 5.6% and the growth rate used to extrapolate the cash flows beyond the five year period is 4.0%.

IT development and software

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

6. INVENTORIES

	31 Dec 15 $M	31 Dec 14 $M
Development properties held for resale	**101.5**	43.6
Total inventories	**101.5**	43.6

During the year, GPT has acquired land parcels adjacent to the Rouse Hill Town Centre from Urban Growth for $19.9 million in April 2015 and two land parcels located on Wembley Road in Berrinba from Logan City Council for $25.0 million in June 2015.

Development properties held for resale are stated at the lower of cost and net realisable value.

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

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

The amount of any write-down is recognised as an impairment expense in the Consolidated Statement of Comprehensive Income.
No impairment expense has been recognised for the year ended 31 December 2015 (2014: nil).

7. PAYABLES

	31 Dec 15 $M	31 Dec 14 $M
Trade payables and accruals	**152.8**	128.8
GST payables	**0.4**	-
Distribution payable to stapled securityholders	**206.4**	180.3
Interest payable	**18.4**	16.7
Related party payables	**7.6**	5.6
Other payables	**5.2**	7.4
Total payables	**390.8**	338.8

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

8. PROVISIONS

	31 Dec 15 $M	31 Dec 14 $M
Current provisions		
Employee benefits	**7.0**	6.9
Provision for levies	**13.6**	11.6
Other	**4.2**	5.3
Total current provisions	**24.8**	23.8
Non-current provisions		
Employee benefits	**1.9**	2.0
Total non-current provisions	**1.9**	2.0

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

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

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

Employee benefits expenses in the Consolidated Statement of Comprehensive Income

Employee benefits expenses	**122.5**	105.2

9. TAXATION

	31 Dec 15 $M	31 Dec 14 $M
(a) Income tax expense		
Deferred income tax expense / (credit)	**2.4**	(1.7)
Income tax expense / (credit) in the Statement of Comprehensive Income	**2.4**	(1.7)
Income tax expense / (credit) attributable to:		
(Loss) / profit from continuing operations	**2.4**	(4.3)
(Loss) / profit from discontinued operations	**-**	2.6
Aggregate income tax expense / (credit)	**2.4**	(1.7)
Reconciliation of Income tax expense / (credit) to prima facie tax payable:		
Net profit before income tax expense	**870.5**	643.5
Less: profit attributed to entities not subject to tax	**(838.4)**	(659.1)
Net profit / (loss) before income tax expense	**32.1**	(15.6)
Prima facie income tax at 30% tax rate (2014: 30%)	**9.6**	(4.7)
(Non-assessable) / non-deductible items	**(7.0)**	5.3
Deferred tax asset not recognised	**3.8**	5.3
Prior years adjustments	**-**	(7.6)
Previously unrecognised tax losses used to reduce deferred tax expense	**(4.0)**	-
Income tax expense / (credit)	**2.4**	(1.7)
(b) Deferred tax assets		
Employee benefits	**14.0**	15.2
Provisions and accruals	**2.9**	3.2
Tax losses recognised	**15.8**	15.8
Other	**(2.5)**	(1.8)
Net deferred tax asset	**30.2**	32.4
Movement in temporary differences during the year		
Opening balance at beginning of the year	**32.4**	25.0
Charged to the income statement	**1.5**	(4.5)
Charged to the reserves	**0.3**	5.7
Tax losses (utilised) / recognised	**(4.0)**	6.2
Closing balance at end of the year	**30.2**	32.4

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

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

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

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

- Where they arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss.
- Where taxable temporary differences relate to investments in subsidiaries, associates and interests in joint ventures:

- Deferred tax liabilities are not recognised if the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
- Deferred tax assets are not recognised if it is not probable that the temporary differences will reverse in the foreseeable future and taxable profit will not be available to utilise the temporary differences. Unused tax losses for which no deferred tax asset has been recognised are $45.0 million (2014: $44.1 million).

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

CAPITAL STRUCTURE

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

At 31 December 2015, GPT is credit rated A- Positive / A3 stable by Standard and Poor's (S&P) and Moody's Investor Services (Moody's) respectively. The ratings are important as they reflect the investment grade credit rating of GPT which allows access to global capital markets to fund its development pipeline and future acquisition investment opportunities. The stronger ratings improve both the availability of capital, in terms of amount and tenor, and reduce the cost at which it can be obtained.

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

10. EQUITY AND RESERVES

(a) Contributed equity

	Number	Trust $M	Other entities Stapled to GPT $M	Total $M
(i) Ordinary stapled securities				
Opening securities on issue as at 31 December 2013	1,694,888,638	7,379.6	319.5	7,699.1
Securities issued	1,980,505	5.7	-	5.7
On-market buy-back	(11,408,188)	(40.8)	(0.2)	(41.0)
Closing securities on issue as at 31 December 2014	1,685,460,955	7,344.5	319.3	7,663.8
Opening securities on issue as at 31 December 2014	**1,685,460,955**	**7,344.5**	**319.3**	**7,663.8**
Securities issued - institutional placement [1]	**76,832,152**	**321.0**	**4.0**	**325.0**
Transaction costs	**-**	**(5.5)**	**(0.1)**	**(5.6)**
Securities issued - Long Term Incentive Plan	**2,169,649**	**6.2**	**0.1**	**6.3**
Securities issued - Security Purchase Plan [1]	**11,820,458**	**49.3**	**0.7**	**50.0**
Securities issued - Deferred Short Term Incentive Plan	**1,236,353**	**5.0**	**0.1**	**5.1**
Securities issued - Broad Based Employee Security Ownership Plan	**59,514**	**0.3**	**-**	**0.3**
Distribution reinvestment plan for 6 month period ended 30 June 2015 [2]	**17,237,448**	**73.1**	**1.2**	**74.3**
Closing securities on issue as at 31 December 2015	**1,794,816,529**	**7,793.9**	**325.3**	**8,119.2**
(ii) Exchangeable securities				
Opening securities on issue	2,500	240.6	-	240.6
Closing securities on issue as at 31 December 2014	2,500	240.6	-	240.6
Opening securities on issue	**2,500**	**240.6**	**-**	**240.6**
Redemption	**(2,500)**	**(325.0)**	**-**	**(325.0)**
Transaction costs	**-**	**(0.1)**	**-**	**(0.1)**
Closing securities on issue as at 31 December 2015 [3]	**-**	**(84.5)**	**-**	**(84.5)**
Total Contributed Equity - 31 December 2014	-	7,585.1	319.3	7,904.4
Total Contributed Equity - 31 December 2015	**-**	**7,709.4**	**325.3**	**8,034.7**

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

(1) Securities issued – institutional placement and stapled security purchase plan
Equity raising comprised a $325.0 million institutional placement and a $50.0 million security purchase plan. The funding was used to fund the redemption of exchangeable securities. Refer to note (3) below.

(2) Distribution reinvestment plan
The distribution reinvestment plan was activated for the six months to 30 June 2015 distribution at a 1.0% discount to the volume weighted average GPT trading price for a period of 15 business days commencing from the business day following the record date (30 June 2015).

(3) Exchangeable securities
On 27 November 2008, 2,500 Exchangeable Securities (ES) were issued to an affiliate of GIC Real Estate Pty Limited (GIC RE) at $100,000 per exchangeable security. The ES were exchangeable into stapled securities at GIC RE's option subject to obtaining necessary approvals at an initial exchange price of $3.883 per stapled security in accordance with the terms of the agreement. The ES offered discretionary distributions of 10% per annum and carried voting rights in GPT. On 28 January 2015, GPT redeemed the ES with GIC for $325.0 million, plus the accrued distribution.

(b) Reserves

	Foreign currency translation reserve		Cash flow hedge reserve		Employee incentive scheme reserve		Available for sale reserve		Total reserve	
	Trust	Other entities stapled to GPT	Trust	Other entities stapled to GPT	Trust	Other entities stapled to GPT	Trust	Other entities stapled to GPT	Trust	Other entities stapled to GPT
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Balance at 1 January 2014	(15.3)	32.2	(5.9)	-	2.3	20.8	-	-	(18.9)	53.0
Net foreign exchange translation adjustments	(9.7)	1.8	-	-	-	-	-	-	(9.7)	1.8
Changes in the fair value of cash flow hedges	-	-	(5.6)	-	-	-	-	-	(5.6)	-
Security-based payment transactions	-	-	-	-	-	2.7	-	-	-	2.7
Balance at 31 December 2014	(25.0)	34.0	(11.5)	-	2.3	23.5	-	-	(34.2)	57.5
Balance at 1 January 2015	**(25.0)**	**34.0**	**(11.5)**	**-**	**2.3**	**23.5**	**-**	**-**	**(34.2)**	**57.5**
Revaluation of available for sale financial asset	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8.6**	**-**	**8.6**
Net foreign exchange translation adjustments	**0.4**	**0.1**	**-**	**-**	**-**	**-**	**-**	**-**	**0.4**	**0.1**
Changes in the fair value of cash flow hedges	**-**	**-**	**(7.8)**	**-**	**-**	**-**	**-**	**-**	**(7.8)**	**-**
Security-based payment transactions	**-**	**-**	**-**	**-**	**(2.3)**	**(7.1)**	**-**	**-**	**(2.3)**	**(7.1)**
Balance at 31 December 2015	**(24.6)**	**34.1**	**(19.3)**	**-**	**-**	**16.4**	**-**	**8.6**	**(43.9)**	**59.1**

Nature and purpose of reserves

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

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

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

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

(c) Retained earnings / accumulated losses

	Note	Trust $M	Other entities stapled to GPT $M	Total $M
Consolidated entity				
Balance at 1 January 2014		(244.2)	(1,014.8)	(1,259.0)
Net profit / (loss) for the financial year		656.2	(10.9)	645.3
Less: Distributions paid/payable to ordinary stapled securityholders	12(a)	(357.3)	-	(357.3)
Less: Distributions paid/payable to exchangeable securities securityholders	12(b)	(25.0)	-	(25.0)
Balance at 31 December 2014		29.7	(1,025.7)	(996.0)
Balance at 1 January 2015		**29.7**	**(1,025.7)**	**(996.0)**
Net profit for the financial year		**847.8**	**20.3**	**868.1**
Less: Distributions paid/payable to ordinary stapled securityholders	12(a)	**(401.9)**	**-**	**(401.9)**
Less: Distributions paid/payable to exchangeable securities securityholders	12(b)	**(1.7)**	**-**	**(1.7)**
Reclassification of employee incentive security scheme reserve to retained earnings / accumulated losses		**3.9**	**2.8**	**6.7**
Balance at 31 December 2015		**477.8**	**(1,002.6)**	**(524.8)**

11. EARNINGS PER STAPLED SECURITY

	31 Dec 15 Cents	31 Dec 15 Cents	31 Dec 14 Cents
(a) Attributable to ordinary securityholders of the Trust	**Basic**	**Diluted**	**Basic and Diluted**
Basic and diluted earnings per security - profit from continuing operations	**47.1**	**47.0**	36.4
Basic and diluted earnings per security - profit from discontinued operations	**0.6**	**0.6**	1.0
Total basic and diluted earnings per security attributable to ordinary securityholders of the Trust	**47.7**	**47.6**	37.4
(b) Attributable to ordinary stapled securityholders of GPT Group			
Basic and diluted earnings per security - profit from continuing operations	**48.2**	**48.1**	36.0
Basic and diluted earnings per security - profit from discontinued operations	**0.6**	**0.6**	0.8
Total basic and diluted earnings per security attributable to ordinary stapled securityholders of The GPT Group	**48.8**	**48.7**	36.8

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

(c) Reconciliation of earnings used in calculating earnings per ordinary stapled security	**$M**	**$M**	$M
Net profit from continuing operations attributable to the securityholders of the Trust	**836.4**	**836.4**	639.0
Net profit from discontinued operations attributable to the securityholders of the Trust	**11.4**	**11.4**	17.2
	847.8	**847.8**	656.2
Less: distribution to the holders of Exchangeable Securities [1]	**(1.7)**	**(1.7)**	(25.0)
Basic and diluted earnings of the Trust	**846.1**	**846.1**	631.2
Add: Net profit / (loss) from continuing operations attributable to the securityholders of other stapled entities	**20.4**	**20.4**	(6.4)
Add: Net loss from discontinued operations attributable to the securityholders of other stapled entities	**(0.1)**	**(0.1)**	(4.5)
Basic and diluted earnings of the Company	**20.3**	**20.3**	(10.9)
Basic and diluted earnings of The GPT Group	**866.4**	**866.4**	620.3

(d) WANOS	**Millions**	**Millions**	Millions
WANOS used as the denominator in calculating basic earnings per ordinary stapled security	**1,773.9**	**1,773.9**	1,686.3
Performance security rights at weighted average basis [2]	**3.8**	**3.8**	2.8
WANOS used as the denominator in calculating diluted earnings per ordinary stapled security	**1,777.7**	**1,777.7**	1,689.1

(1) These securities are not considered dilutive as the distribution per exchangeable security is higher than the basic EPS per stapled security. Refer to note 10(a) for further details on the Exchangeable Securities.
(2) Performance security rights granted under the Long Term Incentive plan are only included in dilutive earnings per ordinary stapled security where the performance hurdles are met as at the year end.

Calculation of earnings per stapled security

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

12. DISTRIBUTIONS PAID AND PAYABLE

Distributions are paid to GPT stapled securityholders and exchangeable securities securityholders half yearly.

(a) Stapled Securityholders

Distributions paid / payable	Cents per stapled security	Total amount $M
2015		
6 months period ended 30 June 2015	**11.0**	**195.5**
6 months period ended 31 December 2015 (1)	**11.5**	**206.4**
Total distributions paid / payable	**22.5**	**401.9**
2014		
6 months period ended 30 June 2014	10.5	177.0
6 months period ended 31 December 2014	10.7	180.3
Total distributions paid / payable	21.2	357.3

(b) Exchangeable Securities Securityholders (2)		**31 Dec 15 $M**	31 Dec 14 $M
(i) Distributions paid			
Period from 28 November 2014 to 28 January 2015 (2014: 28 November 2013 to 27 November 2014)	10% per exchangeable security	**1.7**	25.0
(ii) Distributions payable			
Period from 28 November 2014 to 31 December 2014	10% per exchangeable security	**-**	2.4

(1) December 2015 half yearly distribution of 11.5 cents per stapled security has been declared on 22 December 2015 and is expected to be paid on 29 February 2016 based on the record date of 31 December 2015.
(2) The exchangeable securities were redeemed on 28 January 2015 for $325.0 million, plus accrued distribution.

13. CASH FLOWS FROM OPERATING ACTIVITIES

Reconciliation of net profit after tax to net cash inflows from operating activities:

	31 Dec 15 $M	31 Dec 14 $M
Net profit for the year	**868.1**	645.3
Fair value gain to investment properties	**(325.9)**	(208.9)
Fair value loss to derivatives	**25.5**	84.8
Net impact of foreign currency borrowings and associated hedging loss	**0.8**	3.6
Loss on re-estimation of financial liability at amortised cost	**41.1**	-
Loss on redemption of financial liability	**5.6**	-
Impairment expense	**5.9**	-
Share of after tax profit of equity accounted investments (net of distributions)	**(137.0)**	(70.0)
Fair value loss of unlisted equity investments	**6.0**	(1.2)
Net gain on disposal of assets	**(9.8)**	(10.9)
Depreciation and amortisation	**9.1**	8.6
Non-cash employee benefits - security based payments	**5.8**	3.1
Non-cash revenue adjustments	**9.6**	9.6
Interest capitalised	**(5.7)**	(9.5)
Increase in operating assets	**(16.7)**	(16.5)
Payment for inventories (1)	**(49.6)**	(43.6)
Increase in operating liabilities	**18.2**	5.9
Net foreign exchange loss	**1.0**	-
Reversal of prior year impairment	**(12.7)**	-
Others	**3.0**	4.4
Net cash inflows from operating activities	**442.3**	404.7

(1) This represents payment for land parcels adjacent to the Rouse Hill Town Centre acquired in April 2015 and two land parcels located on Wembley Road in Berrinba acquired in June 2015 (Dec 14: Metroplex development at Westgate).

14. BORROWINGS

	31 Dec 15 $M	31 Dec 14 $M
Current borrowings - unsecured	**-**	-
Current borrowings - secured	**6.7**	7.0
Current borrowings	**6.7**	7.0
Non-current borrowings - unsecured	**2,840.4**	2,617.9
Non-current borrowings - secured	**100.9**	93.6
Non-current borrowings	**2,941.3**	2,711.5
Total borrowings(1) - carrying amount	**2,948.0**	2,718.5
Total borrowings(2) - fair value	**2,958.3**	2,781.9

(1) Including unamortised establishment costs and fair value adjustments
(2) For the majority of the borrowings, the carrying amount approximates its fair value due to the short term nature of borrowings. Where material difference arises, the fair value is calculated using market observable inputs (level 2) and unobservable inputs (level 3). Excluding unamortised establishment costs.

Borrowings are either initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method or at their fair value. Under the amortised cost method, any transaction fees, costs, discounts and premiums directly related to the borrowings are recognised in the Consolidated Statement of Comprehensive Income over the expected life of the borrowings unless there is an effective fair value hedge of the borrowings, in which case a fair value adjustment will be applied based on the mark to market movement in the benchmark component of the borrowings and this movement is recognised in the Consolidated Statement of Comprehensive Income.

During the period, $10.0 million of CPI bonds were repurchased for $15.6 million, giving rise to a realised loss on redemption of $5.6 million. GPT further re-estimated the amortised cost for the remaining $75.0 million CPI bonds and as a result, a $41.1 million loss was recognised in the Consolidated Statement of Comprehensive Income.

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

The maturity profile of borrowings is provided below.

	Total facility(1) $M	Used facility(1) $M	Unused facility $M
Due within one year	9.8	6.7	3.1
Due between one and five years	2,337.0	2,026.0	311.0
Due after five years	655.4	655.4	-
	3,002.2	**2,688.1**	**314.1**
Cash and cash equivalents			**79.3**
Total financing resources available at the end of the year			**393.4**

(1) Excluding unamortised establishment costs and fair value and other adjustments.

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

Debt covenants
GPT's borrowings are subject to a range of covenants, according to the specific purpose and nature of the loans. Most bank facilities include one or more of the following covenants:
- Gearing: total debt must not exceed 50% of total tangible assets; and
- Interest coverage: the ratio of earnings before interest and taxes (EBIT) to finance costs is not to be less than 2 times.

A breach of these covenants may trigger consequences ranging from rectifying and/or repricing to repayment of outstanding amounts. GPT performed a review of debt covenants as at 31 December 2015 and no breaches were identified.

15. FINANCIAL RISK MANAGEMENT

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

(a) Interest rate risk
Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. GPT’s primary interest rate risk arises from borrowings. The table below provides a summary of GPT’s gross interest rate risk exposure as at 31 December 2015 on interest bearing borrowings together with the net effect of interest rate risk management transactions. This excludes unamortised establishment costs and fair value and other adjustments.

	Gross exposure		Net exposure	
	2015	2014	**2015**	2014
	$M	$M	$M	$M
Fixed rate interest-bearing borrowings	**1,055.4**	1,390.4	**1,700.0**	2,175.0
Floating rate interest-bearing borrowings	**1,632.7**	1,202.8	**988.1**	418.2
	2,688.1	2,593.2	**2,688.1**	2,593.2

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

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

	2015	**2015**	2014	2014
	(+1%)	**(-1%)**	(+1%)	(-1%)
	$M	**$M**	$M	$M
Impact on statement of comprehensive income				
Impact on interest revenue increase / (decrease)	**0.8**	**(0.8)**	0.7	(0.7)
Impact on interest expense (increase) / decrease	**(9.9)**	**9.9**	(4.2)	4.2

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

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

	31 Dec 15	31 Dec 14
	$M	$M
Current derivative assets	**-**	3.5
Non-current derivative assets	**342.5**	237.8
Total derivative assets	**342.5**	241.3
Subject to master netting but not offset	**111.9**	125.5
Net derivative assets post offset	**230.6**	115.8
Current derivative liabilities	**0.3**	4.4
Non-current derivative liabilities	**115.6**	139.9
Total derivative liabilities	**115.9**	144.3
Subject to master netting but not offset	**111.9**	125.5
Net derivative liabilities post offset	**4.0**	18.8

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

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

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

GPT applies hedge accounting to borrowings denominated in foreign currencies only. GPT designates and documents the relationship between hedging instruments and hedged items and the proposed effectiveness of the risk management objective the hedge relationship addresses. On an ongoing basis, GPT documents its assessment of retrospective and prospective hedge effectiveness.

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

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

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

The table below shows an analysis of the undiscounted contractual maturities of liabilities which forms part of GPT's assessment of liquidity risk.

	31 Dec 15					31 Dec 14				
	1 year or less	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years	Total	1 year or less	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years	Total
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Liabilities										
Non-derivatives										
Payables	390.8	-	-	-	390.8	338.8	-	-	-	338.8
Borrowings	6.7	518.6	1,507.4	655.4	2,688.1	7.0	681.8	1,089.0	815.4	2,593.2
Projected interest cost on borrowings(1)	109.4	99.1	178.6	282.9	670.0	120.9	100.6	223.4	350.9	795.8
Derivatives										
Projected interest cost on derivative liabilities(1)(2)	15.8	16.4	51.5	17.7	101.4	18.3	18.0	50.7	20.1	107.1
Total liabilities	522.7	634.1	1,737.5	956.0	3,850.3	485.0	800.4	1,363.1	1,186.4	3,834.9
Less cash and cash equivalents	79.3	-	-	-	79.3	72.4	-	-	-	72.4
Total liquidity exposure	443.4	634.1	1,737.5	956.0	3,771.0	412.6	800.4	1,363.1	1,186.4	3,762.5
Projected interest income on derivative assets	13.3	13.5	53.8	56.9	137.5	15.5	12.5	24.3	60.4	112.7
Net liquidity exposure	430.1	620.6	1,683.7	899.1	3,633.5	397.1	787.9	1,338.8	1,126.0	3,649.8

(1) Projection is based on the likely outcome of contracts given the interest rates, margins, forecast exchange rates and interest rate forward curves as at 31 December 2015 and 31 December 2014 up until the contractual maturity of the contract. The projection is based on future non-discounted cash flows and does not ascribe any value to optionality on any instrument which may be included in the current market values. Projected interest on foreign currency borrowings is shown after the impact of associated hedging.
(2) In accordance with AASB 7, the future value of contractual cash flows of non-derivative and derivative liabilities only is to be included in liquidity risk disclosures. As derivatives are exchanges of cash flows, the positive cash flows from derivative assets have been disclosed separately to provide a more meaningful analysis of GPT's net liquidity exposure. The methodology used in calculating projected interest income on derivative assets is consistent with the above liquidity risk disclosures.

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

As at 31 December 2015, GPT's exposure to refinancing risk can be monitored by the spreading of its contractual maturities on borrowings in the liquidity risk table above or with the information in note 14.

(d) Foreign exchange risk
Foreign exchange risk refers to the risk that the value of a financial commitment, asset or liability will fluctuate due to changes in foreign exchange rates. GPT's foreign exchange risk arises primarily from:
- firm commitments of highly probable forecast transactions for receipts and payments settled in foreign currencies or with prices dependent on foreign currencies; and
- investments in foreign assets.

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

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

	Euros		United States Dollars		Hong Kong Dollars	
	31 Dec 15	31 Dec 14	**31 Dec 15**	31 Dec 14	**31 Dec 15**	31 Dec 14
	$M	$M	**$M**	$M	**$M**	$M
Assets						
Cash and cash equivalents	**1.3**	1.4	**0.2**	0.2	**-**	-
Interests in equity accounted investments	**-**	-	**-**	0.2	**-**	-
Interests in unlisted investments	**-**	-	**-**	6.0	**-**	-
Derivative financial instruments	**-**	-	**162.6**	101.8	**44.5**	20.5
Loans and receivables	**-**	4.5	**-**	-	**-**	-
	1.3	5.9	**162.8**	108.2	**44.5**	20.5
Liabilities						
Other liabilities	**0.3**	0.3	**-**	-	**-**	-
Borrowings [(1)]	**-**	-	**616.4**	543.7	**137.9**	117.1
	0.3	0.3	**616.4**	543.7	**137.9**	117.1

(1) Excluding unamortised establishment costs

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

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

Receivables are reviewed regularly throughout the year. A provision for doubtful debts is made where collection is deemed uncertain. Part of GPT's policy is to hold collateral as security over tenants via bank guarantees (or less frequently collateral such as bond deposits or cash).

The maximum exposure to credit risk as at 31 December 2015 is the carrying amounts of financial assets recognised on GPT's Consolidated Statement of Financial Position. For more information refer to note 4.

OTHER DISCLOSURE ITEMS

16. COMMITMENTS

(a) Capital expenditure commitments
Commitments arising from contracts principally relating to the capital expenditure on investment properties which are contracted for at balance date but not recognised on the Consolidated Statement of Financial Position.

	31 Dec 15	31 Dec 14
	$M	$M
Retail	**36.1**	3.4
Office	**54.7**	61.4
Logistics	**11.5**	5.8
Properties under development	**-**	21.9
Total capital expenditure commitments	**102.3**	92.5

(b) Operating lease commitments [(1)]		
Due within one year	**2.3**	2.3
Due between one and five years	**9.5**	8.0
Over five years	**0.7**	1.5
Total operating lease commitments	**12.5**	11.8

(1) Contracted non-cancellable future minimum lease payments expected to be payable but not recognised on the Consolidated Statement of Financial Position.

	31 Dec 15	31 Dec 14
	$M	$M

(c) Commitments relating to equity accounted investments
GPT's share of equity accounted investments' commitments at balance date are set out below:

Capital expenditure	**62.1**	38.2
Total joint ventures and associates' commitments	**62.1**	38.2

17. CONTINGENT LIABILITIES

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

Highpoint Shopping Centre
Highpoint Property Group has the right to sell, via a put option that expires in July 2016, between 8.33% and 25% being all of its interest in Highpoint Shopping Centre and the adjacent Maribyrnong Homemaker City Centre to the GPT Wholesale Shopping Centre Fund (GWSCF). The GPT Group would be required to acquire the interest if GWSCF does not acquire it and another party is not nominated to do so. The price would be determined by an independent market valuation process.

In 2014, the Highpoint Property Group exercised its option to put 8.33% of their interest to GWSCF and the Board of GWSCF agreed to acquire this interest. The settlement occurred in September 2014. After this transaction, Highpoint Property Group has a remaining interest of 25%.

18. SECURITY BASED PAYMENTS

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

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

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

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

(c) DSTI
Since 2014, STIC is delivered to the senior executives as 50% in cash and 50% in GPT stapled securities (a deferred component). The deferred component is initially awarded in the form of performance rights, with the rights converting to restricted GPT stapled securities to the extent the performance conditions are met. Half of the awarded stapled securities will vest one year after conversion with the remaining half vesting two years after conversion, subject to continued employment up to the vesting dates.

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

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

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

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

Fair value of the performance rights has been independently determined using the Monte Carlo simulation methodology for those rights issued under LTI and the Black Scholes methodology for those rights issued under DSTI. The following key inputs are taken into account:

	2015 LTI	2015 DSTI
Fair value of rights	$2.48	$4.19
Security price at valuation date	$4.47	$4.78
Grant dates	18 May 2015	6 May 2015
Expected vesting dates	31 December 2017	50% on 31 Dec 2016, 50% on 31 Dec 2017
Security Price at the grant date	$4.47	N/A
Expected life	3 years (2 years remaining)	50% - 1 year, 50% - 2 years
Distribution yield	5.4%	5.4%
Risk free interest rate	2.0%	N/A
Volatilty (1)	18.5%	N/A

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

(e) Summary table of all employee security schemes

	Number of rights		
	DSTI	LTI	Total
Rights outstanding at the beginning of the year	1,872,133	12,026,315	13,898,448
Rights granted during the year	1,473,587	3,895,599	5,369,186
Rights forfeited during the year	(826,935)	(4,653,486)	(5,480,421)
Rights converted to GPT stapled securities during the year (1)	(1,236,353)	(2,350,540)	(3,586,893)
Rights outstanding at the end of the year	1,282,432	8,917,888	10,200,320

(1) Rights under the 2014 DSTI plan were converted to GPT stapled securities on 18 March 2015 and rights under the 2012 LTI Plan were converted to GPT stapled securities on 23 February 2015.

	Number of stapled securities		
	GESOP	DSSP	Total
Securities outstanding at the beginning of the year	77,024	284,315	361,339
Securities granted during the year	74,715	-	74,715
Securities vested during the year	(84,011)	(284,315)	(368,326)
Securities outstanding at the end of the year	67,728	-	67,728

19. RELATED PARTY TRANSACTIONS

General Property Trust is the ultimate parent entity.

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

Key management personnel
Key management personnel compensation was as follows.

	31 Dec 15 $'000	31 Dec 14 $'000
Short term employee benefits	**6,447.1**	7,266.6
Post employment benefits	**185.9**	170.2
Long term incentive award accrual	**827.0**	2,591.4
Other long term benefits	**552.1**	53.7
Total key management personnel compensation	**8,012.1**	10,081.9

Information regarding individual Directors' and Senior Executives' remuneration is provided in the Remuneration Report on page 12 to 20 of the Directors' Report.

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

Transactions with related parties

	Consolidated entity	
	31 Dec 15	31 Dec 14
	$M	$M
Transactions with related parties other than associates and joint ventures		
Expenses		
Contributions to superannuation funds on behalf of employees	**(6.1)**	(5.8)
Transactions with associates and joint ventures		
Revenue and expenses		
Responsible Entity fees from associates	**44.4**	35.2
Property management fees	**15.2**	12.6
Development management fees from associates	**4.5**	4.7
Development revenue from associate	**16.0**	17.1
Site Access Fee Paid	**(0.8)**	(0.6)
Management fees from associates	**4.5**	3.5
Performance fee from associate	**13.9**	-
Distributions received/receivable from joint ventures	**43.9**	48.4
Distributions received/receivable from associates	**96.0**	84.0
Payroll costs recharged to associates	**12.6**	10.6
Other transactions		
Loan repayments from joint ventures	-	4.1
Increase in units in joint ventures	**(27.4)**	(33.6)
Increase in units in associates	**(25.7)**	(254.5)
Capital expenditures paid on behalf of associates	-	2.7

20. AUDITOR'S REMUNERATION

	31 Dec 15	31 Dec 14
	$'000	$'000
Audit services		
PricewaterhouseCoopers Australia		
Statutory audit and review of financial reports	**1,126.3**	1,084.5
Total remuneration for audit services	**1,126.3**	1,084.5
Other assurance services		
PricewaterhouseCoopers Australia		
Regulatory and contractually required audits	**215.6**	235.2
Total remuneration for other assurance services	**215.6**	235.2
Total remuneration for audit and assurance services	**1,341.9**	1,319.7
Non audit related services		
PricewaterhouseCoopers Australia		
Other Services	**-**	43.1
Taxation services	**5.1**	18.1
Total remuneration for non audit related services	**5.1**	61.2
Total auditor's remuneration	**1,347.0**	1,380.9

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

21. PARENT ENTITY FINANCIAL INFORMATION

	Parent entity	
	31 Dec 15	31 Dec 14
	$M	$M
Assets		
Current assets	**133.1**	98.8
Non-current assets	**10,907.9**	9,843.6
Total assets	**11,041.0**	9,942.4
Liabilities		
Current liabilities	**428.6**	330.3
Non-current liabilities	**2,955.9**	2,835.0
Total liabilities	**3,384.5**	3,165.3
Net assets	**7,656.5**	6,777.1
Equity		
Equity attributable to secutityholders of the parent entity		
Contributed equity	**7,716.3**	7,587.6
Reserves	**(19.3)**	(11.6)
Accumulated losses	**(40.5)**	(798.9)
Total equity	**7,656.5**	6,777.1
Profit attributable to members of the parent entity	**1,161.9**	573.6
Total comprehensive income for the year, net of tax, attributable to members of the parent entity	**1,161.9**	573.6
Capital expenditure commitments		
Retail	**33.9**	1.1
Office	**40.3**	57.5
Logistics	**6.8**	5.8
Properties under development	**-**	21.2
Total capital expenditure commitments	**81.0**	85.6

As at 31 December 2015, the Parent entity had a deficiency of current net assets of $295.5 million (2014: $231.5 million) arising as a result of the inclusion of the provision for distribution payable to stapled securityholders. The Parent has access to undrawn financing facilities of $305.0 million.

Parent entity financial information
The financial information for the parent entity of GPT, General Property Trust, has been prepared on the same basis as the consolidated financial statements, excepted as set out below:

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

22. FAIR VALUE DISCLOSURES

The most significant categories of assets for which fair values are used are investment properties and financial instruments. Information about how those values are calculated, and other information required by the accounting standards, is provided below.

The valuation process, critical assumptions underlying the valuations and information on sensitivity are disclosed below.

(i) Fair value measurement, valuation techniques and inputs

Class of assets / liabilities	Fair value hierarchy (1)	Valuation technique	Inputs used to measure fair value	Range of unobservable inputs 31 Dec 2015	Range of unobservable inputs 31 Dec 2014
Retail (2)	Level 3	Discounted cash flow (DCF) and income capitalisation method	10 year average specialty market rental growth	3.2% - 4.2%	3.2% - 4.6%
			Gross market rent (per sqm p.a.)	$1,039 - $2,068	$1,039 - $2,044
			Adopted capitalisation rate	5.1% - 8.0%	5.3% - 8.0%
			Adopted terminal yield	5.3% - 8.3%	5.4% - 8.3%
			Adopted discount rate	8.0% - 9.5%	8.3% - 9.5%
Office	Level 3	DCF and income capitalisation method	Net passing rent (per sqm p.a.)	$269 - $1,508	$270 - $1,300
			Net market rent (per sqm p.a.)	$380 - $1,344	$380 - $1,345
			10 year average market rental growth	2.9% - 4.0%	3.0% - 4.1%
			Adopted capitalisation rate	5.5% - 6.3%	6.0% - 6.8%
			Adopted terminal yield	5.8% - 6.5%	6.1% - 6.9%
			Adopted discount rate	7.4% - 7.8%	8.0% - 8.5%
			Lease incentives (gross)	23.3% - 34.5%	27.5% - 34.5%
Logistics	Level 3	DCF and income capitalisation method	Net passing rent (per sqm p.a.)	$63 - $579	$60 - $603
			Net market rent (per sqm p.a.)	$60 - $500	$51 - $575
			10 year average market rental growth	3.0% - 3.6%	3.0% - 3.5%
			Adopted capitalisation rate	6.0% - 9.0%	6.0% - 9.0%
			Adopted terminal yield	6.5% - 9.8%	6.3% - 9.8%
			Adopted discount rate	7.5% - 10.0%	8.0% - 10.5%
			Lease incentives (gross)	7.0% - 25.0%	8.0% - 43.0%
Properties under development	Level 3	Development feasibility	Net market rent (per sqm p.a.)	$65-$395	$80 - $430
			10 year average market rental growth	1.0% - 3.0%	2.0% - 3.3%
			Adopted capitalisation rate	6.25% - 7.25%	6.0% - 8.3%
Derivative financial instruments	Level 2	Discounted cash flow (adjusted for counterparty creditworthiness)	Interest rates Basis CPI Volatility Foreign exchange rates	Not applicable - all inputs are market observable inputs	
	Level 3		Interest rates	Not applicable - market observable input	
			CPI Volatility	0.96%	0.97%
Available for sale financial assets	Level 3	Discounted cash flow	Discount rate	30%	Not applicable
			Foreign exchange rates	Not applicable - observable input	Not applicable

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

DCF method	Under the DCF method, the fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the assets' or liabilities' life including an exit or terminal value. The DCF method involves the projection of a series of cash flows from the assets or liabilities. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the cash flow stream associated with the assets or liabilities.
Income capitalisation method	This method involves assessing the total net market income receivable from the property and capitalising this in perpetuity to derive a capital value, with allowances for capital expenditure reversions.
Development feasibility	Development feasibility is used to evaluate the residual land value of a property based on total development costs, revenue and an acceptable profit margin in line with risk of the development.
Net passing rent	Net passing rent is the contracted amount for which a property or space within a property is leased. In a net rent, the owner recovers outgoings from the tenant on a pro-rata basis (where applicable).
Gross market rent	A gross market rent is the estimated amount of rent for which a property or space within a property should lease between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and wherein the parties have each acted knowledgeably, prudently and without compulsion. The gross market rent is all inclusive and takes into account outgoings and potential turnover rent.

Net market rent	A net market rent is the estimated amount for which a property or space within a property should lease between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and wherein the parties have each acted knowledgeably, prudently and without compulsion. In a net rent, the owner recovers outgoings from the tenant on a pro-rata basis (where applicable).
10 year average specialty market rental growth	An average of a 10 year period of forecast annual percentage growth rates in Retail specialty tenancy rents. Specialty tenants are those tenancies with a gross lettable area of less than 400 square metres (excludes ATMs and kiosks).
10 year average market rental growth	The expected annual rate of change in market rent over a 10 year forecast period in alignment with expected market movements.
Adopted capitalisation rate	The rate at which net market income is capitalised to determine the value of a property. The rate is determined with regards to market evidence and the prior external valuation.
Adopted terminal yield	The capitalisation rate used to convert income into an indication of the anticipated value of the property at the end of the holding period when carrying out a discounted cash flow calculation. The rate is determined with regards to market evidence and the prior external valuation
Adopted discount rate	The rate of return used to convert a monetary sum, payable or receivable in the future, into present value. Theoretically it should reflect the opportunity cost of capital, that is, the rate of return the capital can earn if put to other uses having similar risk. The rate is determined with regards to market evidence and the prior external valuation.
Lease incentives	A lease incentive is often provided to a lessee upon the commencement of a lease. Incentives can be a combination of, or, one of the following; a rent free period, a fit-out contribution, a cash contribution or rental abatement.
Counterparty credit worthiness	Credit value adjustments: these are applied to derivatives assets based on that counterparty's credit risk using the observable credit default swaps curve as a benchmark for credit risk. Debit value adjustments: these are applied to derivatives liabilities based on GPT's credit risk using GPT's credit default swaps curve as a benchmark for credit risk.

(ii) Valuation process – investment properties

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

External valuations

GPT's external valuations are performed by independent professionally qualified valuers who hold recognised relevant professional qualifications and have specialised expertise in the investment properties being valued.

The GPT RE Limited Compliance Plan requires an independent valuation at least once every calendar year for properties with a most recent book value of greater than $50 million. Properties under $50 million are independently valued on a three year rolling cycle.

Internal tolerance checks

Every six months, with the exception of properties independently valued, investment management prepares an internal tolerance check. The internal tolerance check involves the preparation of a DCF and income capitalisation valuation for each property. These are produced using a capitalisation rate, terminal yield and discount rates based on comparable market evidence and recent independent valuations. The indicative value is generally a mid-point of these two approaches.

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

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

Highest and best use

Fair value for investment properties is calculated for the highest and best use whether or not current use reflects highest and best use. For all GPT investment properties current use equates to the highest and best use, with the exception of the following:

- 7 Figtree Drive, Sydney Olympic Park
- 6 Herb Elliott Avenue, Sydney Olympic Park
- 8 Herb Elliott Avenue, Sydney Olympic Park
- 18-24 Abbott Road, Seven Hills, NSW

The underlying zoning of 7 Figtree Drive and 6 and 8 Herb Elliott Avenue, all located at Sydney Olympic Park, allow for mixed use development which would provide significantly higher floor space ratio than what is currently being achieved. These properties are currently being leased and any potential redevelopment is subject to the expiry of these leases. 18-24 Abbott Road, Seven Hills was operated as a foundry and manufacturing facility but has the potential to be developed as a bulky goods retail asset. The existing tenant vacated in the first half of 2015 and the facility will be demolished, with the resulting site area to be prepared for re-development.

(iii) Sensitivity information – investment properties

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

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

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

Discounted cash flow approach
When assessing a discounted cash flow, the adopted discount rate and adopted terminal yield have a strong interrelationship because the discount rate will determine the rate at which the terminal value is discounted to the present value.

In theory, an increase (softening) in the adopted discount rate and a decrease (tightening) in the adopted terminal yield could potentially offset the impact on fair value, and vice versa. If both the discount rate and terminal yield moved in the same direction, the impact on fair value would be magnified.

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

	Unlisted equity securities	Available for sale financial asset	Derivative assets	Derivative liabilities	Total
	$M	$M	$M	$M	$M
Opening balance 1 January 2014	4.5	-	-	(20.6)	(16.1)
Fair value movements in comprehensive income - Still held	1.2	-	-	(2.0)	(0.8)
Additions	0.3	-	-	-	0.3
Closing balance 31 December 2014	6.0	-	-	(22.6)	(16.6)
					-
Opening balance 1 January 2015	**6.0**	**-**	**-**	**(22.6)**	**(16.6)**
Fair value movements in comprehensive income - Still held	**(6.0)**	**8.6**	**-**	**4.2**	**6.8**
Closing Balance 31 December 2015	**-**	**8.6**	**-**	**(18.4)**	**(9.8)**

Sensitivities
The table below summarises the impact of an increase/decrease in unlisted equity prices and interest rates on GPT's profit and on equity for the period. For level 3 unlisted equity securities, the analysis is based on the assumption that equity prices increase/decrease by 10%. For level 3 derivatives, the analysis is based on the assumption that interest rates increase/decrease by 1% with all other variables held constant, as interest rates are the only significant input.

		31 Dec 15 $M	31 Dec 14 $M
Fair value of level 3 derivatives		**(18.4)**	(22.6)
	1% increase in interest rates gain	**5.5**	6.9
	1% decrease in interest rates (loss)	**(5.6)**	(7.2)
Fair value of level 3 available for sale financial asset		**8.6**	-
	5% increase in discount rate - gain/(loss)	**(1.8)**	-
	5% decrease in discount rate - gain/(loss)	**2.3**	-

23. ACCOUNTING POLICIES

(a) Basis of preparation

The financial report has been prepared:

- In accordance with the requirements of the Trust's Constitution, *Corporations Act 2001*, Australian Accounting Standards (AAS) and other authoritative pronouncements of the Australian Accounting Standards Board and International Financial Reporting Standards.
- On a going concern basis in the belief that GPT will realise its assets and settle its liabilities and commitments in the normal course of business and for at least the amounts stated in the financial statements.
- Under the historical cost convention, as modified by the revaluation for financial assets and liabilities and investment properties at fair value through the Consolidated Statement of Comprehensive Income.
- Using consistent accounting policies and adjustments are made to bring into line any dissimilar accounting policies being adopted by the controlled entities, associates or joint ventures.
- In Australian dollars with all values rounded to the nearest million dollars, unless otherwise stated.

In accordance with AAS, the stapled entity reflects the consolidated entity. Equity attributable to other stapled entities is a form of non-controlling interest and, in the consolidated entity column, represents the contributed equity of the Company. GPT has relied on class order 13/1050 and therefore continues to present consolidated financial statement of all the entities in a stapled group in one financial report.

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

The financial report was approved by the Board of Directors on 17 February 2016.

(b) Basis of consolidation

Controlled entities

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

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

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

Associates

Associates are entities over which GPT has significant influence but not control, generally accompanying a shareholding of between 10% and 50% of the voting rights. Management considered if GPT controls its associates (GPT Wholesale Shopping Centre Fund, GPT Wholesale Office Fund and GPT Metro Office Fund) and concluded that it does not. The primary basis for conclusion was that other investors have substantive right to remove GPT as a responsible entity of the associates and therefore GPT has power over the associates' as an agent rather than a principal.

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

Joint arrangements

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

Joint operations

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

Joint ventures

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

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

Other accounting policies include:

(i) Available for sale financial assets
Available for sale financial assets are recognised at fair value. Gains/losses arising from changes in the fair value of the carrying amount of available for sale financial assets that are monetary securities denominated in a foreign currency are recognised in other comprehensive income

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

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

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

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

Where forward foreign exchange contracts are entered into to cover any anticipated excesses of revenue less expenses within foreign joint 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 Consolidated Statement of Comprehensive Income.

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

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

(d) New and amended accounting standards and interpretations adopted from 1 January 2015
There are no significant changes to GPT's financial performance and position as a result of the adoption of the new and amended accounting standards and interpretations effective for annual reporting periods beginning on or after 1 January 2015.

(e) New accounting standards and interpretations issued but not yet applied
The following standards and amendments to standards are relevant to GPT.

Reference	Description	Application of Standard
AASB 15 *Revenue from Contracts with Customers*	AASB 15 will replace AASB 118 *Revenue* and AASB 111 *Construction Contracts*. It is based on the principle that revenue is recognised when control of a good or service is transferred to a customer. It contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract–based five-step analysis of transactions to determine whether, how much and when revenue is recognised. It applies to all contracts with customers except leases, financial instruments and insurance contracts. It requires reporting entities to provide users of financial statements with more informative and relevant disclosures. GPT is in the process of assessing any implications of this new standard to its operation and financial results and does not expect a significant impact from its application.	1 January 2018
AASB 9 *Financial Instruments*	AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities and also introduces expanded disclosure requirements and changes in presentation. When adopted, this could change the classification and measurement of financial assets and financial liabilities. The new hedging rules align hedge accounting more closely with the reporting entity's risk management practices. As a general rule it will be easier to apply hedge accounting going forward. Changes in own credit risk in respect of liabilities designated at fair value through profit and loss must now be presented in other comprehensive income. In December 2014, the AASB	1 January 2018

made further changes to the classification and measurement rules and also introduced a new impairment model.

GPT is in the process of assessing any implications of this new standard to its operation and financial results and the potential effects have not been fully determined.

24. EVENTS SUBSEQUENT TO REPORTING DATE

The Directors are not aware of any matter or circumstances occurring since 31 December 2015 that has significantly or may significantly affect the operations of GPT, the results of those operations or the state of affairs of GPT in the subsequent financial years.

DIRECTORS' DECLARATION

Year ended 31 December 2015

In the directors of the Responsible Entity's opinion:

(a) the financial statements and notes set out on pages 22 to 57 are in accordance with the *Corporations Act 2001*, including:
- complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- giving a true and fair view of GPT's financial position as at 31 December 2015 and of its performance for the financial year ended on that date; and

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

(c) there are reasonable grounds to believe that GPT will be able to pay its debts as and when they become due and payable.

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

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

Rob Ferguson
Chairman

GPT RE Limited

Bob Johnston
Chief Executive Officer and Managing Director

Sydney
17 February 2016

Independent auditor's report to the members 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 consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for General Property Trust (the consolidated entity). The consolidated entity comprises the Trust and the entities it controlled at year's end or from time to time during the financial year, including GPT Management Holdings Limited and its controlled entities.

Directors of GPT RE Limited's (the responsible entity) responsibility for the financial report

The directors of the responsible entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 23, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those 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 consolidated 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.

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

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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 the Trust is in accordance with the *Corporations Act 2001,* including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and

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

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 23.

Report on the Remuneration Report
We have audited the remuneration report included in pages 12 to 20 of the directors' report for the year ended 31 December 2015. The directors of the responsible entity 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 2015 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Matthew Lunn
Partner

Sydney
17 February 2016

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