



GPT Management Holdings Limited
ABN: 67 113 510 188

Annual Financial Report
31 December 2011

This financial report covers both GPT Management Holdings Limited as an individual entity and the consolidated entity consisting of GPT Management Holdings Limited and its controlled entities. The financial report is presented in Australian currency.

GPT Management Holdings Limited (the Company) is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 51, MLC Centre, 19 Martin Place, Sydney NSW 2000.

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

GPT Management Holdings Limited and its controlled entities

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GPT Management Holdings Limited and its controlled entities
DIRECTORS' REPORT
For the year ended 31 December 2011

The Directors of GPT Management Holdings Limited (the Company) present their report on the consolidated entity consisting of GPT Management Holdings Limited and its controlled entities for the year ended 31 December 2011. The consolidated entity forms part of the stapled entity, the GPT Group (GPT or the Group). The Company is stapled to the GPT Trust and the Group financial statements include the results of the stapled entity as a whole.

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

1. OPERATIONS AND ACTIVITIES

1.1 Principal Activities

During the year, the Company continued its strategy to simplify the business and focus on high quality Australian retail, office and industrial/business park assets.

The principal activities of GPT Management Holdings Limited remain unchanged from 31 December 2010 and are:

- management of funds holding income-producing retail, office, industrial and business park assets;
- development of properties;
- management and administration of the General Property Trust; and
- property management.

After completing the sale of the US Senior Housing Portfolio on 29 March 2011, the Company operates almost entirely in Australia.

1.2 Review of Operations

The net loss of the consolidated entity for the year ended 31 December 2011 should be read in conjunction with the financial statements of the GPT Group.

The net loss for the year ended 31 December 2011 is \$49.2 million (Dec 2010: profit of \$615.7 million). To provide information that reflects the Directors' assessment of the net profit attributable to stapled securityholders calculated in accordance with Australian Accounting Standards, certain significant items that are relevant to an understanding of the consolidated entity's result have been identified. The effect of these items is set out below:

	Consolidated entity	
	31 Dec 11	31 Dec 10
	\$'000	\$'000
Core operations	3,752	6,125
Non-core operations	(3,196)	(22,100)
Financing and corporate overheads	(27,769)	(18,333)
Realised Operating Income	(27,213)	(34,308)
Change in fair value of assets (non-cash):		
Valuation increase/(decrease)		
Funds Management Europe	(14,272)	(14,163)
US Seniors Housing	14,372	1,803
(Loss)/profit on disposal	(6,089)	3,028
Other items ¹	(16,043)	659,317
Net (loss)/profit	(49,245)	615,677

¹ Other items include revaluation on borrowings, impairment, amortisation and tax impact.

- Profit after tax decreased by \$664.9 million to a loss of \$49.2 million (Dec 2010: profit of \$615.7 million)
- Realised operating income has increased by 20.7% to a loss of \$27.2 million (Dec 2010: loss of \$34.3 million)
- Total assets decreased by 19.3% to \$176.8 million (December 2010: \$219.0 million)

The increase in Realised Operating Income (ROI) compared with December 2010 is largely the result of wind up of non-core operations resulting in increased ROI partly offset by increased overheads.

GPT Management Holdings Limited and its controlled entities
DIRECTORS' REPORT
For the year ended 31 December 2011

1. OPERATIONS AND ACTIVITIES (continued)

1.2 Review of Operations (continued)

Financial results – operational highlights

The financial performance and total assets by portfolio are summarised below along with commentary on each portfolio's operational performance. The segment realised operating income is reconciled to net profit/(loss) in note 2(a).

Portfolio/Segment	Note	Realised Operating Income 2011 \$'000	Realised Operating Income 2010 \$'000	Total Assets 2011 \$'000	Total Assets 2010 \$'000
Core					
Funds Management - Australia	1.2(a)	7,913	7,742	8,839	10,221
Property Management	1.2(b)	(4,161)	(1,617)	15,508	37,170
Non-core					
Discontinued operation - US Senior Housing		1,134	(7,764)	175	1,099
Discontinued operation - Funds Management - Europe		1,768	(2,290)	-	13,487
Discontinued operation - Joint Venture		-	-	-	-
Discontinued operation - Hotel / Tourism		(6,098)	(12,046)	1,916	20,632
Financing and corporate overheads					
Corporate		(27,769)	(18,333)	150,411	136,431
Total		(27,213)	(34,308)	176,849	219,040

(a) Funds Management

GPT Wholesale Office Fund (GWOFF) has ownership interests in 14 assets with a value of \$3.3 billion. GPT Wholesale Shopping Centre Fund (GWSCF) has ownership interests in 9 assets with a value of \$2.2 billion.

The performance across the Funds' assets continues to be solid, with GWOFF achieving a total return of 8.8% and GWSCF a total return of 10.3% for the year. This reflects stable income growth and continuing high levels of occupancy for both portfolios.

(b) Property Management

The property management division made a loss of \$4,634,000 (Dec 2010: profit of \$24,820,000). Assets include management rights for Highpoint Shopping Centre and Norton Street Plaza.

(c) Developments

GPT currently has five developments underway; One One One Eagle Street in Brisbane, 161 Castlereagh Street in Sydney, an expansion of Highpoint Shopping Centre in Melbourne and Wollongong Central, and 5 Murray Rose Ave, Sydney Olympic Park.

GPT retains a \$3.2 billion pipeline of future development opportunities for the medium term, subject to approvals and an appropriate level of pre-commitments. The consolidated entity undertakes development management of the projects.

(d) Reconciliation items from Realised Operating Income to Net profit after tax

These items comprise of certain unrealised items, non-cash items, gains or losses on investments or other items the Directors determine to be non-recurring or capital in nature.

The total of the reconciliation items decreased to a loss of \$22.0 million (2010: a profit of \$650.0 million). This is caused by a fair value decrement on funds management Europe assets of \$14.3 million, loss on disposal of \$6.1 million, amortisation and impairment expense of \$10.9 million, finance costs of \$4.7 million, partly offset with a fair value gain on US Senior Housing assets of \$14.4 million and a gain on revaluation on borrowings of \$5.1 million. Prior year comparative included revaluation on borrowings (\$678.0 million gain).

(e) Capital Management

Borrowings - Loan Variation

During the prior year the terms of the Australian subsidiaries' intercompany loans with General Property Trust (the Trust) were varied under individual Deeds of Variation. Under the Deeds of Variation, the Trust's rights to full repayment of the intercompany loans will be limited to the surplus cash of the individual companies at their loan maturity date. This constituted a substantial modification to each of the loan terms and accordingly the loans were remeasured under the varied contractual terms and conditions. In the current year, a revaluation to the Statement of Comprehensive Income of \$5,114,000 (Dec 2010: \$678,035,000) for both continuing and discontinued operations has been recorded.

1.3 Dividends

The Directors have not declared any dividends for the year ended 31 December 2011 (Dec 2010: nil).

GPT Management Holdings Limited and its controlled entities
DIRECTORS' REPORT
For the year ended 31 December 2011

1. OPERATIONS AND ACTIVITIES (continued)

1.4 Significant Changes in State of Affairs

Significant changes in the state of the affairs of the Company during the financial year were as follows:

- On 29 March 2011, GPT completed the sale of the US Seniors Housing Portfolio to Health Care REIT Inc (HCN). An associate of the Company, B-VII Operations Holding Co LLC, sold property, plant and equipment for US \$34.3 million and the Company redeemed a 20% interest in the manager of the portfolio, Benchmark Assisted Living LLC for US \$1.2 million.
- On 11 May 2011, GPT announced an on-market buy-back of up to 5% of the Group's ordinary securities. At 31 December 2011, GPT has bought back 41.8 million ordinary stapled securities for a total consideration of \$1.7 million. This represents 2.3% of total ordinary securities.
- On 23 May 2011, the Company completed the sale of the Voyages Business Platform with a gain on sale of \$0.4 million.

1.5 Likely Developments and Expected Results of Operations

Likely developments and commentary on the expected results of operations are included in Section 1.2 of this Report.

Further information on likely developments and expected results of operations have not been included in this annual financial report because the Directors believe it would likely result in unreasonable prejudice to the Company.

1.6 Environmental Regulation

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

GPT is also subject to the reporting requirements of both the Energy Efficiency Opportunities Act 2006 ("EEO") and the National Greenhouse and Energy Reporting Act 2007 ("NGER").

The Energy Efficiency Opportunities Act 2006 requires GPT to assess its energy usage, including the identification, investigation and evaluation of energy saving opportunities and to report publicly on the assessments undertaken; including what action GPT intends to take as a result. As required under this act, GPT is registered with the Department of Resources, Energy and Tourism as a participant entity. GPT has collated energy data and identified energy opportunities for the 1 July 2010 to 30 June 2011 period and disclosed the Energy Efficiency Opportunities data on the GPT website by the required date of 31 December 2011.

The National Greenhouse and Energy Reporting Act 2007 requires GPT to report its annual greenhouse gas emissions and energy use. The measurement period for GPT is 1 July 2010 to 30 June 2011. GPT has implemented systems and processes for the collection and calculation of the data required for submission of its report to the Department of Climate Change and Energy Efficiency within the legislative deadline of 31 October 2011.

More information about the GPT Group's participation in the EEO and NGER programs is available at www.gpt.com.au.

1.7 Events Subsequent to Reporting Date

The following events have occurred subsequent to 31 December 2011:

- Post 31 December 2011, GPT continued with the on-market buy-back of the Group's ordinary securities. At 17 February 2012, the Company has bought back 4.3 million ordinary stapled securities for a total consideration of \$0.1 million. This represents 0.2% of the total ordinary stapled securities.

Other than the above, the Directors are not aware of any matter or circumstance occurring since 31 December 2011 that has significantly or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

GPT Management Holdings Limited and its controlled entities
DIRECTORS' REPORT
For the year ended 31 December 2011

2. DIRECTORS AND SECRETARY

2.1 Directors

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

(i) Chairman - Non-Executive Director

Rob Ferguson

(ii) Non-Executive Directors

Brendan Crotty

Eileen Doyle

Eric Goodwin

Lim Swe Guan

Anne McDonald

Gene Tilbrook

(iii) Executive Director

Michael Cameron

2.2 Information on Directors

Rob Ferguson – Chairman

Mr Ferguson was Managing Director and Chief Executive of Bankers Trust Australia for 15 years. During his 30 year career with Bankers Trust Mr Ferguson held a number of senior executive positions including Head of Corporate Finance and Investment Management. Mr Ferguson was also an independent non-executive director of Westfield for 10 years.

Mr Ferguson is currently the Non-Executive Chairman of IMF (Australia) Limited; Non-Executive Chairman of Primary Health Care Limited and Non-Executive Director of MoneySwitch Limited. Prior Board positions include Chairman of Vodafone Australia, Nexgen Limited and Bankers Trust Australia Ltd.

Mr Ferguson brings to the Board a wealth of knowledge and experience in finance, investment management and property as well as corporate governance.

Mr Ferguson joined the Board on 25 May 2009 and is a member of the Nomination and Remuneration Committee.

Brendan Crotty

Mr Crotty was appointed to the Board on 22 December 2009. He brings extensive property industry expertise to the Board, including 17 years as Managing Director of Australand until his retirement in 2007.

Mr Crotty is currently a director of Australand Funds Management Pty Ltd, Brickworks Limited and a privately owned major Victorian land and housing company. Mr Crotty is also Chairman of the Western Sydney Parklands Trust and RPS Australia Asia Pacific and a director of the Barangaroo Delivery Authority.

Mr Crotty holds tertiary qualifications in Surveying, Town Planning and Business Administration and is a Fellow of the Royal Institute of Chartered Surveyors, the Australian Institute of Company Directors, and the Australian Property Institute as well being a member of the Planning Institute of Australia.

Mr Crotty is a member of the Nomination and Remuneration Committee and the Sustainability Committee.

Eileen Doyle

Dr Doyle was appointed to the Board on 1 March 2010.

Dr Doyle has over two decades of diverse business experience. She has held senior executive roles and Non-Executive Director roles in a wide range of industries, including research, financial services, building and construction, steel, mining, logistics and export. Currently, Dr Doyle's directorships include Boral Limited, Hunter Valley Research Foundation (Chairman), Bradken Limited and CSIRO.

Dr Doyle holds tertiary qualifications in mathematics, applied statistics (PhD) and business administration. She is a Fellow of the Australian Institute of Company Directors.

Dr Doyle is Chair of the Sustainability Committee and a member of the Nomination and Remuneration Committee.

2. DIRECTORS AND SECRETARY (continued)

2.2 Information on Directors (continued)

Eric Goodwin

Mr Goodwin was appointed to the Board in November 2005. He brings to the board extensive experience in design construction and project management, general management and funds management. His experience includes fund management of the MLC Property Portfolio during the 1980s and he was the founding Fund Manager of the Australian Prime Property Fund.

Mr Goodwin is a Non-Executive Director of Eureka Funds Management Limited, Lend Lease Global Properties SICAF and AMPCI Macquarie Infrastructure Management No 2 Limited (responsible entity of Diversified Utility and Energy Trust No. 2).

Mr Goodwin joined Lend Lease in 1963 as a cadet engineer and during his 42 year career with Lend Lease held a number of senior executive and subsidiary board positions in the Australian operation, the US and he was the inaugural manager of the Group's Asian operations.

Mr Goodwin is a member of the Audit and Risk Management Committee and a member of the Sustainability Committee.

Lim Swe Guan

After graduating with an honours degree in Estate Management in 1979, Mr Lim was employed as Lands Officer for the Urban Redevelopment Authority of Singapore.

He left URA in 1980 to work as a securities analyst, initially for Kim Eng Securities (1980 -1982) and later for Alfa-Pacific Securities (1982 - 1983).

Mr Lim obtained an MBA from the Colgate Darden Graduate School of Business, The University of Virginia in 1985 and returned to Singapore where he worked as a property consultant with Knight Frank, Cheong Hock Chye & Baillieu. In June 1986, Mr Lim was recruited by Jones Lang Wootton in Sydney, Australia to the position of Senior Research Analyst. He was appointed Manager in October 1987 and Director in 1989. Mr Lim obtained the Chartered Financial Analyst (CFA) certification in 1991. In November 1995, Mr Lim joined SUNCORP Investments in Brisbane, Australia as Portfolio Manager, Property Funds.

Mr Lim returned to Singapore in December 1997 to join the Government of Singapore Investment Corporation, as Managing Director of GIC Real Estate until February 2011.

Mr Lim sits on the boards of Thakral Holdings Group in Australia, Sunway City Berhad in Malaysia and Global Logistic Properties in Singapore.

Mr Lim is a member of the Audit and Risk Management Committee.

Anne McDonald

Ms McDonald was appointed to the Board on 2 August 2006. Ms McDonald is currently a Non-Executive Director of listed entities, Spark Infrastructure Group and Specialty Fashion Group. She is also a Non-Executive Director of Westpac's Life and General Insurance businesses.

Ms McDonald holds a Bachelor of Economics, is a fellow of the Institute of Chartered Accountants and a Graduate of the Australian Institute of Company Directors.

Ms McDonald is a chartered accountant and was previously a partner of Ernst & Young for fifteen years specialising as a company auditor and advising multinational and Australian companies on governance, risk management and accounting issues. Previous roles include Board Member of Ernst & Young Australia and a Director of the Private Health Insurance Administration Council, St Vincent's and Mater Health Sydney and Health Super.

Ms McDonald is Chair of the Audit and Risk Management Committee.

Gene Tilbrook

Mr Tilbrook was appointed to the Board on 11 May 2010.

He has extensive experience in corporate strategy, finance, investment and capital management. Mr Tilbrook spent the majority of his executive career at Wesfarmers Limited, including roles as Finance Director and Director of Business Development.

Mr Tilbrook is currently Non-Executive Chairman of Transpacific Industries Group Ltd; and a Non-Executive Director of Fletcher Building Ltd, NBN Co Limited and QR National Limited. He is a councillor of the Australian Institute of Company Directors (WA Division) and Curtin University and a member of the board of the UWA Perth International Arts Festival. Mr Tilbrook has previously held directorship roles in the private equity, infrastructure and property sectors.

Mr Tilbrook is Chair of the Nomination and Remuneration Committee.

GPT Management Holdings Limited and its controlled entities
DIRECTORS' REPORT
For the year ended 31 December 2011

2. DIRECTORS AND SECRETARY (continued)

2.2 Information on Directors (continued)

Michael Cameron

Mr Cameron joined The GPT Group as CEO and Managing Director in May 2009 and has over 30 years' experience in Finance and Business.

His past experience includes 10 years with Lend Lease where he was Group Chief Accountant, then Financial Controller for MLC Limited before moving to the US in 1994 in the role of Chief Financial Officer/Director of The Yarmouth Group, Lend Lease's US property business. On returning to Sydney in 1996 Mr Cameron was appointed to the role of Chief Financial Officer, MLC Limited before moving to the role of Chief Financial Officer, then Chief Operating Officer of the NAB Wealth Management Division following the sale of MLC.

Mr Cameron joined the Commonwealth Bank of Australia in 2002 as Deputy Chief Financial Officer, and was appointed to the role of Group Chief Financial Officer soon after in early 2003.

In 2006, Mr Cameron was appointed to the position of Group Executive of the Retail Bank Division of the Commonwealth Bank of Australia, leading a team of 20,000 staff servicing eight million customers.

Mr Cameron was Chief Financial Officer at St.George Bank Limited from mid 2007 until its sale to Westpac in December 2008.

Mr Cameron is a fellow of the Australian Institute of Chartered Accountants, a fellow of CPA Australia and a fellow of the Australian Institute of Company Directors. He is also a Director of the Great Barrier Reef Foundation.

James Coyne - Company Secretary

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

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

2.3 Attendance of Directors at Board Meetings and Board Committee 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
Chairman	Rob Ferguson		Anne McDonald		Gene Tilbrook		Eileen Doyle	
Rob Ferguson	9	9	-	-	5	5	-	-
Michael Cameron	9	9	-	-	-	-	-	-
Brendan Crotty	9	9	-	-	4	5	4	4
Eileen Doyle	9	9	-	-	5	5	4	4
Eric Goodwin	9	9	6	6	-	-	4	4
Lim Swe Guan	9	9	6	6	-	-	-	-
Anne McDonald	9	9	6	6	-	-	-	-
Gene Tilbrook	9	9	-	-	5	5	-	-

GPT Management Holdings Limited and its controlled entities
DIRECTORS' REPORT
For the year ended 31 December 2011

2. DIRECTORS AND SECRETARY (continued)

2.4 Directors' Relevant Interests

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

	Number of GPT Stapled Securities
Rob Ferguson	204,082
Michael Cameron	470,991 Stapled Securities 1,369,626 Performance Rights
Brendan Crotty	30,000
Eileen Doyle	1,600
Eric Goodwin	15,584
Lim Swe Guan	Nil
Anne McDonald	9,450
Gene Tilbrook	20,000

2.5 Directors' Directorships of Other Listed Companies

Details of all directorships of other listed entities held by each current Director in the three years immediately before 31 December 2011 and the period for which each directorship was held are set out below:

Rob Ferguson	IMF (Australia) Limited (since 2004) Primary Health Care Limited (since 2009)
Brendan Crotty	Brickworks Limited (since 2008) Trafalgar Corporate Group (from 2007 to 2009)
Eileen Doyle	One Steel Limited (from 2000 until 2010) Boral Limited (since 2010) Ross Human Directions Limited (from 2005 until 2010) Bradken Limited (since 2011)
Eric Goodwin	AMPCI Macquarie Infrastructure Management No. 2 Limited as Responsible Entity of the Diversified Utility and Energy Trust No. 2 (one of the stapled entities within the DUET Group) (since 2004)
Lim Swe Guan	Thakral Holdings Limited (since 2004)
Anne McDonald	Speciality Fashion Group Limited (since 2007) Spark Infrastructure Group (since 2009)
Gene Tilbrook	Transpacific Industries Limited (since 2009) Fletcher Buildings Limited (since 2009) QR National Limited (since 2010) Westfarmers Limited (from 2002 to 2009)

3. 2011 REMUNERATION REPORT

3.1 Remuneration in Brief

The Remuneration Report below is the report for the Group. As the Directors and Senior Executives are remunerated by the Company, the report for the Group has been included in full.

The Board is committed to clear and transparent communication of GPT's remuneration arrangements. This section, the 2011 Remuneration in Brief, outlines the key remuneration decisions taken by GPT during the year, and shows the actual cash value of remuneration paid to GPT's key management personnel (KMP) and the five highest paid executives. The full Remuneration Report for 2011, starting on page 12, provides more detail regarding the remuneration strategy, structures, decisions and outcomes at GPT in 2011 in accordance with statutory obligations and accounting standards.

Key remuneration drivers and actions in 2011

In 2011 the Board continued to take a conservative approach to executive remuneration. The Board actively engaged with GPT investors and stakeholders and was proactive about ensuring that there was strong alignment between GPT's performance and executive reward outcomes. Each of these actions is outlined below and in greater detail in the Remuneration Report.

Base (Fixed) Pay

The disciplined execution of GPT's strategy during the year which focussed on owning and actively managing quality Australian property assets generated pleasing financial results for investors in 2011. The Board maintained a prudent approach to executive remuneration, the growth of which continued to be moderate. In the review of employee base salaries in December 2010, the Board decided to:

- Implement only a modest review of base pay, effective 1 January 2011, averaging 3%; and
- Maintain the freeze on Non-Executive Director fees in 2011 for the 4th successive year.

Short Term Incentives

The Board also continued to maintain a focus on ensuring that the quantum of short term incentives (STI) received by executives was:

- market based and appropriate;
- aligned to GPT's performance; and
- demanding of performance that was sufficiently challenging.

In line with the financial performance delivered by management in 2011, actual STI's received by management were towards the upper end of potential.

Underlining GPT's achievement based culture, the Board and management took the decision to reduce the level of short term incentives provided for Threshold performance (i.e. the minimum standard of performance deemed appropriate to be rewarded with an incentive payment) from 75% of the individuals' Target short term incentive level down to 50%. This change, which will be implemented in the 2012 calendar year, has the effect of steepening the reward curve for performance below Target levels such that short term incentive rewards diminish rapidly if Targets are not delivered.

Long Term Incentives

The Board sought and received approval from GPT security holders at the 2011 Annual General Meeting to continue the existing Performance Rights based long-term incentive (LTI) scheme. The scheme has three performance measures of GPT's performance, each of equal weight:

- **Total Shareholder Return (TSR)** - TSR represents an investor's return, calculated as the percentage difference between the 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, or such other method of calculation as determined by the Board.
- **Adjusted Earnings per Security Growth (EPS Growth) relative to the Consumer Price Index (CPI)** - This performance measure sets an EPS growth range (EPS excluding fair value adjustments) for each Performance Period calculated by reference to the CPI; and
- **Total Return (TR)** - Total Return is defined as the sum of the change in Net Tangible Assets excluding movements in GPT's equity base arising from capital raisings or capital returns (NTA), plus distributions over the Performance Period, divided by the NTA at the beginning of the Performance Period.

Taking into account feedback from investors and other stakeholders, and to ensure that performance levels were sufficiently challenging for executives, the Board increased the threshold level of performance required for an LTI award in both the EPS Growth and TR measures in the 2012 LTI. These enhancements will be detailed in the Notice of Meeting for GPT's forthcoming Annual General Meeting (AGM) in May 2012, and will be subject to security holder approval.

The 2009 LTI covering GPT's performance for the three calendar years of 2009-2011 concluded at the end of 2011. The threshold performance measure was not achieved and as a result all performance rights granted to executives under the plan lapsed and no LTI awards were made to executives.

Employee Ownership

The Board believes in creating ways for employees to build an ownership stake in the business, and the benefits that this 'culture of ownership' brings in terms of loyalty, commitment and discretionary effort. For executives, and based on performance, this is achieved through the LTI.

Employees who are not eligible for the LTI may participate in the General Employee Security Ownership Plan (GESOP). Under GESOP individuals receive an additional benefit equivalent to 10% of their STI which is - after the deduction of income tax - invested in GPT securities to be held for a minimum of 1 year. Under the plan, 323 GPT employees received 169,504 GPT securities in 2011.

External environment

In setting and reviewing its remuneration arrangements, GPT has regard to the external environment, and is actively monitoring the tax, regulatory and governance activities impacting remuneration. In 2011, the Board sought external advice on market practice and prevailing regulatory and governance standards from Ernst & Young and Freehills. The Board did not receive any Remuneration Recommendations from Remuneration Consultants as defined under the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011*.

3. 2011 REMUNERATION REPORT (continued)

3.1 Remuneration in Brief (continued)

2011 Remuneration outcomes and GPT security ownership positions for GPT's Key Management Personnel

The disclosed remuneration of GPT's KMP and five highest paid executives in the Remuneration Report on (page 20) is calculated in accordance with statutory obligations and accounting standards. As a result, it is based on accounting principles and includes accounting values for current and prior years' LTI grants which have not been (and may never be) realised as they are dependent on performance measures being met.

To provide a clearer picture, GPT has chosen to include in the Remuneration in Brief the following table (Table 1) which discloses the actual Cash and Other Benefits received by GPT's KMP and five highest paid executives during GPT's financial year, as distinct from the accounting expense. It also includes an outline of the current and potential GPT security ownership position of executives effective 31 December 2011 that has been established during their career to date with GPT.

Table 1 - Actual Cash and Other Benefits received by GPT's KMP and five highest paid executives

Senior Executive	Position	Cash & Other Benefits actually received by executives in 2011					Current GPT security ownership at 31/12/11	Future GPT securities subject to performance at 31/12/11
		Base (Fixed) Pay	STI	LTI ¹	Other ²	Total	Vested GPT Security Holding ³	Unvested GPT Securities & Performance Rights ⁴
		(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(# of securities)	(# of securities & rights)
Michael Cameron	Managing Director and Chief Executive Officer	1,350.0	1,598.0	-	222.5	3,170.5	66,103	1,774,515
James Coyne	General Counsel / Company Secretary	480.0	284.1	-	3.5	767.6	-	323,189
Mark Fookes	Head of Investment Management	775.0	682.0	-	4.1	1,461.1	-	518,913
Nicholas Harris	Head of Wholesale	623.0	534.6	-	3.8	1,161.4	-	419,466
Jonathan Johnstone	Head of Transactions	575.0	495.3	-	1.1	1,071.4	-	391,080
Anthony McNulty	Head of Development	550.0	354.7	-	2.8	907.5	-	328,019
Michael O'Brien	Chief Financial Officer	830.0	827.5	-	121.9	1,779.4	76,909	562,877
Michelle Tierney	Head of Property & Asset Management	500.0	330.2	-	3.6	833.8	-	296,635

¹ The performance measures for the 2009 LTI were not satisfied at the end of the 3 year performance period on 31 December 2011, hence the performance rights granted under the scheme lapsed. As a result no GPT executive received any LTI award in 2011.

² Other includes the value of performance rights that vested in 2011 (Michael Cameron and Michael O'Brien), Death & Total/Permanent Disablement insurance premiums, superannuation plan administration fees, executive health assessments, and other benefits.

³ Vested GPT Security Holding is the actual number of GPT securities held as a result of the individuals' employment with GPT over the years. This excludes GPT securities that may have been granted to date but are as yet unvested due to service or performance measures and also excludes GPT securities bought privately by the individual. As a result it represents the true current ownership stake held by the executive arising from their employment with the Group. All securities listed here vested in 2011 with the exception of 38,454 of Michael O'Brien's which vested in 2010.

⁴ Unvested GPT Securities and Performance Rights includes the total unvested GPT securities and performance rights received over the years that are currently on foot and excludes any GPT securities or rights that may have lapsed up to 31 December 2011. This number comprises sign on rights that are yet to vest (Michael Cameron), deferred STI into equity that is yet to vest (Michael Cameron) and grants of performance rights under the various LTI schemes that are subject to the various performance measures and are yet to vest (all executives). This highlights 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, any securities or performance rights listed in this column should be considered "at risk", are not guaranteed, and indeed may never vest.

GPT Management Holdings Limited and its controlled entities
DIRECTORS' REPORT
For the year ended 31 December 2011

3. 2011 REMUNERATION REPORT (continued)

3.2 Remuneration Report

Introduction

The Board presents the Remuneration Report for GPT for the year ended 31 December 2011, which forms part of the Directors Report and has been prepared in accordance with section 300A of the Corporations Act for the Group for the year ended 31 December 2011.

This Remuneration Report outlines GPT's remuneration philosophy and practices together with details of the specific remuneration arrangements that apply to GPT's key management personnel (KMP) who are the individuals responsible for planning, controlling and managing the GPT Group (including the non-executive Directors, the CEO and other key Senior Executives), and the five highest paid executives in 2011. The data provided in the Remuneration Report was audited as required under section 308(3C) of the Corporations Act.

In 2011 the Nomination & Remuneration Committee (the Committee) comprised 4 Non-Executive Directors:

- Gene Tilbrook (Chairman)
- Brendan Crotty
- Eileen Doyle
- Rob Ferguson

The Committee provides advice and recommendations to the Board on:

- criteria for selection of Directors;
- nominations for appointment as Directors (either between AGMs or to stand for election);
- criteria for reviewing the performance of Directors individually and the GPT Board collectively;
- remuneration policies for Directors and Committee members;
- remuneration policy for senior executives;
- incentive plans for employees; and
- any other related matters regarding executives or the Board.

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

3.3 Key Issues and Changes made in 2011

Remuneration Outcomes aligned to GPT's Performance

In 2011 GPT continued to resolutely pursue the Group's articulated strategy of owning and actively managing quality Australian property assets. While the financial performance was pleasing, market conditions remained cautious and growth in executive pay levels moderated. Against that background the Board continued to exercise restraint with regard to executive remuneration. The main areas of activity in 2011 are outlined in the Table 2, below:

Table 2 – Main areas of activity in 2011

Issue	Who is affected?	Explanation
Maintain restraint on executive salaries	Leadership Team and other employees	Base remuneration increases for 2011 were capped at an average 3% across the business.
Freeze on Directors' fees	Non-Executive Directors	The overall Non-Executive Director fee pool was increased from \$1,500,000 to \$1,650,000 on 11 May 2011. This was done to provide room to manage Non-Executive Director transitions on and off the Board in future without exceeding the cap. At the individual level, there were no increases in fees in 2011 for Non-Executive Directors for the 4 th successive year.
Reduction in 2012 Threshold STI Opportunity	All employees	The Board and management took the decision to reduce the level of short term incentive provided for Threshold performance (ie the minimum standard of performance deemed appropriate to be rewarded with an incentive payment) from 75% of the individuals' Target short term incentive level down to 50%. To be implemented in the 2012 calendar year, this has the effect of steepening the reward curve for performance below Target levels such that short term incentive rewards diminish rapidly if Targets are not delivered.
Strengthened 2012 LTI Performance Measures	Leadership Team and other executives (limited to the top 25 in total)	To more tightly align with GPT's articulated financial performance objectives, the Board decided to increase the Threshold level of performance required for an LTI award in both the EPS and TR measures in the 2012 LTI. These adjustments will be set out in the Explanatory Memorandum to the Notice of Meeting for the AGM and subject to security holder vote.
Continued initiative to build culture of ownership	All employees excluding the LTI participants	Under the General Employee Security Ownership Plan (GESOP) an amount equivalent to 10% of an individuals' STI was (after the deduction of income tax) invested in GPT securities to be held for a minimum of 1 year. Under the plan, 323 GPT employees received 169,504 GPT securities in 2011.

3. 2011 REMUNERATION REPORT (continued)

3.3 Key Issues and Changes made in 2011 (continued)

CEO Remuneration Structure and Contract Terms

The key terms of Mr Cameron's remuneration arrangements and contract include the following:

Table 3 – Key terms of Michael Cameron's Remuneration Arrangements

Details	Comments
Benchmark group for setting/reviewing remuneration	The Board benchmarks the remuneration of the CEO against: <ul style="list-style-type: none"> • CEOs in businesses with comparable market capitalisation; and • CEOs in comparable roles within the ASX A-REIT index. •
Remuneration mix	In 2011, Mr Cameron's remuneration mix was as follows: Base (Fixed) Pay: \$1,350,000. STI: \$0 to \$1,687,500 based on performance and paid in cash (ie 0 to 125% of base pay). Further details on STI terms are set out on page 16 to 17. LTI: \$0 to \$2,025,000 based on performance and continued service and paid in GPT securities (ie 0 to 150% of base pay). Further details on LTI terms (including performance measures) are set out on pages 17 to 19.
Contract duration	A rolling 12 month contract
Termination entitlements	Termination entitlements vary depending on the circumstances, however any separation payment is capped at 12 months of base (fixed) pay

3.4 GPT's Remuneration Strategy

Alignment of GPT's Remuneration Strategy and Business Strategy

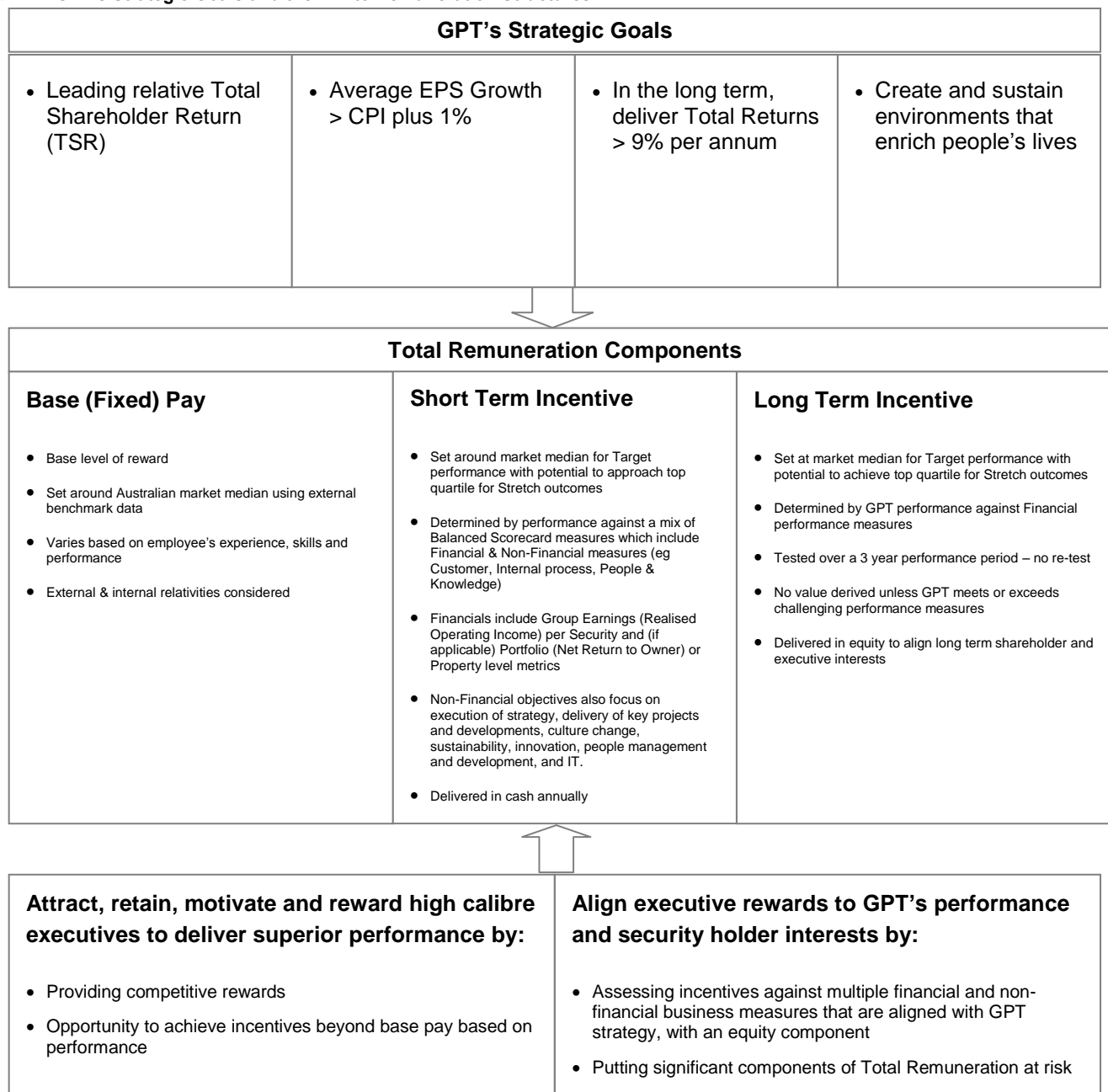
The Board is conscious of the need to set a remuneration strategy that supports and drives achievement of the strategic objectives of the business. By establishing a remuneration structure that attracts, retains, motivates and rewards executives for achieving challenging targets linked to GPT's strategy and business objectives, the Board is confident that its remuneration strategy focuses GPT employees on delivering sustainable, superior shareholder returns in line with the Group's strategic intent.

The diagram below (Diagram 1) shows the key objectives of GPT's remuneration policy for Executives and how these are implemented through our remuneration structures.

3. 2011 REMUNERATION REPORT (continued)

3.4 GPT's Remuneration Strategy (continued)

Diagram 1 – GPT's Strategic Goals and the link to Remuneration Structures



Total Remuneration Mix

As depicted in Diagram 1 above, GPT's Executive remuneration is structured as a mixture of Base (fixed) pay and variable "at risk" short term incentive (STI) and long term incentive (LTI) components.

While the Base pay is designed to provide a predictable base level of remuneration, the STI and LTI components reward executives when certain pre-determined performance measures are met or exceeded.

The Total Remuneration mix of components for those executives with ongoing employment at the end of 2011 is set out in Table 4, below:

3. 2011 REMUNERATION REPORT (continued)

3.4 GPT's Remuneration Strategy (continued)

Table 4 – Total Remuneration Mix of Fixed and At Risk Remuneration

Senior Executive	Position	Fixed Remuneration	Variable or "At Risk" Remuneration ¹	
		Base Pay	STI	LTI
Michael Cameron	Managing Director and Chief Executive Officer	36%	36%	28%
James Coyne	General Counsel/Secretary	50%	25%	25%
Mark Fookes	Head of Investment Management	43%	35%	22%
Nicholas Harris	Head of Wholesale	44%	33%	23%
Jonathan Johnstone	Head of Transactions	44%	33%	23%
Anthony McNulty	Head of Development	48%	29%	23%
Michael O'Brien	Chief Financial Officer	43%	35%	22%
Michelle Tierney	Head of Property & Asset Management	48%	29%	23%

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

Base (Fixed) Pay

Base remuneration is reviewed annually through a process that ensures an executive's fixed remuneration remains competitive in the market place and reflects their skills, knowledge, responsibility and general performance. This process involves market-based reviews conducted by independent experts benchmarking GPT executives against comparable peers in companies in the A-REIT and, where relevant, broader ASX 200 sectors. GPT generally aims to pay around market median base salary.

Table 5 – Base Pay

What is included in Base (Fixed) Pay?	Base pay includes cash, compulsory superannuation, and any salary sacrifice items (including Fringe Benefits Tax).
When and how is Base Pay reviewed?	Base pay is reviewed annually effective 1 January. The Committee oversees the review process to ensure that all employees are paid fairly and competitively in relation to their skills, experience, responsibilities and performance. The Committee also ensures that overall review outcomes are appropriate and affordable.
What market benchmark is applied?	The Committee commissions external benchmarking of the CEO and Leadership Team salaries annually by Ernst & Young, much of it focussed on publicly available data from annual reports. More broadly, the business relies on benchmarking relevant to the property sector including the Avdiev Property Industry Remuneration Report. For more specialist functional roles management will source multiple benchmarks from reputable recruitment agencies and other informed sources.

3. 2011 REMUNERATION REPORT (continued)

3.4 GPT's Remuneration Strategy (continued)

Short Term Incentives (STI) (variable component)

GPT employees have an opportunity to receive an STI based on calendar year performance. STI levels are set as part of the process of benchmarking the Total Remuneration opportunity for each role. GPT generally aims to set STI opportunity at market median for Target performance with potential to approach top quartile for Stretch outcomes.

Table 6 – GPT's STI Plan

What is the STI plan?	The STI is an 'at-risk' incentive awarded annually in the form of cash subject to performance against agreed financial and non-financial Key Performance Indicators (KPIs).												
Who participates in the STI plan?	All permanent GPT employees with greater than 3 months service at the end of the applicable calendar year are eligible – subject to performance – to receive an STI.												
Why does the Board consider the STI an appropriate incentive?	Having a component of the Total Remuneration at risk in the form of an STI creates the ability for the Board and management to align and focus employees on desired objectives and behaviours, co-ordinating effort in pursuit of the overall business strategy.												
Are both target and stretch performance measures set?	Yes. Stretch performance measures can reward exceptional performance beyond the acceptable Target outcomes, and can motivate individuals to strive for the mutual benefit of themselves and the business.												
What is the value of the STI opportunity?	<p>The STI opportunity is expressed as a percentage of Base (fixed) pay, and varies depending on the overall Total Remuneration levels for particular roles, but the following table can be considered indicative of the possible ranges:</p> <table border="1"> <thead> <tr> <th>Level</th> <th>Target Incentive Range</th> <th>Stretch Incentive Range</th> </tr> </thead> <tbody> <tr> <td>CEO</td> <td>100%</td> <td>125%</td> </tr> <tr> <td>Executives</td> <td>50-80%</td> <td>62.5-100%</td> </tr> <tr> <td>General employees</td> <td>10-30%</td> <td>12.5-37.5%</td> </tr> </tbody> </table> <p>If a minimum or Threshold level of objective achievement is not delivered then STI would be nil. STI outcomes are capped at the Stretch level.</p>	Level	Target Incentive Range	Stretch Incentive Range	CEO	100%	125%	Executives	50-80%	62.5-100%	General employees	10-30%	12.5-37.5%
Level	Target Incentive Range	Stretch Incentive Range											
CEO	100%	125%											
Executives	50-80%	62.5-100%											
General employees	10-30%	12.5-37.5%											
What are the Financial performance measures?	<p>In 2011 the main Group Financial performance measure was Earnings (Realised Operating Income) per Ordinary Security and based on Board discretion of: Threshold: 21.2cps (ie 2% growth on the 2010 result) Target: 21.6cps (4% growth on the 2010 result) Stretch: 22.3cps (7% growth on the 2010 result)</p> <p>While all employees have a common Group Financial performance measure, whether there are other additional performance measures depends on the individuals' role, as does the (indicative) mix between Financial and Non-Financial measures:</p> <table border="1"> <thead> <tr> <th>Level</th> <th>Financial Measures</th> <th>Non-Financial Measures</th> </tr> </thead> <tbody> <tr> <td>CEO</td> <td>70%</td> <td>30%</td> </tr> <tr> <td>Executives</td> <td>60%</td> <td>40%</td> </tr> <tr> <td>General employees</td> <td>20%</td> <td>80%</td> </tr> </tbody> </table> <p>Financial measures are applied at the Group, Portfolio, and Asset level.</p>	Level	Financial Measures	Non-Financial Measures	CEO	70%	30%	Executives	60%	40%	General employees	20%	80%
Level	Financial Measures	Non-Financial Measures											
CEO	70%	30%											
Executives	60%	40%											
General employees	20%	80%											
What are the Non-financial performance measures?	<p>Non-Financial measures include Balanced Scorecard items focussed on the Customer, Internal processes, and People & Knowledge perspectives.</p> <p>In addition, they may also focus on execution of strategy, delivery of key projects and developments, culture change, sustainability, innovation, people management and development, and information technology.</p>												
How is performance measured?	Financial and non-financial KPIs are determined at the start of each calendar year and set out in a formal Performance Agreement. This agreement is reviewed at the end of each calendar year for every eligible employee to determine what (if any) STI they may receive.												
Who assesses performance against targets?	The Board assesses the performance of the CEO, who in turn assesses the performance of his direct reports among the Leadership Team.												

Short Term Incentive Outcomes

In 2011 GPT achieved an Earnings (Realised Operating Income) per Ordinary Security result of 22.4 cps which exceeded the Stretch level of performance on the GPT Group Financial measure. This translated into the realisation of short term incentive compensation amounts toward the upper end of an individuals' maximum STI potential:

3. 2011 REMUNERATION REPORT (continued)

3.4 GPT's Remuneration Strategy (continued)

Short Term Incentive Outcomes (continued)

Table 7 – Short Term Incentive Outcomes

Senior Executive	Position	Actual STI Awarded (\$'000)	Actual STI Awarded as a % of Maximum STI	% of Maximum STI Award Forfeited
Michael Cameron	Managing Director and Chief Executive Officer	\$1,598.0	94.69%	5.31%
James Coyne	General Counsel/Secretary	\$284.1	94.69%	5.31%
Mark Fookes	Head of Investment Management	\$682.0	88.00%	12.00%
Nicholas Harris	Head of Wholesale	\$534.6	91.53%	8.47%
Jonathon Johnstone	Head of Transactions	\$495.3	91.88%	8.12%
Anthony McNulty	Head of Development	\$354.7	86.00%	14.00%
Michael O'Brien	Chief Financial Officer	\$827.5	99.69%	0.31%
Michelle Tierney	Head of Property & Asset Management	\$330.2	88.06%	11.94%

Long Term Incentives (LTI) (variable component)

GPT executives who have the most ability to influence the long term commercial performance of the Group are invited by the Board to participate in an equity-based LTI scheme under which awards may vest if specified performance measures are achieved over a 3 year performance period. Combined with the Base pay and STI potential, the LTI provides a further opportunity to achieve Total Remuneration around market median for Target performance, with potential to approach top quartile for Stretch performance outcomes.

Table 8 – GPT's LTI Plan

What is the purpose of the LTI plan?	The purpose of the LTI plan is to align senior executive rewards with sustained improvement in security holder value over time.
Who participates in the LTI plan?	The CEO, his direct reports, and a small number of other senior executives with the greatest ability to impact on the long term performance of GPT. In 2011, 23 individuals participated.
Is there a limit on the number of LTIs issued?	Employee equity holdings under the LTI cannot exceed 5% of the total number of issued securities.
What is the value of the LTI opportunity?	The size of grants under the 2011 LTI is based on a percentage of the participants' Base pay with the maximum (Stretch) opportunity in 2011 as follows: <ul style="list-style-type: none"> for the CEO it was equivalent to 150% of base pay for Leadership Team members it was 100% of base pay for all other participants it was equivalent to 75% of base pay
How is reward delivered under the LTI program?	Each grant consists of Performance Rights (Rights) to receive GPT securities for no cost. The number of Rights granted was determined by dividing GPT's last quarter 2010 volume weighted average security price (VWAP) of \$2.8383cps into the grant value.
Do executives pay for the LTI instruments?	No. Rights that vest convert to GPT securities at no cost to the executive.
What rights are attached to LTIs?	Rights do not carry any voting rights or receive dividends, however GPT securities allocated on the vesting of Rights carry the same rights as any other GPT security.
Are there restrictions on dealing with securities allocated under the LTI plan?	Yes, all GPT employees sign a policy on personal dealing (Policy) which, in addition to restrictions on insider trading, restricts dealing in GPT securities to certain trading windows. The Policy also precludes hedging or entering into any other financial derivatives in relation to unvested Rights.
What happens when an executive leaves the Company?	Broadly, unvested Rights will lapse, unless the Board in its discretion decides otherwise.
What are the performance hurdles?	See the table below.
Are Rights subject to retesting if they do not vest on initial testing?	No. There is no retesting of Rights that do not vest after being first tested for satisfaction against the performance measures at the end of the 3 year period.

3. 2011 REMUNERATION REPORT (continued)

3.4 GPT's Remuneration Strategy (continued)

Long Term Incentives (LTI) (continued)

The performance measures and hurdles for GPT's LTI plan, which have been approved by GPT security holders, are summarised in table 9, below.

Table 9 – GPT LTI Plan Performance Measures & Hurdles

LTI	LTI Performance Measurement Period	Performance Measure	Performance Measure Hurdle	Weighting	Status
2009	2009-2011	Relative TSR versus the ASX 200 Property Index (excluding GPT)	50% of rights vest at 51st percentile, up to 100% at the 75th percentile (pro rata vesting in between).	100%	Lapsed, no awards paid to executives
2010	2010-2012	Relative TSR versus the top 80% of the ASX 200 Property Index	50% of rights vest at 51st percentile, up to 100% at the 75th percentile (pro rata vesting in between).	One third each	On foot
		Earnings per security growth (EPS) vs the CPI ¹	50% of rights vest if EPS growth = CPI, up to 100% if EPS growth = CPI plus 1% percentile (pro rata vesting in between).		
		Total Return (TR) versus the Weighted Average Cost of Capital (WACC).	0% of rights vest at 8% TR, up to 100% at 9% TR (pro-rata vesting in between).		
2011	2011-2013	Relative TSR versus the top 80% of the ASX 200 Property Index	50% of rights vest at 51st percentile, up to 100% at the 75th percentile (pro rata vesting in between).	One third each	On foot
		Earnings per security growth (EPS) vs the CPI ¹	50% of rights vest if EPS growth = CPI, up to 100% if EPS growth = CPI plus 1% percentile (pro rata vesting in between).		
		Total Return (TR) versus the Weighted Average Cost of Capital (WACC).	0% of rights vest at 8% TR, up to 100% at 9% TR (pro-rata vesting in between).		

¹ The EPS growth calculation for 2010 relies on a rebased 2009 EPS figure of 21.30cps versus the 2010 result of 20.74cps. The rebasing of 2009 was required to adjust the 2009 EPS result of 23.83cps (4.77 cps on a pre 5:1 consolidation basis) to take into account the dilutive effect of the capital raising. The approach is to assume the raising happened on 1 January 2009, that is, the interest saving from reducing debt starts on 1 January 2009 rather than 17 June 2009, with the adjusted earnings for the 2009 year divided by the greater number of average shares.

Table 10 (below) sets out the executives' LTI plan participation level (i.e. in terms of grant size), fair value, and the maximum recognised value in future years (see footnote 2 to table 10 for an explanation of these concepts):

Table 10 – LTI Plan Participation Levels and Fair Value

Senior Executive	Position	LTI Scheme	Performance Rights Granted	Grant Date	Fair Value	Vesting Date ¹	Maximum Recognised Value in Future Years ²
Michael Cameron	Managing Director and Chief Executive Officer	2009	396,617	30-Jun-09	\$0.85	31-Dec-11	\$0
		2010	590,068	19-May-10	\$2.06	31-Dec-12	\$463,607
		2011	713,455	08-Jun-11	\$2.38	31-Dec-13	\$1,322,900
James Coyne	General Counsel/Secretary	2009	180,735	30-Jun-09	\$1.00	31-Dec-11	\$0
		2010	154,074	19-May-10	\$2.06	31-Dec-12	\$121,054
		2011	169,115	08-Jun-11	\$2.38	31-Dec-13	\$313,576
Mark Fookes	Head of Investment Management	2009	269,179	30-Jun-09	\$1.00	31-Dec-11	\$0
		2010	245,862	19-May-10	\$2.06	31-Dec-12	\$193,170
		2011	273,051	08-Jun-11	\$2.38	31-Dec-13	\$506,295
Nicholas Harris	Head of Wholesale	2009	230,725	30-Jun-09	\$1.00	31-Dec-11	\$0
		2010	199,968	19-May-10	\$2.06	31-Dec-12	\$157,112
		2011	219,498	08-Jun-11	\$2.38	31-Dec-13	\$406,996
Jonathan Johnstone	Head of Transactions	2009	192,271	30-Jun-09	\$1.00	31-Dec-11	\$0
		2010	188,494	19-May-10	\$2.06	31-Dec-12	\$148,097
		2011	202,586	08-Jun-11	\$2.38	31-Dec-13	\$375,638
Anthony McNulty	Head of Development	2009	152,856	30-Jun-09	\$1.00	31-Dec-11	\$0
		2010	134,241	19-May-10	\$2.06	31-Dec-12	\$105,471
		2011	193,778	08-Jun-11	\$2.38	31-Dec-13	\$359,306
Michael O'Brien	Chief Financial Officer	2009	307,634	30-Jun-09	\$1.00	31-Dec-11	\$0
		2010	270,448	19-May-10	\$2.06	31-Dec-12	\$212,487
		2011	292,429	08-Jun-11	\$2.38	31-Dec-13	\$542,226
Michelle Tierney	Head of Property & Asset Management	2009	137,714	30-Jun-09	\$1.00	31-Dec-11	\$0
		2010	120,473	19-May-10	\$2.06	31-Dec-12	\$94,654
		2011	176,162	08-Jun-11	\$2.38	31-Dec-13	\$326,642

3. 2011 REMUNERATION REPORT (continued)

3.4 GPT's Remuneration Strategy (continued)

¹ Vesting date is the date that marks the end of the 3-year LTI period. At this point the performance measure will be assessed against the performance hurdle to see if any Performance Rights vest. Note that the Performance Rights granted under the 2009 LTI Scheme did not vest at 31 December 2011 as the minimum performance measure was not achieved.

² This represents the fair value of rights as at grant date that are yet to be expensed. "Fair value" is independently determined on the grant date of each tranche of rights using Monte Carlo and Binomial tree pricing models which take into account the following factors: the expected life of the rights, the security price at grant date, expected price volatility of the underlying security, expected distribution yield and the risk free interest rate for the term of the rights. As a result, the figures derived, while accurate for the valuation requirements of the relevant accounting standards, do not bear any resemblance to the actual gross value that may or may not be realised by a participating executive. The LTI accrual numbers in the Senior Executive Remuneration Disclosures in Table 13 on page 20 represent the current (2011) year expenses whereas the maximum recognised value in future years represents the expenses which will be recognised from an accounting perspective in the future until the end of the relevant LTI plan performance period.

Pre 2009 Legacy LTI Schemes

As set out in the 2010 Remuneration Report, the pre 2009 legacy LTI scheme performance period concluded on 31 December 2010 with no LTI awards made to executives. The scheme was formally wound up on 28 February 2011 during GPT's post annual results trading window. A sale price of \$3.10 per GPT security was obtained for all the holdings and the funds arising were returned to GPT in full satisfaction of the non-recourse loans provided under the scheme. Full details of the loans in place at the conclusion of the scheme were set out in the 2010 Remuneration Report. There are no further loans to GPT employees on foot as at 31 December 2011.

GPT Performance Outcomes

Table 11 (below) shows GPT's performance against key metrics over the last 5 years. It should be noted that during FY2010 GPT undertook a five for one unit consolidation.

Table 11 – GPT's 5 Year Performance

		2007	2008	2009	2010	2011
Realised operating income	\$m	605.1	468.8	375.8	410.0	438.8
Total securityholder return (TSR)	%	-23.4	-74.9	-14.4	2.9	10.5
Earnings (Realised Operating Income) per security (EPS) ¹	cents	29.4	17.7	4.8	20.7	22.4
EPS growth	%	7.0	-37.1	-74.2	-13.0	8.1
Distributions per security (DPS) ¹	cents	28.9	17.7	4.5	16.3	17.8
NTA (per security) ¹	\$	3.86	1.43	0.69	3.60	3.59
Security price at end of calendar year	\$	4.04	0.92	0.61	2.94	3.07

¹ Unadjusted for security consolidation

GPT's performance for security holders was strong in 2011 with eps growth of 8.1% and total security holder return well above both the ASX 200 and ASX 200 AREIT indices. In prior years earnings and distributions per security, as well as the company's NTA, were impacted by significant equity raisings in 2008 and 2009 which increased the number of securities on issue. In 2010 GPT undertook a 5 for 1 security consolidation.

Service Agreements

All employees have service agreements in place that set out the basic terms and conditions of employment. In 2009 the Board took steps to increase the notice periods for all Senior Executives to a minimum of 3 months. No notice provisions apply where termination occurs as a result of misconduct or serious or persistent breach of the agreement.

Remuneration arrangements for early termination of an executive's contract for reasons outside the control of the individual or where the executive is made redundant may give rise to a severance payment at law. In the absence of any express entitlement, these payments would vary between individuals.

The Board has approved a policy with respect to severance entitlements specifically capping the maximum severance payment that would be made to twelve months base remuneration. In addition the executive may be entitled to any STI and LTI at the end of the relevant period subject to the achievement of key performance indicators that had been set.

The terms of Mr Cameron's contract are outlined on page 13. The material terms of the service agreements for the remainder of the KMP (i.e. other than the CEO) who were employed by the Group at 31 December 2011 are set out in Table 12 (below):

Table 12 – Material terms of service agreements for the KMP and five highest paid executives

Term	Conditions
Duration	Open ended.
Termination by Executive	3 months notice. GPT may elect to make a payment in lieu of notice.
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. Treatment of unvested STI and LTI will be at Board and management discretion under the terms of the relevant plans.
Post-employment restraints	Non-solicitation of GPT employees for 12 months post-employment.

GPT Management Holdings Limited and its controlled entities
DIRECTORS' REPORT
For the year ended 31 December 2011

3. 2011 REMUNERATION REPORT (continued)

3.4 GPT's Remuneration Strategy (continued)

Senior Executive Remuneration Disclosures

The following table provides a breakdown of GPT's KMP and the five highest paid executives in accordance with statutory requirements and accounting standards. It should be noted that of the Variable or "At Risk" components, STI Bonus show actual cash payments made to executives, whereas the LTI Award Accrual and the Grant or Vesting of Performance Rights are accounting valuations and may only be payable to executives under certain performance conditions or circumstances (as per the footnotes). The Board considers that Table 1 on page 11 is a clearer indication of the actual cash and other benefits received by GPT's KMP and five highest paid executives in 2011.

Table 13 – Senior Executive Remuneration Disclosures

Senior Executive	Fixed Pay			Variable or "At Risk"			Cash Payment on Termination	Total
	Base Pay	Superannuation	Non-Monetary ¹	STI Bonus	LTI Award Accrual ²	Grant or Vesting of Performance Rights ^{3,4}		
Michael Cameron								
Managing Director and Chief Executive Officer								
31 December 2011	1,382,201	15,487	13,542	1,597,955	989,895	74,873	-	4,073,953
31 December 2010	1,245,889	14,830	5,445	1,415,592	397,045	74,701	-	3,153,502
J. Coyne								
General Counsel/Co. Secretary								
31 December 2011	488,781	15,487	3,523	284,081	280,703	-	-	1,072,575
31 December 2010	422,283	14,830	3,427	281,627	146,017	-	-	868,184
M. Fookes								
Head of Investment Management								
31 December 2011	808,044	15,487	4,128	682,000	442,081	-	-	1,951,740
31 December 2010	786,601	14,830	2,710	672,287	225,481	-	-	1,701,909
N. Harris								
Head of Wholesale								
31 December 2011	650,263	15,487	3,835	534,618	362,816	-	-	1,567,019
31 December 2010	617,570	14,830	3,085	454,968	188,006	-	-	1,278,459
J. Johnstone								
Head of Transactions								
31 December 2011	590,318	15,487	1,095	495,264	329,860	-	-	1,432,024
31 December 2010	602,161	14,830	46,315	512,109	167,350	-	-	1,342,765
A. McNulty								
Head of Development								
31 December 2011	553,592	15,487	2,761	354,750	267,177	-	-	1,193,767
31 December 2010	520,697	14,830	2,147	273,147	125,415	-	-	936,236
M. O'Brien								
Chief Financial Officer								
31 December 2011	841,513	15,487	2,761	827,452	486,635	21,730	-	2,195,578
31 December 2010	850,290	14,830	3,945	801,264	252,544	91,670	-	2,014,543
M. Tierney								
Head of Property & Asset Management								
31 December 2011	500,518	15,487	3,597	330,233	241,172	-	-	1,091,007
31 December 2010	519,749	14,830	1,993	273,969	112,762	-	-	923,303
Total								
31 December 2011	5,815,230	123,896	35,242	5,106,353	3,400,339	96,603	-	14,577,663
31 December 2010	5,565,240	118,640	69,067	4,684,963	1,614,620	166,371	-	12,218,901

¹ The amount set out under 'Non-monetary' may include administration fees associated with membership of the GPT Superannuation Plan, Death & Total/Permanent Disability Insurance Premiums, tax equalisation on a UK assignment (J. Johnstone in 2010 only) and termination payments.

² The purpose of the LTI Award Accrual column is to record 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. .

³ One off grants of Performance Rights were made in 2009 as follows:

GPT Management Holdings Limited and its controlled entities
DIRECTORS' REPORT
For the year ended 31 December 2011

3. 2011 REMUNERATION REPORT (continued)

3.4 GPT's Remuneration Strategy (continued)

Name	Reason for the Grant	Initial Value of the Grant	Number of Performance Rights	Vesting Condition
Michael Cameron	A sign on package on appointment to the role of Managing Director and CEO on 1 May 2009	\$300,000	115,363	Service: 50% of the performance rights converted to GPT securities for nil consideration on 30 June 2011. The remaining 50% convert to GPT securities on 30 June 2012
Michael O'Brien	Recognition of 7 month's service as Acting CEO	\$200,000	76,909	Service: 50% of performance rights converted to GPT securities for nil consideration on 1 July 2010. The remaining 50% converted to GPT securities on 1 July 2011

⁴ Additional grants of Performance Rights were made in 2010 as follows:

Name	Reason for the Grant	Initial Value of the Grant (based on fair value)	Number of Performance Rights	Vesting Condition
Michael Cameron	To address the impact of the May 2009 one for one rights issue on Mr Cameron's sign-on grant of rights (see detailed explanation in the 2010 Remuneration Report)	\$34,697	16,843	Service; 50% of performance rights converted to GPT securities for nil consideration on 30 June 2011, with the remaining 50% converting to GPT securities on 30 June 2012

3. 2011 REMUNERATION REPORT (continued)

3.5 Remuneration – Non-Executive Directors

Remuneration Policy

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

- Non-Executive Directors are paid one fee for participation as a Director in all GPT related companies (principally GPT RE Limited, the Responsible Entity of General Property Trust and GPT Management Holdings Limited).
- Non-Executive Director remuneration is composed of three main elements:
 - Main Board fees
 - Committee fees
 - Superannuation contributions at the statutory Superannuation Guarantee Levy (SGL) rate.
- Differences in workloads of Non-Executive Directors arise mainly because of differing involvement in Board Committees, which is in addition to main Board work. This additional workload is remunerated via Committee fees in addition to main Board fees.
- Non-Executive Directors do not participate in any short or long term incentive arrangements.
- Non-Executive Directors are not entitled to any retirement benefits other than compulsory superannuation.
- Non-Executive Director remuneration is set by reference to comparable entities listed on the Australian Securities Exchange (based on GPT's industry sector and market capitalisation).
- External independent advice on 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.

Remuneration Arrangements

As noted earlier in the Remuneration Report, the Board determined that there would be no increase in Non-Executive Director fees for 2011, continuing the freeze on Non-Executive Director fees that commenced in 2008.

The Chair is paid a main board fee which is 2.5 times the standard Board member fee to reflect the additional workload and responsibilities associated with the role. The Chairman does not receive fees for any Committees on which he serves.

Fees (including superannuation) paid to Non-Executive Directors are drawn from a remuneration pool of \$1,650,000 per annum which was approved by GPT security holders at the Annual General Meeting on 11 May 2011. As an executive director, Michael Cameron did not receive fees from this pool but was remunerated as one of GPT's Senior Executives.

Annual Board and Board Committees fees (excluding compulsory superannuation) for the year ended 31 December 2011 are as follows:

Table 14 – Board and Board Committee Fees

		Board	Audit and Risk Management Committee	Sustainability Committee	Nomination and Remuneration Committee
Chairman ¹					
	2011	\$346,500	\$34,650	\$11,000	\$23,100
	2010	\$346,500	\$34,650	\$11,000	\$23,100
Members					
	2011	\$138,600	\$17,325	\$8,000	\$11,550
	2010	\$138,600	\$17,325	\$8,000	\$11,550

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

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

The nature and amount of each element of remuneration paid to GPT's Non-Executive Directors for the 2011 and 2010 calendar years is as follows:

3. 2011 REMUNERATION REPORT (continued)

3.5 Non-Executive Remuneration Disclosures (continued)

The following table provides a breakdown of Non-Executive Director remuneration in accordance with statutory requirements and accounting standards.

Table 15 – Non-Executive Remuneration Disclosures

Director	Year	Salary & Fees	Superannuation ¹	Non-Monetary ²	Total
R. Ferguson ³	2011	\$346,500	\$15,487	-	\$361,987
Chairman	2010	\$276,771	\$14,494	-	\$291,265
B. Crotty	2011	\$158,150	\$14,442	-	\$172,592
	2010	\$158,770	\$14,081	-	\$172,851
E. Doyle ⁴	2011	\$161,150	\$14,503	-	\$175,653
	2010	\$130,625	\$11,756	-	\$142,381
E. Goodwin	2011	\$163,925	\$14,753	-	\$178,678
	2010	\$154,150	\$14,179	-	\$168,329
S. G. Lim	2011	\$155,925	-	-	\$155,925
	2010	\$156,925	-	-	\$156,925
A. McDonald	2011	\$173,250	\$15,396	\$1,343	\$189,989
	2010	\$173,250	\$14,830	\$1,271	\$189,351
G. Tilbrook ⁵	2011	\$161,700	\$14,533	\$1,300	\$177,533
	2010	\$100,396	\$9,036	\$1,246	\$110,678
Former Director					
I. Martin ⁶	2011	-	-	-	-
	2010	\$57,632	\$5,154	-	\$62,786
K. Moss ⁷	2011	-	-	-	-
	2010	\$123,496	\$5,154	-	\$128,650
Total					
31 December 2011		\$1,320,600	\$89,114	\$2,643	\$1,412,357
31 December 2010		\$1,332,015	\$88,684	\$2,517	\$1,423,216

No termination benefits were paid during the financial year.

¹ Refers to compulsory superannuation only; non-compulsory superannuation salary sacrifices are included in Salary & Fees.

² The amount set out under 'Non-monetary' may include administration fees associated with membership of the GPT Superannuation Plan and Death & Total/Permanent Disability Insurance Premiums.

³ R. Ferguson became Chairman on 11 May 2010.

⁴ E. Doyle was appointed to the Board on 1 March 2010.

⁵ G. Tilbrook was appointed to the Board on 11 May 2010.

⁶ I. Martin retired as a Director on 10 May 2010.

⁷ K. Moss retired from the role of Chairman of the Board on 10 May 2010.

4. OTHER DISCLOSURES

4.1 Indemnification and Insurance of Directors and Officers

GPT provides a Deed of Indemnity and Access (Deed) in favour of each of the Directors and Secretary 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.

4.2 Proceedings on behalf of the Company

In October 2008, Slater and Gordon announced an intention to bring a class action against GPT. At Slater & Gordon's invitation, GPT entered into mediation discussions on a without prejudice basis in an attempt to determine whether the parties could reach agreement in relation to the dispute. Failing an agreed resolution of the matter, Slater & Gordon has now commenced proceedings on behalf of certain persons who claim that they purchased GPT securities from 27 February 2008 and held securities on 7 July 2008. The allegations surround the adequacy and timing of disclosures to the market in this period.

GPT rejects the allegations and intends to defend the claim. GPT does not expect that any payment it could be required to make would have a material adverse effect on the Group's operational or strategic objectives, or its financial strength.

4.3 Non-Audit Services

During the year PricewaterhouseCoopers, GPT's auditor, has performed other services in addition to their statutory duties. Details of the amounts paid to the auditor, which includes amounts paid for non-audit services and other assurance services, are set out in note 25 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.

4.4 Rounding of Amounts

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

4.5 Auditor

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

4. OTHER DISCLOSURES (continued)


4.6 Auditor's independence declaration

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

Signed in accordance with a resolution of the Directors.



Rob Ferguson
Chairman



Michael Cameron
Managing Director and Chief Executive Officer

Sydney
17 February 2012



Auditor's Independence Declaration

As lead auditor for the audit of GPT Management Holdings Limited for the year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of GPT Management Holdings Limited and the entities it controlled during the period.

A handwritten signature in black ink that reads 'AJ Loveridge'.

AJ Loveridge
Partner
PricewaterhouseCoopers

17 February 2012

GPT Management Holdings Limited and its controlled entities

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

as at 31 December 2011

	Note	Consolidated entity 31 Dec 11 \$'000	31 Dec 10 \$'000
Revenue			
Fund management fees		70,390	63,315
Property management fees		20,291	24,316
Development management fees		20,244	18,839
		<u>110,925</u>	<u>106,470</u>
Other income			
Management costs recharged		7,308	6,609
Interest revenue		601	814
Net foreign exchange gain		27	622
Revaluation on borrowings		1,844	454,075
		<u>9,780</u>	<u>462,120</u>
Total revenue and other income		<u>120,705</u>	<u>568,590</u>
Expenses			
Remuneration expenses		94,533	88,776
Property rent and outgoings		6,754	7,081
Repairs and maintenance		4,518	2,755
Professional fees		8,497	7,599
Depreciation and amortisation expense	5(a)	7,343	7,276
Net loss on disposal of assets		91	176
Impairment expense/(reversal of prior period impairment)	5(b)	5,574	(992)
Finance costs	5(c)	26,919	21,331
Other expenses		10,412	4,592
Total expenses		<u>164,641</u>	<u>138,594</u>
Profit/(loss) from continuing operations before income tax expense		<u>(43,936)</u>	429,996
Income tax benefit/(expense)	6(a)	6,865	(2,575)
(Loss)/profit after income tax expense for continuing operations		<u>(37,071)</u>	427,421
(Loss)/profit from discontinued operations	8(d)	<u>(12,174)</u>	188,256
Net profit/loss for the year		<u>(49,245)</u>	<u>615,677</u>
Other comprehensive income			
Net foreign exchange translation adjustments, net of tax		730	17,328
Total comprehensive (loss)/income for the year		<u>(48,515)</u>	<u>633,005</u>
Net loss attributable to:			
- Members of the Company		(46,568)	616,325
- Non-controlling interest		(2,677)	(648)
Total comprehensive (loss)/income attributable to:			
- Members of the Company		(45,838)	633,653
- Non-controlling interest		(2,677)	(648)
Earnings per share attributable to the ordinary equity holders of the Company			
Basic and diluted earnings/(loss) per share (cents per share) from continuing operations	4(a)	(1.86)	23.07
Basic and diluted earnings/(loss) per share (cents per share)	4(a)	(2.52)	33.22

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

GPT Management Holdings Limited and its controlled entities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2011

	Note	Consolidated entity	
		31 Dec 11 \$'000	31 Dec 10 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	21(b)	14,488	15,084
Loans and receivables	7(a)	37,188	59,575
Prepayments		1,434	940
		<u>53,110</u>	<u>75,599</u>
Non-current assets classified as held for sale	8(c)	2,091	35,218
Total Current Assets		<u>55,201</u>	<u>110,817</u>
Non-Current Assets			
Investments in associates and joint ventures		81	78
Loans and receivables	7(b)	13,396	19,122
Property, plant & equipment	9	12,812	5,661
Intangible assets	10	51,344	51,758
Deferred tax assets	6(c)	36,253	27,791
Other assets		7,762	3,813
		<u>121,648</u>	<u>108,223</u>
Total Non-Current Assets		<u>121,648</u>	<u>108,223</u>
Total Assets		<u>176,849</u>	<u>219,040</u>
LIABILITIES			
Current Liabilities			
Payables	11	49,881	47,872
Provisions	12	14,374	12,752
Current tax liabilities		-	257
		<u>64,255</u>	<u>60,881</u>
Non-current liabilities classified as held for sale	8(c)	903	9,288
Total Current Liabilities		<u>65,158</u>	<u>70,169</u>
Non-Current Liabilities			
Provisions	12	1,358	1,104
Other liabilities		7,962	-
Deferred tax liabilities	6(d)	-	495
		<u>9,320</u>	<u>1,599</u>
Total Non-Current Liabilities		<u>9,320</u>	<u>1,599</u>
Total Liabilities		<u>74,478</u>	<u>71,768</u>
Net Assets		<u>102,371</u>	<u>147,272</u>
EQUITY			
Contributed equity	14	323,035	324,771
Reserves	15	41,084	35,004
Accumulated losses	16	(266,596)	(220,028)
		<u>97,523</u>	<u>139,747</u>
Total equity attributable to Company members		<u>97,523</u>	<u>139,747</u>
Non-controlling interests	16	4,848	7,525
Total Equity		<u>102,371</u>	<u>147,272</u>

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

GPT Management Holdings Limited and its controlled entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2011

		Consolidated Entity								
		Attributable to Company members				Attributable to non-controlling interests				
Note		Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Total \$'000	Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Total \$'000	Total equity \$'000
	Balance at 1 January 2010	324,771	14,631	(836,353)	(496,951)	22,060	-	(13,887)	8,173	(488,778)
	Movement in foreign currency translation reserve	-	17,328	-	17,328	-	-	-	-	17,328
	Net income recognised directly in equity	-	17,328	-	17,328	-	-	-	-	17,328
	Profit/(loss) for the year	-	-	616,325	616,325	-	-	(648)	(648)	615,677
	Total comprehensive income / (loss) for the year	-	17,328	616,325	633,653	-	-	(648)	(648)	633,005
	Transactions with Securityholders in their capacity as Securityholders:									
	Movement in employee incentive security scheme reserve	-	3,045	-	3,045	-	-	-	-	3,045
	Balance at 31 December 2010	324,771	35,004	(220,028)	139,747	22,060	-	(14,535)	7,525	147,272
	Balance at 1 January 2011	324,771	35,004	(220,028)	139,747	22,060	-	(14,535)	7,525	147,272
	Movement in foreign currency translation reserve	-	730	-	730	-	-	-	-	730
	Net income recognised directly in equity	-	730	-	730	-	-	-	-	730
	Profit / (loss) for the year	-	-	(46,568)	(46,568)	-	-	(2,677)	(2,677)	(49,245)
	Total comprehensive income / (loss) for the year	-	730	(46,568)	(45,838)	-	-	(2,677)	(2,677)	(48,515)
	Transactions with Securityholders in their capacity as Securityholders:									
	On-market purchase of GPT stapled securities	(1,736)	-	-	(1,736)	-	-	-	-	(1,736)
	Movement in treasury stock reserve	-	(480)	-	(480)	-	-	-	-	(480)
	Movement in employee incentive security scheme reserve	-	5,830	-	5,830	-	-	-	-	5,830
	Balance at 31 December 2011	323,035	41,084	(266,596)	97,523	22,060	-	(17,212)	4,848	102,371

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

GPT Management Holdings Limited and its controlled entities

CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended 31 December 2011

	Note	Consolidated entity	
		31 Dec 11 \$'000	31 Dec 10 \$'000
Cash flows from operating activities			
Cash receipts in the course of operations (inclusive of GST)		187,367	164,563
Cash payments in the course of operations (inclusive of GST)		(166,024)	(140,048)
Dividends received		1,329	300
Income tax (paid)/received		(1,648)	3,443
Interest received		823	1,372
		<u>21,847</u>	<u>29,630</u>
Finance costs		(6,202)	(7,062)
Net cash inflow/(outflow) from operating activities	21(a)	<u>15,645</u>	<u>22,568</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(9,372)	(2,991)
Payments for intangibles		(4,731)	(27,125)
Proceeds from sale of controlled entities and associates		2,089	-
Loans advanced to joint ventures and associates		(2,650)	-
Repayment of joint venture and associate loans		600	-
Net cash outflow from investing activities		<u>(14,064)</u>	<u>(30,116)</u>
Cash flows from financing activities			
Repayment of employee incentive scheme loans, net of distributions		2,152	1,095
Payments for buy-back of ordinary stapled securities		(1,736)	-
Repayment of related party borrowings		(5,262)	(1,854)
Net cash (outflow) / inflow from financing activities		<u>(4,846)</u>	<u>(759)</u>
Net decrease in cash and cash equivalents		<u>(3,265)</u>	<u>(8,307)</u>
Cash and cash equivalents at the beginning of the year		<u>18,795</u>	<u>27,102</u>
Less: cash balance classified as held for sale		(1,042)	(3,711)
Cash and cash equivalents at the end of the year	21(b)	<u>14,488</u>	<u>15,084</u>

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of GPT Management Holdings Limited and its controlled entities (the consolidated entity).

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

Going Concern

As at 31 December 2011, the consolidated entity reported a net loss of \$49,245,000 (2010: profit of \$615,677,000) and a net deficiency of current assets over current liabilities of \$9,957,000 (2010: net surplus of \$40,648,000). However the consolidated entity has a positive net asset position of \$102,371,000 (2010: \$147,272,000) and has reported operating cash inflows during the period of \$15,645,000 (2010: \$22,568,000).

During the prior year the terms of the Australian subsidiaries' intercompany loans with General Property Trust (the Trust) were varied under individual Deeds of Variation. Under the Deeds of Variation, the Trust's rights to full repayment of the intercompany loans is limited to the surplus cash of the individual companies at their loan maturity date. This constituted a substantial modification to each of the loan terms and accordingly the loans were remeasured under the varied contractual terms and conditions, resulting in a revaluation to the Statement of Comprehensive Income of \$5,114,000 (2010: \$678,035,000) for both continuing and discontinued operations.

The financial report has been prepared on a going concern basis in the belief that the consolidated entity 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. With respect to the net asset deficiency of current assets over current liabilities at 31 December 2011, the consolidated entity has access to undrawn financing facilities of \$266.7 million.

Compliance with IFRS

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

New accounting standards and interpretations

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective for annual reporting periods beginning on or after 1 January 2013)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, this could change the classification and measurement of financial assets and financial liabilities. The consolidated entity does not plan to adopt this standard early and the extent of the impact has not yet been determined.

In December 2011, the IASB delayed the application date of IFRS 9 to 1 January 2015. The AASB is expected to make an equivalent amendment to AASB 9 shortly.

AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (effective for annual reporting periods beginning on or after 1 July 2011)

In November 2010, the AASB made amendments to AASB 7 *Financial Instruments: Disclosures* which introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. They are not expected to have any significant impact on the consolidated entity's disclosures.

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and separate financial statements*, and SIC-12 *Consolidation – special purpose entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. There is also new guidance on participating and protective rights and on agent/principal relationships. While the consolidated entity does not expect the new standard to have a significant impact on its composition, it has yet to perform a detailed analysis of the new guidance in the context of various investees that may or may not be controlled under the new rules.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account for their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control. The consolidated entity is yet to evaluate its joint arrangements in light of the new guidance.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 128. Application of this standard by the consolidated entity will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the consolidated entity's investments.

AASB 127 is renamed *Separate Financial Statements* and is now a standard dealing solely with separate financial statements. Application of this standard by the consolidated entity will not affect any of the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. The consolidated entity is still assessing the impact of these amendments.

The consolidated entity does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting ending 31 December 2013.

AASB 13 Fair value measurement (effective 1 January 2013)

AASB 13 was released in May 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The consolidated entity has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The consolidated entity does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 31 December 2013.

AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective 1 July 2013)

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial reports. The consolidated entity is a disclosing entity and is not eligible to adopt the new Australian Accounting Standards - Reduced Disclosure Requirements. The two standards will have no impact on the financial report of the consolidated entity.

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (effective 1 July 2012)

In September 2011, the AASB made an amendment to AASB 101 *Presentation of Financial Statements* which requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. This will not affect the measurement of any of the items recognised in the balance sheet or the profit or loss in the current period. The consolidated entity intends to adopt the new standard from 1 January 2013.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (effective 1 July 2013)

In July 2011 the AASB decided to remove the individual key management personnel (KMP) disclosure requirements from AASB 124 *Related Party Disclosures*, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the *Corporations Act 2001*. While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013 and cannot be adopted early. The *Corporations Act* requirements in relation to remuneration reports will remain unchanged for now, but these requirements are currently subject to review and may also be revised in the near future. The consolidated entity intends to adopt the new standard from 1 January 2014.

Historical cost convention

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

The financial statements were approved by the Board of Directors on 17 February 2012.

(b) Accounting for GPT Management Holdings Limited

The shares of GPT Management Holdings Limited are quoted on the Australian Securities Exchange under the stapled entity code 'GPT' and comprise one unit in General Property Trust (Trust) and one share in GPT Management Holdings Limited. The unit and share are stapled together and cannot be traded separately. Each entity forming part of GPT continues as a separate legal entity in its own right under the *Corporations Act 2001* and is therefore required to comply with the reporting and disclosure requirements under the *Corporations Act 2001* and Australian Accounting Standards.

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

(c) Parent entity financial information

The financial information for the parent entity, GPT Management Holdings Limited, disclosed in note 17 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the report of GPT Management Holdings Limited. Distributions received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

1. Summary of significant accounting policies (continued)

(d) Principles of consolidation

(i) Controlled entities

The consolidated financial statements comprise the assets and liabilities of all controlled entities and the results of all controlled entities for the financial year then ended. The Company and its controlled entities are collectively referred to in this financial report as the consolidated entity.

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

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

The acquisition method of accounting is used to account for the acquisition of controlled entities by the Company. All inter-entity transactions, balances and unrealised gains on transactions between the Company's entities have been eliminated in full. Unrealised losses are eliminated.

Non-controlling interests not held by the Company are allocated their share of net profit after income tax expense in the Statement of Comprehensive Income and are presented within equity in the Statement of Financial Position, separately from the Company's equity.

(ii) Associates

Associates are entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the Consolidated Statement of Financial Position using the equity method. Under this method, the Company's share of the associates' post acquisition net profits after income tax expense is recognised in the Consolidated Statement of Comprehensive Income and its share of post acquisition movements in reserves is recognised in reserves in the Consolidated Statement of Financial Position. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions and dividends received from associates are recognised in the consolidated financial statements as a reduction of the carrying amount of the investment. The Company's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

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

(iii) Joint Ventures

Joint venture entities

Investments in joint venture entities are accounted for in the Consolidated Statement of Financial Position using the equity method. Under this method, the Company's share of the joint ventures' post acquisition net profits after income tax expense is recognised in the Consolidated Statement of Comprehensive Income and its share of post acquisition movements in reserves is recognised in reserves in the Consolidated Statement of Financial Position. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions and dividends received from joint ventures are recognised in the consolidated financial statements as a reduction of the carrying amount of the investment.

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

(e) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(iii) Foreign operations

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

1. Summary of significant accounting policies (continued)

(f) Income tax

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

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

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

Tax consolidation – Australia

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

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

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

(g) Goods and Services Tax (GST)

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

(h) Segment reporting

An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other segments. Each segment is reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

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

Operating segments are identified based on the information provided to the chief operating decision maker – being the Chief Executive Officer (CEO) and also with consideration to other factors including the existence of a Portfolio Head/Manager and the level of segment information presented to the Board of Directors.

Operating segments that meet the quantitative criteria prescribed by AASB 8 are reported separately. Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

1. Summary of significant accounting policies (continued)

(i) Revenue recognition

Rental revenue from hotel operations is recognised on an accruals basis. Property and fund management fee revenue is recognised on an accruals basis, in accordance with the terms of the relevant contracts. Acquisition fee revenue is recognised once external equity raisings are complete or substantially complete and the sale of the fund is unconditional.

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

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

If not received at reporting date, revenue is included in the Statement of Financial Position as a receivable and carried at amortised cost.

(j) 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 which generally takes more than 12 months to get ready for its intended use or sale. In these circumstances, financing costs incurred for the construction of a qualifying asset are capitalised to the cost of the asset for the period of time that is required to complete and prepare the asset for its intended use or sale. All funds are borrowed from GPT Trust. The capitalisation rate used to determine the amount of finance costs capitalised is the weighted average interest applicable to the Company's outstanding borrowings during the year.

(k) Expenses

Property expenses and outgoings include property outgoings incurred in relation to management of the investment properties and are recognised on an accruals basis.

(l) Cash and cash equivalents

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

(m) Receivables

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

Other loans and receivables

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

(n) Inventory

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

(o) Non-current assets held for sale and discontinued operations

Non-current assets that are classified as held for sale are measured at the lower of their carrying amount or fair value less costs to sell. They will also be recovered principally through a sale transaction instead of use. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale, it must be available for immediate use in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

A discontinued operation is a part of the Company's business that:

- it has disposed or has classified as held for sale and that represents a major line of its business or geographical area of operations, or
- is part of a single co-ordinated plan to dispose of such a line of business or area of operations.

The results of discontinued operations are presented separately on the face of the Statement of Comprehensive Income and the assets and liabilities are presented separately on the face of the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

1. Summary of significant accounting policies (continued)**(p) Property, plant and equipment**

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

Depreciation and amortisation

Depreciation on assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their expected useful lives, as follows:

- Motor Vehicles 4 – 7 years
- Office fixtures, fittings and operating equipment 5 – 15 years

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

(q) Leases

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

(r) Lease incentive

Incentive assets such as cash, rent free periods, lessee or lessor owned fitouts may be provided by lessors when they enter into an operating lease. These incentives are capitalised and amortised on a straight line basis over the term of the lease as a reduction of rental expenses.

(s) Intangible assets**(i) Management rights**

The management rights include asset and property management rights of retail shopping centres. The useful life of the rights range between 5 years to the expected period of economic benefit. The rights are amortised over the useful life.

(ii) IT development and software

Costs incurred in developing systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over the period, which is the length of time over which the benefits are expected to be received, generally ranging from 3 to 10 years.

(t) Financial assets and liabilities

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

The Company's classification is set out below:

Financial asset/liability	Classification	Valuation basis	
Cash	Fair value through profit and loss	Fair value	Refer to note 1(l)
Receivables	Loans and receivables	Amortised cost	Refer to note 1(m)
Payables	Financial liability at amortised cost	Amortised cost	Refer to note 1(u)
Borrowings	Financial liability at amortised cost	Amortised cost	Refer to note 1(w)

Derecognition of financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

1. Summary of significant accounting policies (continued)

(u) Payables

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

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

(v) Provisions

Provisions are recognised when the consolidated entity has a present legal, equitable or constructive obligation as a result of past transactions or events. It is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Refer to note 1(z) for provisions for dividends.

(w) Borrowings

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

(x) Employee benefits

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

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

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

(ii) Retirement benefit obligations

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

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

(iii) Profit sharing and bonus plans

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

**(iv) Share based payments
Employee incentive scheme**

Security based compensation benefits are provided to employees via the schemes comprising the Employee Incentive Scheme (EIS), refer to note 19.

GPT Group Stapled Security Rights Plan

Performance rights (rights) are issued to employees under the Stapled Security Rights Plan ("Plan"). Under the Plan, each participating employee will be granted a certain number of rights which will vest into GPT stapled securities at no cost, if all vesting conditions are satisfied.

The fair value of the rights is recognised as an employee benefit expense with a corresponding increase/decrease in the employee incentive 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 become 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 Statement of Comprehensive Income with a corresponding adjustment to equity.

Fair value is independently determined using Monte Carlo and Binomial tree pricing models. These models take into account the expected life of the rights, the security price at grant date, expected price volatility of the underlying security, expected distribution yield and the risk free interest rate for the term of the rights.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

1. Summary of significant accounting policies (continued)

(y) Contributed equity

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

(z) Dividends

A provision for dividend is made for the amount of any dividend declared on or before the end of the financial year but not paid at reporting date.

(aa) Earnings per share (EPS)

Basic earnings per share is calculated as net profit attributable to shareholders of the Company divided by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year. Diluted earnings per share is calculated as net profit attributable to shareholders of the Company divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus issue or share buy-back. Where there is no difference between basic earnings per share and diluted earnings per share, the term basic and diluted earnings per share is used.

(ab) Rounding of amounts

The Company is of a kind referred to in the Australian Securities & Investments Commission Class Order 98/0100. Accordingly, amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with the Class Order, unless stated otherwise.

(ac) Critical accounting estimates and judgements

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

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

(i) Valuation of indemnities and guarantees included in contracts of sale

Fair value of indemnities and guarantees provided by entities in the Group are estimated based on future events which are reasonably likely, but which may not occur. The critical assumptions underlying management's estimates of the disclosure and/or recognition of the indemnities and guarantees relate to the likelihood of whether the guarantee or indemnity will be drawn on. The amount of the liability recognised in the Statement of Financial Position may differ if the assumptions or the market conditions used differ over the time period when the indemnity or guarantee are applicable.

(ii) Impairment of loans and receivables

Assets are assessed for impairment each reporting date by evaluating whether any impairment triggers exist. Where impairment triggers exist, management assess the expected cash flows of those assets discounted using the original effective interest rates. Critical judgements are made by the Company in setting appropriate impairment triggers for its assets and the assumptions used when determining fair values for assets where triggers exist.

(iv) Share based payment transactions

The Company measures the cost of equity settled securities allocated to employees by reference to the fair value of the equity instruments at the date at which they are granted. For the GPT Group Stapled Security Rights Plan, the fair value of the performance share rights is determined using Monte-Carlo simulation and Binomial tree pricing models. The related assumptions are detailed in note 19. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next reporting period but may impact the share based payment expense and equity.

(v) Repayment fund of loan assignment

The determination of the repayment fund relating to the loan assignment from the Trust to the Company is based on a ten year forecast cash flow for amounts payable. At 31 December 2011, there is no forecast repayment amount (2010: nil) and hence a revaluation adjustment of \$5,114,000 (Dec 10: \$678,035,000) for both continuing and discontinued operations has been recorded.

(ad) Other Comprehensive Income

Other comprehensive income in the Statement of Comprehensive Income reflects the re-measurements of certain assets or balances as a result of movements in price or valuation. In the case of the consolidated entity, these items will mainly include foreign exchange translation adjustments on foreign subsidiaries. Where the underlying item giving rise to the foreign currency translation adjustments is sold or realised, the foreign currency translation adjustments recognised in other comprehensive income are then recognised in earnings (or comprehensive income) in the Statement of Comprehensive Income.

GPT Management Holdings Limited and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

2. Segment reporting

(a) Financial Performance by Segment

The segment information provided to the CEO for the reportable segments (discussed at note 2(e)) for the year ended 31 December 2011 is set out below:

31 December 2011

	Core operations			Total continuing operations	Non-core operations				Total
	Funds Management Australia	Property Management	All other segments		Discontinued operation - US Senior Housing	Discontinued operation - Funds Management Europe	Discontinued operation - Joint venture	Discontinued operation - Hotels/ Tourism	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue									
Revenue from hotel operations	-	-	-	-	-	-	-	40,787	40,787
Fund management fees	24,182	-	46,208	70,390	-	-	-	166	70,556
Property management fees	-	20,268	23	20,291	-	-	-	-	20,291
Development management fees	-	15,212	5,032	20,244	-	-	-	-	20,244
Total segment revenue	24,182	35,480	51,263	110,925	-	-	-	40,953	151,878
Other income									
Share of after tax profit of associates and joint ventures	-	-	-	-	337	2,567	-	-	2,904
Management costs recharged	-	6,101	1,207	7,308	-	-	-	-	7,308
Interest revenue	163	200	238	601	11	-	-	211	823
Total other income	163	6,301	1,445	7,909	348	2,567	-	211	11,035
Total segment revenue and other income	24,345	41,781	52,708	118,834	348	2,567	-	41,164	162,913
Expenses									
Remuneration expenses	(3,708)	(33,083)	(57,742)	(94,533)	-	-	-	(15,481)	(110,014)
Rental expenses attributable to hotel operations	-	-	-	-	-	-	-	(13,882)	(13,882)
Cost of sales attributable to hotel operations	-	-	-	-	-	-	-	(9,830)	(9,830)
Property rent and outgoings	(131)	(3,410)	(3,213)	(6,754)	-	-	-	(5,195)	(11,949)
Repairs and maintenance	(143)	(3,212)	(1,163)	(4,518)	-	-	-	(2,273)	(6,791)
Professional fees	(77)	(903)	(7,517)	(8,497)	-	(298)	-	(196)	(8,991)
Depreciation and amortisation expense	-	-	(2,198)	(2,198)	-	-	-	-	(2,198)
Finance costs	-	(1,844)	(25,075)	(26,919)	-	4	-	(2,075)	(28,990)
Other expenses - internal recharges	(7,622)	(3,695)	10,697	(620)	786	-	-	(166)	-
Other expenses	(213)	(1,332)	(5,618)	(7,163)	-	(155)	-	(781)	(8,099)
Income tax (expense)/benefit	(4,538)	1,537	11,352	8,351	-	(350)	-	2,617	10,618
Segment result for the year*	7,913	(4,161)	(27,769)	(24,017)	1,134	1,768	-	(6,098)	(27,213)
Fair value and other adjustments to investments in joint ventures and associates	-	-	-	-	14,372	(14,272)	-	-	100
Net foreign exchange gain/loss	-	-	27	27	63	(36)	-	-	54
Net profit/(loss) on disposal of assets	-	-	(91)	(91)	(6,203)	(185)	-	390	(6,089)
Revaluation on borrowings	-	1,844	-	1,844	-	-	-	3,270	5,114
Impairment reversal/(expense)	-	-	(5,574)	(5,574)	-	-	-	(116)	(5,690)
Finance costs	-	-	-	-	-	-	-	(4,670)	(4,670)
Amortisation expense - intangibles and hotels and tourism	-	(1,123)	(4,022)	(5,145)	-	-	-	(23)	(5,168)
Tax impact of reconciling items from segment result to net profit/(loss) for the year	-	(1,194)	(292)	(1,486)	(1,304)	-	-	(264)	(3,054)
Others	-	-	(2,629)	(2,629)	-	-	-	-	(2,629)
Net profit/(loss) for the year	7,913	(4,634)	(40,350)	(37,071)	8,062	(12,725)	-	(7,511)	(49,245)

* The segment result is based on Realised Operating Income (ROI). ROI is a financial measure that is based on the profit under Australian Accounting Standards adjusted for certain unrealised items, non-cash items, gains or losses on investments or other items the Directors determine to be non-recurring or capital in nature. ROI is not prescribed by any Australian Accounting Standard. The adjustments that reconcile the Segment Result to the net profit/(loss) for the year may change from time to time, depending on changes in accounting standards and/or the Directors' assessment of items that are non-recurring or capital in nature. A description of the material adjustments are included in note 2(b) and (c).

GPT Management Holdings Limited and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

2. Segment reporting (continued)

(a) Financial Performance by Segment (continued)

The segment information provided to the CEO for the reportable segments (discussed at note 2(e)) for the year ended 31 December 2010 is below:

31 December 2010

	Core operations			Total continuing operations	Non-core operations				Total
	Funds Management Australia	Property Management	All other segments		Discontinued operation - US Senior Housing	Discontinued operation - Funds Management Europe	Discontinued operation - Joint venture	Discontinued operation - Hotels/ Tourism	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue									
Revenue from hotel operations	-	-	-	-	-	-	-	109,054	109,054
Fund management fees	22,749	-	40,566	63,315	-	-	-	866	64,181
Property management fees	-	24,316	-	24,316	-	-	-	(23)	24,293
Development management fees	-	13,143	5,696	18,839	-	-	-	-	18,839
Total segment revenue	22,749	37,459	46,262	106,470	-	-	-	109,897	216,367
Other income									
Share of after tax (losses)/profit of associates and joint ventures	-	-	-	-	(4,588)	4,542	-	-	(46)
Management costs recharged	-	4,670	1,939	6,609	-	-	-	-	6,609
Interest revenue	188	6	620	814	28	267	-	263	1,372
Dividend revenue	-	-	-	-	-	-	-	300	300
Total other income	188	4,676	2,559	7,423	(4,560)	4,809	-	563	8,235
Total segment revenue and other income	22,937	42,135	48,821	113,893	(4,560)	4,809	-	110,460	224,602
Expenses									
Remuneration expenses	(4,070)	(35,762)	(45,559)	(85,391)	-	-	-	(40,527)	(125,918)
Rental expenses attributable to hotel operations	-	-	-	-	-	-	-	(37,759)	(37,759)
Cost of sales attributable to hotel operations	-	-	-	-	-	-	-	(21,193)	(21,193)
Property rent and outgoings	(173)	(2,899)	(4,009)	(7,081)	-	-	-	(14,662)	(21,743)
Repairs and maintenance	(229)	(3,579)	1,053	(2,755)	-	-	-	(6,214)	(8,969)
Professional fees	(35)	(853)	(6,711)	(7,599)	-	(132)	-	(384)	(8,115)
Depreciation and amortisation expense	-	-	(2,366)	(2,366)	-	-	-	-	(2,366)
Finance costs	-	(2,138)	(19,193)	(21,331)	-	(8,133)	-	(3,984)	(33,448)
Other expenses - internal recharges	(6,833)	1,151	9,328	3,646	(3,151)	-	-	(495)	-
Other expenses	(151)	737	(6,483)	(5,897)	-	1,093	-	(2,451)	(7,255)
Income tax (expense)/benefit	(3,704)	(409)	6,786	2,673	(53)	73	-	5,163	7,856
Segment result for the year*	7,742	(1,617)	(18,333)	(12,208)	(7,764)	(2,290)	-	(12,046)	(34,308)
Fair value and other adjustments to investments in joint ventures and associates	-	-	-	-	1,803	(14,163)	-	-	(12,360)
Net foreign exchange gain/(loss)	-	-	622	622	(180)	(633)	-	-	(191)
Net profit/(loss) on disposal of assets	-	-	(176)	(176)	(125)	3,954	(125)	(500)	3,028
Revaluation on borrowings	-	29,994	424,081	454,075	-	105,203	-	118,757	678,035
Impairment reversal/(expense)	-	-	992	992	-	3,568	-	(4,321)	239
Finance costs	-	-	-	-	-	-	-	(3,078)	(3,078)
Amortisation expense - intangibles and hotels and tourism	-	(4,152)	(758)	(4,910)	-	-	-	(531)	(5,441)
Tax impact of reconciling items from segment result to net profit/(loss) for the year	-	595	(5,843)	(5,248)	-	-	-	385	(4,863)
People costs	-	-	(3,385)	(3,385)	-	-	-	368	(3,017)
Others	-	-	(2,341)	(2,341)	(26)	-	-	-	(2,367)
Net profit/(loss) for the year	7,742	24,820	394,859	427,421	(6,292)	95,639	(125)	99,034	615,677

* The segment result is based on Realised Operating Income (ROI). ROI is a financial measure that is based on the profit under Australian Accounting Standards adjusted for certain unrealised items, non-cash items, gains or losses on investments or other items the Directors determine to be non-recurring or capital in nature. ROI is not prescribed by any Australian Accounting Standard. The adjustments that reconcile the Segment Result to the Net profit/(loss) for the year may change from time to time, depending on changes in accounting standards and/or the Directors' assessment of items that are non-recurring or capital in nature. A description of the material adjustments are included in note 2(b) and (c).

GPT Management Holdings Limited and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

2. Segment reporting (continued)

(b) Reconciliation of Segment Revenue and Result to the Statement of Comprehensive Income

This reconciliation relates only to revenue and expense items from continuing operations and excludes any amounts comprising the net profit/(loss) from discontinued operations.

31 December 2011

	Note	Core operations \$'000	All other segments \$'000	Total continuing operations \$'000	ROI adjustments \$'000	Total Statement of Comprehensive Income \$'000
Revenue						
Fund management fees		24,182	46,208	70,390	-	70,390
Property management fees		20,268	23	20,291	-	20,291
Development management fees		15,212	5,032	20,244	-	20,244
Total segment revenue		59,662	51,263	110,925	-	110,925
Other income						
Management costs recharged		6,101	1,207	7,308	-	7,308
Interest revenue		363	238	601	-	601
Net foreign exchange gain		-	-	-	27	27
Revaluation on borrowings	2(c)(iii)	-	-	-	1,844	1,844
Total other income		6,464	1,445	7,909	1,871	9,780
Total segment revenue and other income		66,126	52,708	118,834	1,871	120,705
Expenses						
Remuneration expenses		(36,791)	(57,742)	(94,533)	-	(94,533)
Property rent and outgoings		(3,541)	(3,213)	(6,754)	-	(6,754)
Repairs and maintenance		(3,355)	(1,163)	(4,518)	-	(4,518)
Professional fees		(980)	(7,517)	(8,497)	-	(8,497)
Depreciation and amortisation expense (excluding intangibles)		-	(2,198)	(2,198)	-	(2,198)
Amortisation expense - intangibles	2(c)(i)	-	-	-	(5,145)	(5,145)
Net loss on disposal of assets		-	-	-	(91)	(91)
Finance costs		(1,844)	(25,075)	(26,919)	-	(26,919)
Other expenses - internal recharges		(11,317)	10,697	(620)	-	(620)
Other expenses		(1,545)	(5,618)	(7,163)	(2,629)	(9,792)
Impairment expense	2(c)(ii)	-	-	-	(5,574)	(5,574)
Income tax (expense) / benefit		(3,001)	11,352	8,351	-	8,351
Add: Tax impact of reconciling items from segment result to net profit/(loss) for the year		-	-	-	(1,486)	(1,486)
Segment result for the year		3,752	(27,769)	(24,017)		
Net loss for the year from continuing operations					(13,054)	(37,071)

GPT Management Holdings Limited and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

2. Segment reporting (continued)

(b) Reconciliation of Segment Revenue and Result to the Statement of Comprehensive Income (continued)

31 December 2010

	Core operations	All other segments	Total continuing operations	ROI adjustments	Total Statement of Comprehensive Income
Note	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
Fund management fees	22,749	40,566	63,315	-	63,315
Property management fees	24,316	-	24,316	-	24,316
Development management fees	13,143	5,696	18,839	-	18,839
Total segment revenue	60,208	46,262	106,470	-	106,470
Other income					
Management costs recharged	4,670	1,939	6,609	-	6,609
Interest revenue	194	620	814	-	814
Revaluation on borrowings	2(c)(iii)	-	-	454,075	454,075
Net foreign exchange gain	-	-	-	622	622
Total other income	4,864	2,559	7,423	454,697	462,120
Total segment revenue and other income	65,072	48,821	113,893	454,697	568,590
Expenses					
Remuneration expenses	(39,832)	(45,559)	(85,391)	(3,385)	(88,776)
Property rent and outgoings	(3,072)	(4,009)	(7,081)	-	(7,081)
Repairs and maintenance	(3,808)	1,053	(2,755)	-	(2,755)
Professional fees	(888)	(6,711)	(7,599)	-	(7,599)
Depreciation and amortisation expense (excluding intangibles)	-	(2,366)	(2,366)	-	(2,366)
Amortisation expense - intangibles	2(c)(i)	-	-	(4,910)	(4,910)
Net loss on disposal of assets	-	-	-	(176)	(176)
Finance costs	(2,138)	(19,193)	(21,331)	-	(21,331)
Other expenses - internal recharges	(5,682)	9,328	3,646	-	3,646
Other expenses	586	(6,483)	(5,897)	(2,341)	(8,238)
Reversal of prior period impairment	2(c)(ii)	-	-	992	992
Income tax (expense)/benefit	(4,113)	6,786	2,673	-	2,673
Add: Tax impact of reconciling items from segment result to net profit/(loss) for the year	-	-	-	(5,248)	(5,248)
Segment result for the year	6,125	(18,333)	(12,208)		
Net profit for the year from continuing operations				439,629	427,421

(c) Description of adjustments from the Segment result (ROI) to Net profit/(loss) for the year

The CEO assesses the performance of the operating segments on a ROI basis. The material adjustments to the segment result to arrive at net profit/(loss) shown in the financial statements are set out below:

(i) **Amortisation expense** is required for Australian Accounting Standards and is a non-cash transaction. The Company has therefore excluded this amount from ROI to better reflect a cash basis in ROI.

(ii) **Impairment reversal/(expense)** is required for Australian Accounting Standards and is a non-cash transaction. The Company has therefore excluded this amount from ROI to better reflect a cash basis in ROI.

(iii) **Revaluation on borrowings** is required for intercompany loans with General Property Trust which were modified under the Deeds of Variation in 2010 and is a non-cash item. The Company has therefore excluded this amount from ROI to better reflect a cash basis in ROI.

(iv) **Finance costs** represent interest on the Voyages loan facility. The Company has therefore excluded this amount from ROI as it is capital in nature.

(v) **Fair value and other adjustments to investments in joint ventures and associates** is required for Australian Accounting Standards and is a non-cash transaction. The Company has therefore excluded this amount from ROI to better reflect a cash basis in ROI.

(iv) **Others** are required for Australian Accounting Standards and include one off accruals and amortisation of lease incentive which is a non-cash transaction. The Company has therefore excluded this amount from ROI to exclude one off items and better reflect a cash basis in ROI

The accounting policies used by the Company in reporting segments internally are the same as those in note 1 to the financial statements and in the prior period.

GPT Management Holdings Limited and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

2. Segment reporting (continued)

(d) Reconciliation of Segment assets and liabilities to the Statement of Financial Position

The amounts provided to the CEO in respect of total assets and total liabilities are measured in a manner consistent with that of the financial report and allocated based on the operations of the segment and physical location of the assets.

The reportable segments' assets and liabilities as at 31 December 2011 and 31 December 2010 are set out below:

31 December 2011

	Core operations			Total continuing operations	Non-core operations				Total
	Funds Management Australia	Property Management	All other segments		Discontinued operation - US Senior Housing	Discontinued operation - Funds Management Europe	Discontinued operation - Joint venture	Discontinued operation - Hotels/ Tourism	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current Assets									
Other current assets	8,839	4,540	39,731	53,110	-	-	-	-	53,110
Assets classified as held for sale	-	-	-	-	175	-	-	1,916	2,091
Total Current Assets	8,839	4,540	39,731	53,110	175	-	-	1,916	55,201
Non-Current Assets									
Investments in associates and joint ventures	-	-	81	81	-	-	-	-	81
Other non-current assets	-	10,968	110,599	121,567	-	-	-	-	121,567
Total Non-Current Assets	-	10,968	110,680	121,648	-	-	-	-	121,648
Total Assets	8,839	15,508	150,411	174,758	175	-	-	1,916	176,849
Liabilities directly associated with assets classified as held for sale	-	-	-	-	-	-	-	903	903
Other current and non-current liabilities	1,367	9,198	63,010	73,575	-	-	-	-	73,575
Total Liabilities	1,367	9,198	63,010	73,575	-	-	-	903	74,478
Net Assets	7,472	6,310	87,401	101,183	175	-	-	1,013	102,371

31 December 2010

	Core operations			Total continuing operations	Non-core operations				Total
	Funds Management Australia	Property Management	All other segments		Discontinued operation - US Senior Housing	Discontinued operation - Funds Management Europe	Discontinued operation - Joint venture	Discontinued operation - Hotels/ Tourism	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current Assets									
Other current assets	10,221	25,079	40,299	75,599	-	-	-	-	75,599
Assets classified as held for sale	-	-	-	-	1,099	13,487	-	20,632	35,218
Total Current Assets	10,221	25,079	40,299	75,599	1,099	13,487	-	20,632	110,817
Non-Current Assets									
Investments in associates and joint ventures	-	-	78	78	-	-	-	-	78
Other non-current assets	-	12,091	96,054	108,145	-	-	-	-	108,145
Total Non-Current Assets	-	12,091	96,132	108,223	-	-	-	-	108,223
Total Assets	10,221	37,170	136,431	183,822	1,099	13,487	-	20,632	219,040
Liabilities directly associated with assets classified as held for sale	-	-	-	-	-	-	-	9,288	9,288
Other current and non-current liabilities	1,782	11,792	48,906	62,480	-	-	-	-	62,480
Total Liabilities	1,782	11,792	48,906	62,480	-	-	-	9,288	71,768
Net Assets	8,439	25,378	87,525	121,342	1,099	13,487	-	11,344	147,272

GPT Management Holdings Limited and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

2. Segment reporting (continued)

(e) Identification of Reportable Segments

The Company's operating segments as described in note 1(h) and which are based on internal reports reviewed by the CEO are:

Segment	Types of products and services which generate segment revenues
Funds Management Australia	Asset and funds management of Australian wholesale fund vehicles, GPT Wholesale Shopping Centre Fund and GPT Wholesale Office Fund.
Property Management	Property management of Australian retail assets including the retail assets in the GPT Wholesale Shopping Centre Fund.
All other segments	Costs and revenues associated with the funds management of the General Property Trust, foreign exchange gains and losses, finance costs and Company operating costs.
Discontinued operation - US Senior Housing	Investment in the entity that operated a portfolio of established seniors housing assets in the United States of America as well as an interest in the manager of these assets. The GPT Group completed the sale of this portfolio on 29 March 2011.
Discontinued operation - Funds Management Europe	Asset and fund management in Europe through a number of small funds managed by Internos Real Investors.
Discontinued operation - Joint Venture	Investments in the Babcock & Brown Joint Venture in Europe, the United States of America, New Zealand and Australia. The Company has divested of the majority of its interest in the Joint Venture with all remaining interests written down to nil.
Discontinued operation - Hotel/ Tourism	Investments in an entity that operates nature-based resorts and hotel assets. The Company has substantially divested from this segment after completing the sale of the Voyages Business Platform on 23 May 2011.

(f) Segment Revenues and Assets by geographic location

After completing the sale of the US Senior Housing Portfolio on 29 March 2011, the consolidated entity operates almost entirely in Australia. Revenues from external customers (including the General Property Trust) by geographical location along with an analysis of the location of total assets is as follows:

	Segment revenues		Segment assets	
	31 Dec 11	31 Dec 10	31 Dec 11	31 Dec 10
	\$'000	\$'000	\$'000	\$'000
Australia	151,878	216,367	176,674	204,454
Europe	-	-	-	13,487
United States of America	-	-	175	1,099
Total	151,878	216,367	176,849	219,040

Location	Products and services by location
Australia	Management of Australian Funds holding income-producing retail, office, industrial and business park assets. Property management and development of Australian properties, management and administration of the General Property Trust and up until the sale of the Voyages Business Platform on 23 May 2011, hotel operations.
Europe	The segment consists of investments in Europe through a number of small funds managed by Internos Real Investors.
United States of America	Senior Housing up until the sale of the US Senior Housing portfolio on 29 March 2011.

3. Dividends paid and payable

No dividends have been paid or declared for the financial year (2010: nil).

GPT Management Holdings Limited and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

4. Earnings/(loss) per share

	Consolidated Entity	
	31 Dec 11	31 Dec 10
	Cents	Cents
(a) Basic (loss)/earnings per share		
Basic and diluted earnings per share - (loss)/profit from continuing operations	(1.86)	23.07
Basic and diluted earnings per share - (loss)/profit from discontinued operations	(0.66)	10.15
Total basic and diluted earnings per share	(2.52)	33.22
(b) Weighted average number of ordinary stapled securities		
	Number of shares '000s	Number of shares '000s
Weighted average number of ordinary shares used as the denominator in calculating:		
Basic earnings per ordinary share	1,845,170	1,855,529
Adjustments for calculation of diluted earnings per share:		
Performance rights (weighted average basis)	732	244
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per ordinary share	1,845,902	1,855,773
(c) The profit/(loss) used in the calculation of the basic loss per share are as follows:		
	31 Dec 11	31 Dec 10
	\$'000	\$'000
Profit/(loss) reconciliation - basic and diluted		
(Loss)/profit from continuing operations	(34,394)	428,069
(Loss)/profit from discontinued operations	(12,174)	188,256
Loss attributed to external non-controlling interest	(2,677)	(648)
	(49,245)	615,677

(d) Information concerning the classification of securities

Performance Rights

4,060,829 Performance Rights (2010: 3,818,257) were granted to certain Senior Executives under the Stapled Security Rights Plan during 2011. Details relating to these Rights are set out in note 19(a)(ii)(2). Cumulatively, 12,503,236 Performance Rights have been issued up until 31 December 2011. However, only 732,074 Performance Rights are considered dilutive (2010: 243,571). As such, only 732,074 Performance Rights have been included in the determination of diluted earnings per security. No Performance Rights have been included in the determination of basic earnings per share.

5. Expenses

	Consolidated Entity	
	31 Dec 11	31 Dec 10
	\$'000	\$'000
(a) Depreciation and amortisation		
Amortisation of management rights	1,123	4,152
Amortisation of intangibles	4,022	757
Depreciation of plant and equipment	2,221	2,898
Less: Depreciation and amortisation - Discontinued operations	(23)	(531)
Total depreciation and amortisation	7,343	7,276
(b) Impairment expense/(reversal of prior period impairment)		
Other - loans receivable	7(b)(i) 5,574	(992)
Total impairment expense	5,574	(992)
(c) Finance costs		
Related parties	26,919	21,331
Total finance costs	26,919	21,331

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

6. Tax

	Consolidated Entity	
	31 Dec 11	31 Dec 10
	\$'000	\$'000
(a) Income tax expense		
Current income tax (benefit)/expense	(12,637)	(148)
Deferred income tax (benefit)/expense	5,073	(2,843)
Income tax (benefit)/expense in the Statement of Comprehensive Income	<u>(7,564)</u>	<u>(2,991)</u>
Income tax (benefit)/expense attributable to:		
Profit from continuing operations	(6,865)	2,575
Loss from discontinued operations	(699)	(5,566)
Aggregate income tax (benefit)/expense	<u>(7,564)</u>	<u>(2,991)</u>
(b) Reconciliation of income tax expense to prima facie tax payable		
(Loss)/profit from continuing operations before income tax expense	(43,936)	429,996
(Loss)/profit from discontinued operations before income tax expense	(12,873)	182,688
Net (loss)/profit before income tax expense	<u>(56,809)</u>	<u>612,684</u>
Prima facie income tax (benefit)/expense at 30% tax rate (2010: 30%)	(17,043)	183,805
Tax effect of amounts not deductible/assessable in calculating income tax expense:		
Adjustments in respect of current income tax of previous years	(7,143)	-
Share of after tax losses of investments in associates and joint ventures	(901)	3,713
Controlled Foreign Company Attribution tax	-	42
Amortisation of intangibles	337	1,247
Impairment expense/(reversal of prior period impairment)	1,707	(72)
Revaluation on borrowings	(1,534)	(203,803)
Dividend income	-	39
Foreign subsidiary losses not deductible for tax	2,761	3,293
Withholding tax on foreign income	350	-
Other	5,204	8,745
Impairment of deferred tax asset	8,698	-
Income tax (benefit)/expense	<u>(7,564)</u>	<u>(2,991)</u>
(c) Deferred tax assets		
The balance comprises temporary differences attributable to:		
Employee benefits	9,041	10,932
Overhead costs	7,639	10,642
Other accruals and provisions	930	960
Other	584	1,228
Tax losses	18,059	4,029
Total deferred tax asset	<u>36,253</u>	<u>27,791</u>
Movement in temporary differences during the year		
Opening balance at the beginning of the year	27,791	24,509
Credited to the Statement of Comprehensive Income	(5,569)	2,321
Unutilised tax losses	14,031	961
Closing balance at the end of the financial year	<u>36,253</u>	<u>27,791</u>
(d) Deferred Tax Liability		
The balance comprises temporary differences attributable to:		
Depreciation	-	472
Other	-	23
Total deferred tax liability	<u>-</u>	<u>495</u>
Movement in temporary differences during the year		
Opening balance at the beginning of the year	495	1,017
Credited/(charged) to the Statement of Comprehensive Income	(495)	(522)
Closing balance at the end of the financial year	<u>-</u>	<u>495</u>

GPT Management Holdings Limited and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

7. Loans and receivables

	Note	Consolidated entity	
		31 Dec 11 \$'000	31 Dec 10 \$'000
(a) Current assets			
Trade receivables		15,210	15,172
Other debtors		2,210	4,379
Related party receivables		19,768	40,024
Total current loans and receivables		37,188	59,575
(b) Non-Current assets			
Loan to Lend Lease GPT (Rouse Hill) Pty Limited	(i)	10,250	13,174
Loans to related parties		3,146	5,948
Total non-current loans and receivables		13,396	19,122

(i) The loan is provided to Lend Lease GPT (Rouse Hill) Pty Limited as part of the funding of the joint venture agreement. The loan has been impaired by \$5,574,000 to \$10,250,000 as at 31 December 2011 based on an external valuation as at 31 December 2011. The external valuation uses a value in use calculation with a discount rate of 20% to value the loan. The loan is interest free with a term of 10 years.

8. Non-current assets held for sale and discontinued operations

(a) Details of discontinued operations

For the year ended 31 December 2011, there were four discontinued operations: Hotel / Tourism Portfolio, Joint Venture, Funds Management – Europe and US Senior Housing portfolios. These operations were classified as discontinued operations in the 2010 annual financial report.

As part of GPT's commitment to the active ownership, management and development of high quality Australian real estate in the retail, office and industrial sectors, management has continued with its plans to exit from the Hotel/Tourism sector and offshore assets and further disposals have been completed in 2011. An update on the progress of these disposals post 31 December 2010 and the remaining investments for each discontinued operation as at 31 December 2011, are discussed in detail below.

(i) Hotel / Tourism

The sale contract was exchanged for the Voyages Business Platform in October 2010 and settlement occurred on 23 May 2011 with a gain on sale of \$0.4 million at 31 December 2011.

Post this transaction, the Group has substantially completed its exit from the Hotel/Tourism portfolio with remaining balances in the consolidated entity representing miscellaneous cash, receivables and accruals to the value of \$1.0 million.

(ii) Funds Management - Europe

Dutch Active Fund Propco BV (DAF)

Following regulatory consent of the legal sale of GPT Europe 2 Sarl's 38.04% shareholding in DAF, an unconditional legal sale of the investment became effective from 6 July 2010. However, until the 38.04% shareholding in DAF is on-sold to a third party by the new owners or GPT, the risks and benefits of owning this investment still remain with GPT and does not qualify as a sale under Australian Accounting Standards. As a result, at 31 December 2011 GPT Europe 2 Sarl continues to recognise the 38.04% investment in DAF, which is nil.

(iii) US Seniors Housing

On 29 March 2011, GPT substantially completed the sale of the US Seniors Housing Portfolio to Health Care REIT Inc (HCN). An associate of the Company, B-VII Operations Holding Co LLC, sold property, plant and equipment for US \$34.3 million and the Company redeemed a 20% interest in the manager of the portfolio, Benchmark Assisted Living LLC for \$1.2 million with a loss on sale of \$6.2 million at 31 December 2011. Remaining balances represent working capital of the investment in B-VII Operations Holding Co LLC.

(b) Assets classified as held for sale

There are no other assets held for sale other than those assets disclosed below.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

8. Non-current assets held for sale and discontinued operations (continued)

(c) Details of assets and liabilities of discontinued operations

The table below sets out the assets and liabilities that continue to be owned by the consolidated entity at 31 December 2011, (discussed in note 8(a)). These assets and liabilities are presented as an aggregate amount on the lines "non-current assets and liabilities held for sale" in the Statement of Financial Position.

	Note	Discontinued Operations			Total 31 Dec 11 \$'000	Total 31 Dec 10 \$'000
		Funds				
		US Senior Housing 31 Dec 11 \$'000	Management Europe 31 Dec 11 \$'000	Hotel/ Tourism 31 Dec 11 \$'000		
Assets classified as held for sale						
Cash at bank and at call		-	-	1,042	1,042	3,711
Loans and receivables		-	-	874	874	13,267
Inventories		-	-	-	-	3,759
Investments in associates and joint ventures	(i)	175	-	-	175	14,458
Other assets		-	-	-	-	23
Total Assets classified as held for sale	2(d)	175	-	1,916	2,091	35,218
Liabilities classified as held for sale						
Trade payables and accruals	2(d)	-	-	903	903	6,142
Other liabilities		-	-	-	-	3,146
Total Liabilities classified as held for sale	2(d)	-	-	903	903	9,288

(i) Investments in associated and joint ventures comprise:

- the 38.04% investment in DAF held at nil. Refer to note 8(a)(ii) for further details; and
- the 95% investment in B-VII Operations Holding Co LLC held at \$0.2 million.

(d) Financial performance and cashflow information relating to discontinued operations

The table below sets out the financial performance and cashflow information up to 31 December 2011 for the discontinued operations that continue to be owned by the Company at reporting date. For assets which have been divested during the period, the relevant financial performance and cashflow information up to the date of disposal have also been included. The financial performance is shown at note 2(a) within the Discontinued Operations segments.

	Consolidated entity	
	31 Dec 11 \$'000	31 Dec 10 \$'000
Revenue	47,349	334,669
Expenses	(60,222)	(151,981)
Profit/(loss) before income tax	(12,873)	182,688
Income tax credit/(expense)	699	5,568
Profit/(loss) after income tax of discontinued operations	(12,174)	188,256
Net cash inflow/(outflow) from operating activities	1,511	(16,258)
Net cash inflow/(outflow) from investing activities	1,162	(2,943)
Net cash inflow/(outflow) from financing activities	(5,262)	(1,885)
Net increase/(decrease) in cash generated by discontinued operations	(2,589)	(21,086)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

8. Non-current assets held for sale and discontinued operations (continued)**(e) Details of all disposals in the Statement of Comprehensive Income and Statement of Financial Position**

The net profit/(loss) on sale of the discontinued operations and in the general course of business during the year were:

	Consolidated Entity	
	31 Dec 11	31 Dec 10
	\$'000	\$'000
Details of disposals during the year:		
Consideration (net of transaction costs)	(3,332)	20,239
Total consideration	(3,332)	20,239
Carrying amount of net assets sold	(2,199)	(20,791)
Foreign exchange profit/(loss) realised on disposal	(467)	3,580
Profit/(loss) on sale before income tax	(5,998)	3,028
Income tax expense	-	-
Profit/(loss) on sale after income tax	(5,998)	3,028

The carrying amounts of assets and liabilities as at the date of disposal were:

Cash at bank and at call	1,392	-
Trade receivables	824	21,806
Inventories	3,489	-
Property, plant and equipment	112	1,535
Other assets	801	-
Total assets	6,618	23,341
Trade payables and accruals	2,043	-
Other liabilities	2,376	2,550
Total liabilities	4,419	2,550
Net assets	2,199	20,791

Disposals happened throughout the year and the table above shows the carrying value of assets and liabilities as at the date of disposal.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

9. Property, plant and equipment

	Consolidated entity	
	31 Dec 11	31 Dec 10
	\$'000	\$'000
Computers		
At cost	9,372	5,785
less: accumulated depreciation and impairment	(5,240)	(3,545)
Total computers	<u>4,132</u>	<u>2,240</u>
Office, fixtures and fittings		
At cost	10,478	4,716
less: accumulated depreciation and impairment	(1,798)	(1,295)
Total office, fixtures and fittings	<u>8,680</u>	<u>3,421</u>
Total property, plant and equipment	<u>12,812</u>	<u>5,661</u>

Reconciliations

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

	Computers \$'000	Office fixtures & fittings \$'000	Total \$'000
Year ended 31 December 2011			
Opening carrying value	2,240	3,421	5,661
Additions	3,770	5,762	9,532
Disposals	(183)	-	(183)
Depreciation charge	(1,695)	(503)	(2,198)
Closing carrying value	<u>4,132</u>	<u>8,680</u>	<u>12,812</u>
Year ended 31 December 2010			
Opening carrying value	3,148	1,888	5,036
Additions	806	2,185	2,991
Depreciation charge	(1,714)	(652)	(2,366)
Closing carrying value	<u>2,240</u>	<u>3,421</u>	<u>5,661</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

10. Intangibles

	Consolidated entity	
	31 Dec 11	31 Dec 10
	\$'000	\$'000
Management rights		
At cost	54,200	54,200
less: accumulated amortisation and impairment	(43,232)	(42,109)
Total management rights	10,968	12,091
IT development and software		
At cost	48,679	43,948
less: accumulated amortisation and impairment	(8,303)	(4,281)
Total IT development and software	40,376	39,667
Total intangible assets	51,344	51,758

Reconciliations

Reconciliations of the carrying amount for each class of intangible at the beginning and end of the financial year are set out below:

	Management rights	Computer software	Total
	\$'000	\$'000	\$'000
Year ended 31 December 2011			
Opening carrying value	12,091	39,667	51,758
Additions	-	4,731	4,731
Amortisation	(1,123)	(4,022)	(5,145)
Closing carrying value	10,968	40,376	51,344
Year ended 31 December 2010			
Opening carrying value	16,244	16,236	32,480
Additions	-	27,799	27,799
Amortisation	(4,153)	(756)	(4,909)
Disposals	-	(1,038)	(1,038)
Impairment	-	(2,574)	(2,574)
Closing carrying value	12,091	39,667	51,758

Management rights

The management rights include asset and property management rights of retail shopping centres. The useful life of the rights range from 5 years to the expected period of economic benefit. The rights are amortised over the useful life.

IT development and software

Costs incurred in developing systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over the period, which is the length of time over which the benefits are expected to be received, generally ranging from 3 to 10 years.

11. Payables

	Consolidated entity	
	31 Dec 11	31 Dec 10
	\$'000	\$'000
Current		
Trade payables	1,541	2,739
Accruals	42,150	41,553
Other payables	6,190	3,580
Total payables	49,881	47,872

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

12. Provisions

	Consolidated entity	
	31 Dec 11	31 Dec 10
	\$'000	\$'000
Current Provisions		
Employee benefits	8,662	7,486
Other	5,712	5,266
Total Current Provisions	14,374	12,752
Non Current Provisions		
Employee benefits	1,358	1,104
Total Non Current Provisions	1,358	1,104

	Employee Entitlements	Other	Total
	\$'000	\$'000	\$'000
Year ended 31 December 2011			
Opening balance	8,590	5,266	13,856
Arising during the year	5,918	818	6,736
Utilised during the year	(4,488)	(372)	(4,860)
Closing balance	10,020	5,712	15,732
Year ended 31 December 2010			
Opening balance	7,939	2,857	10,796
Arising during the year	5,590	2,840	8,430
Utilised during the year	(4,939)	(431)	(5,370)
Closing balance	8,590	5,266	13,856

13. Borrowings

A summary of the Company's financing facilities is set out below.

	31 December 2011		
	Total facility	Used facility	Unused facility
	\$'000	\$'000	\$'000
Related party	790,000	523,282	266,718
Total financing resources available at the end of the year	790,000	523,282	266,718

Loan assignment - variation

In the prior year, the terms of the Company and its subsidiaries' intercompany loans with General Property Trust (the Trust) were varied under individual Deeds of Variation. Under the Deeds of Variation, the Trust's rights to full repayment of the intercompany loans was limited to the surplus cash of the individual companies at their loan maturity date (refer to note 1(ac)(v)).

Related party borrowings – non current

The following non current, unsecured borrowings were provided by GPT Trust and its subsidiaries and drawn as at 31 December 2011;

- a loan facility to GPT Management Holdings Limited of AUD \$550,000,000 was drawn to \$325,402,723 (Dec 2010: \$325,402,723). This facility expires on 31 December 2015.
- a loan facility to GPT Property Management Ltd of AUD \$50,000,000 was drawn to \$31,837,551 (Dec 10: \$29,994,123). This facility expires on 31 December 2015.
- a loan facility to GPT International Pty Limited of AUD \$120,000,000 was drawn to \$98,678,136 (Dec 10: \$98,678,136). This facility expires on 12 June 2017.
- a loan facility to Voyages Hotels & Resorts of AUD \$70,000,000 was drawn to \$67,363,527 (Dec 10: \$60,302,948). This facility expires on 24 December 2019. A second facility to Voyages Hotels and Resorts of \$75,000,000 that was drawn to \$58,454,084 at 31 December 2010 has been terminated and repaid up to the amount of surplus cash during the year.

Consistent with prior periods these loans have been revalued to nil.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

14. Contributed equity

		Note	Shares Number	Company \$'000	Total \$'000
Ordinary stapled securities					
1 January 2010	Opening securities on issue		9,277,584,743	324,771	324,771
19 May 2010	5 to 1 consolidation of stapled securities	14(a)	(7,422,055,312)	-	-
31 December 2010	Closing securities on issue		1,855,529,431	324,771	324,771
1 January 2011	Opening securities on issue		1,855,529,431	324,771	324,771
1 July 2011 to 31 December 2011	On-market buy-back	14(b)	(41,762,323)	(1,736)	(1,736)
31 December 2011	Closing securities on issue		1,813,767,108	323,035	323,035

(a) Consolidation of ordinary stapled securities

On 10 May 2010, the GPT securityholders approved the consolidation of every 5 stapled securities into 1 stapled security. Where the consolidation resulted in a fraction of a security being held by a securityholder, the fraction was rounded up to the nearest whole stapled security. The consolidation took effect and was completed on 19 May 2010. The effect of the consolidation was to reduce the number of stapled securities on issue by 7,422,055,312 on 19 May 2010 to 1,855,529,431.

(b) On-market buy-back

On 11 May 2011, GPT announced an on-market buy-back of up to 5% of the Group's ordinary securities. As at 31 December 2011, the Company has acquired 41.8 million of GPT stapled securities for a total consideration of \$1.7 million.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

15. Reserves

	Note	Consolidated entity \$'000	Non-controlling Interest \$'000	Total \$'000
Employee incentive scheme reserve	15(a)	9,746	-	9,746
Treasury stock reserve	15(b)	(480)	-	(480)
Foreign currency translation reserve	15(c)	31,818	-	31,818
Total reserves		41,084	-	41,084
Reconciliations				
Reconciliations of each type of reserve at the beginning and end of the financial year are set out below:				
(a) Employee incentive scheme reserve				
Balance at 1 January 2010		871	-	871
Employee incentive schemes expense, net of tax		3,045	-	3,045
Balance at 31 December 2010		3,916	-	3,916
Balance at 1 January 2011		3,916	-	3,916
Employee incentive scheme expenses, net of tax		6,228	-	6,228
Purchase of securities		(398)	-	(398)
Balance at 31 December 2011		9,746	-	9,746
(b) Treasury stock reserve				
Balance at 1 January 2010		-	-	-
On-market purchase of GPT stapled securities		-	-	-
Amortisation of stapled securities		-	-	-
Balance at 31 December 2010		-	-	-
Balance at 1 January 2011		-	-	-
On-market purchase of GPT stapled securities		(707)	-	(707)
Amortisation of stapled securities		227	-	227
Balance at 31 December 2011		(480)	-	(480)
(c) Foreign currency translation reserve				
Balance at 1 January 2010		13,760	-	13,760
Net foreign exchange translation adjustments, net of tax		17,328	-	17,328
Balance at 31 December 2010		31,088	-	31,088
Balance at 1 January 2011		31,088	-	31,088
Net foreign exchange translation adjustments, net of tax		730	-	730
Balance at 31 December 2011		31,818	-	31,818
Total balance at 31 December 2010		35,004	-	35,004
Total balance at 31 December 2011		41,084	-	41,084

GPT Management Holdings Limited and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

15. Reserves (continued)

Nature and purpose of reserves:

Foreign currency translation reserve

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

Treasury Stock reserve

The treasury stock reserve is used to record the issue and repayment of securities under the GPT Group Deferred Stapled Security Plan. Refer to note 19(b)(i).

Employee incentive scheme reserve

The employee incentive scheme reserve is used to recognise the notional fair value of the implied option in respect of Performance Rights issued under the GPT Group Stapled Security Rights Plan (refer to Performance Rights LTI Plan in this report as described in note 19(a)(ii)(2)).

16. Accumulated losses

	Company \$'000	Non- controlling interest \$'000	Total \$'000
Consolidated entity			
Balance at 1 January 2010	(836,353)	8,173	(828,180)
Net profit/(loss) for the year	616,325	(648)	615,677
Balance at 31 December 2010	<u>(220,028)</u>	<u>7,525</u>	<u>(212,503)</u>
Balance at 1 January 2011	(220,028)	7,525	(212,503)
Net loss for the year	(46,568)	(2,677)	(49,245)
Balance at 31 December 2011	<u>(266,596)</u>	<u>4,848</u>	<u>(261,748)</u>

17. Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

Balance Sheet

	Parent entity	
	31 Dec 11 \$'000	31 Dec 10 \$'000
Assets		
Total Current Assets	<u>175,031</u>	164,203
Total Non-Current Assets	<u>127,300</u>	107,623
Total Assets	<u>302,331</u>	<u>271,826</u>
Liabilities		
Total Current Liabilities	<u>128,176</u>	139,674
Total Non-Current Liabilities	<u>113,481</u>	54,114
Total Liabilities	<u>241,657</u>	193,788
Net Assets	<u>60,674</u>	<u>78,038</u>
Equity		
Contributed equity	323,035	324,771
Reserves	6,002	794
Retained profits/(accumulated losses)	(268,363)	(247,527)
Total equity attributable to Company members	<u>60,674</u>	<u>78,038</u>

GPT Management Holdings Limited and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

17. Parent entity financial information (continued)

(a) Summary financial information (continued)

Profit and loss

	Parent entity	
	31 Dec 11	31 Dec 10
	\$'000	\$'000
Net profit/(loss) for the year	(20,836)	277,112
Total comprehensive income for the year	(20,836)	277,112

(b) Commitments

At 31 December 2011, the parent entity has commitments relating to the purchase of property, plant and equipment, which have been approved but not recognised as liabilities in the Statement of Financial Position, as set out below:

	Parent entity	
	31 Dec 11	31 Dec 10
	\$'000	\$'000
Due within 1 year	1,270	-
Due between 1 and 5 years	-	-
Over 5 years	-	-
Total capital expenditure commitments	1,270	-

At 31 December 2011 the parent entity has future minimum rentals payable under non-cancellable operating leases are as follows:

	Parent entity	
	31 Dec 11	31 Dec 10
	\$'000	\$'000
Due within 1 year	3,792	3,822
Due between 1 and 5 years	18,933	13,319
Over 5 years	11,701	22,636
Total operating lease commitments	34,426	39,777

18. Key management personnel disclosures

(a) Details of key management personnel

(i) Directors

The Directors of GPT Management Holdings Limited during the year and up to the date of this report were:

Chairman - Non-Executive Director

Rob Ferguson

Non-Executive Directors

Brendan Crotty

Eileen Doyle

Eric Goodwin

Lim Swe Guan

Anne McDonald

Gene Tilbrook

Executive Director

Michael Cameron

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

18. Key management personnel disclosures (continued)

(a) Details of Key Management Personnel (continued)

(ii) Other key management personnel

In addition to the Directors, the following persons also had the greatest authority for the strategic direction and management of the Company, directly or indirectly, during the financial year:

Michael O'Brien	Chief Financial Officer
Nicholas Harris	Head of Wholesale
Mark Fookes	Head of Investment Management
Michelle Tierney	Head of Retail Property & Asset Management
Anthony McNulty	Head of Development
James Coyne	General Counsel and Company Secretary

(b) Key management personnel compensation

	Consolidated entity	
	31 Dec 11 \$'000	31 Dec 10 \$'000
Short term employee benefits	11,193	10,493
Post employment benefits	198	193
Long term incentive award accrual	3,071	1,447
Other long term benefits	97	166
Termination benefits	-	-
Total key management personnel compensation	14,559	12,299

Information regarding individual Directors' and Senior Executives' remuneration is provided in the Remuneration Report on page 10 to 25 of the Directors' Report.

(c) Equity instrument disclosures relating to key management personnel

(i) The number of GPT stapled securities held during the financial year by each key management personnel, including their personally-related parties is set out below:

	Balance 1 Jan 2010	Purchases/ (Sales)	Balance 31 Dec 2010	Purchases/ (Sales)*	Balance 31 Dec 2011
Directors					
Rob Ferguson	204,082	-	204,082	-	204,082
Brendan Crotty	-	30,000	30,000	-	30,000
Eileen Doyle	-	1,600	1,600	-	1,600
Eric Goodwin	15,584	-	15,584	-	15,584
Lim Swe Guan	-	-	-	-	-
Anne McDonald	9,450	-	9,450	-	9,450
Gene Tilbrook	-	20,000	20,000	-	20,000
Michael Cameron	-	163,742	163,742	307,249	470,991
Senior Executives					
Michael O'Brien	114,127	38,454	152,581	(71,172)	81,409
James Coyne	35,261	-	35,261	(35,261)	-
Mark Fookes	148,124	-	148,124	(68,124)	80,000
Nicholas Harris	1,083,169	-	1,083,169	(48,169)	1,035,000
Anthony McNulty	-	-	-	-	-
Michelle Tierney	73,029	-	73,029	(36,514)	36,515

*Represents movement of securities due to the winding up of the Legacy LTI Scheme on 20 February 2011.

GPT Management Holdings Limited and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

18. Key management personnel disclosures (continued)

(c) Equity instrument disclosures relating to key management personnel (continued)

(ii) During the year, certain Senior Executives of The GPT Group were granted Performance Rights (refer to note 19(a)(ii)(2) for further details). The number of GPT performance rights held by the GPT Group Stapled Securities Rights Plan during the financial year by each key management personnel, including their personally-related parties, is set out below:

	Grant date	Vesting date	Exercise price	Granted	Lapsed	Balance 31 Dec 2011	Vested at 31 Dec 2011
Director			\$				
		From 30 June 2011 to					
Michael Cameron	29 April 2009	30 June 2012	-	528,823	(396,617)	66,103	66,103
	19 May 2010	31 December 2012	-	590,068	-	590,068	-
	8 June 2011	31 December 2013	-	713,455	-	713,455	-
Senior Executives							
Michael O'Brien	30 June 2009	31 December 2011	-	307,634	(307,634)	-	-
	16 July 2009	1 July 2011	-	38,454	-	-	38,454
	19 May 2010	31 December 2012	-	270,448	-	270,448	-
	8 June 2011	31 December 2013	-	292,429	-	292,429	-
James Coyne	30 June 2009	31 December 2011	-	180,735	(180,735)	-	-
	19 May 2010	31 December 2012	-	154,074	-	154,074	-
	8 June 2011	31 December 2013	-	169,115	-	169,115	-
Mark Fookes	30 June 2009	31 December 2011	-	269,179	(269,179)	-	-
	19 May 2010	31 December 2012	-	245,862	-	245,862	-
	8 June 2011	31 December 2013	-	273,051	-	273,051	-
Nicholas Harris	30 June 2009	31 December 2011	-	230,725	(230,725)	-	-
	19 May 2010	31 December 2012	-	199,968	-	199,968	-
	8 June 2011	31 December 2013	-	219,498	-	219,498	-
Anthony McNulty	30 June 2009	31 December 2011	-	152,856	(152,856)	-	-
	19 May 2010	31 December 2012	-	134,241	-	134,241	-
	8 June 2011	31 December 2013	-	193,778	-	193,778	-
Michelle Tierney	30 June 2009	31 December 2011	-	137,714	(137,714)	-	-
	19 May 2010	31 December 2012	-	120,473	-	120,473	-
	8 June 2011	31 December 2013	-	176,162	-	176,162	-

(d) Loans to key management personnel

All loans are pursuant to the Employee Incentive Scheme (EIS) which is discussed in detail at note 19(a)(ii)(1). This scheme was wound up on 20 February 2011.

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

	Opening balance 1 Jan 2011	Total accumulated interest costs capitalised as part of the loan	Interest charged for the year	Interest not charged for the year ⁽¹⁾	Loan terminated during the year	Closing Balance 31 Dec 2011	Highest indebtedness during the year
	\$	\$	\$	\$	\$	\$	\$
Michael O'Brien	2,664,129	300,563	-	37,188	(2,664,129)	-	2,664,129
James Coyne	817,910	101,426	-	11,417	(817,910)	-	817,910
Mark Fookes	1,595,071	194,137	-	22,265	(1,595,071)	-	1,595,071
Nicholas Harris	1,211,868	143,178	-	16,916	(1,211,868)	-	1,211,868
Anthony McNulty	1,021,699	125,651	-	14,262	(1,021,699)	-	1,021,699
Michelle Tierney	909,948	97,361	-	12,702	(909,948)	-	909,948

(1) The amounts shown for interest not accrued represent the difference between the amount paid and payable for the financial year and interest that would have been charged on an arm's length basis.

(e) Other transactions with key management personnel

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

19. Share based payments

(a) Employee Incentive Scheme

The Employee Incentive Scheme (EIS) is a scheme under which GPT stapled securities are issued or purchased on-market on behalf of GPT employees for no cash consideration.

The EIS has two qualifying levels – the General Employee Security Ownership Plan and Long Term Incentive (LTI) Scheme.

The LTI Scheme may be divided into two broad categories:

1. Legacy LTI plans has been operable during the period 2007 to February 2011, and
2. The Performance Rights Plan approved at the 2009 AGM in May 2009, revised and approved at the 2010 AGM in May 2010.

(i) The General Employee Security Ownership Plan

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

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

(ii) The Long Term Incentive (LTI) Scheme

(1) Legacy LTI Scheme

As detailed in the 2008 Remuneration Report, the unprecedented dislocation in global financial markets and the A-REIT sector in particular highlighted a number of flaws in the loan based LTI scheme that had significant unintended consequences for GPT. Recognising that the scheme was no longer best practice or operating in the interests of either GPT or participants, the Board decided to convert the existing scheme loans from full recourse to the individual to limited recourse effective 31 December 2008 (the date of conversion), such that while the loan remained in place the participant was committed only to the value of the underlying securities. In addition, for 2009 onwards, the interest charge on the loans to participants was set at a level to approximate the net distributions receivable.

This Legacy LTI Scheme has been wound up on 20 February 2011 and the residual loan balance has been repaid.

(2) GPT Group Stapled Security Rights Plan (referred to as the Performance Rights LTI Plan)

At the 2009 Annual General Meeting GPT securityholders approved the introduction of a more contemporary Performance Rights LTI Plan. At the 2010 Annual General Meeting, the Performance Rights LTI Plan was altered with new performance conditions and was approved by the GPT securityholders.

The Performance Rights LTI Plan ('the Plan') covers each 3 year period. Awards under the plan to eligible participants will be in the form of Performance Rights which convert to GPT stapled securities for nil consideration if specified service/performance conditions for the applicable 3 year period are satisfied. Please refer to the Remuneration Report for detail on the service/performance conditions.

The Board determined those executives eligible to participate in the Plan and, for each participating executive, granted a number of Performance Rights calculated as a percentage of their base salary divided by GPT's volume weighted average price (VWAP).

Under the requirements of AASB 2 *Share Based Payments*, the fair value of these Performance Rights will be amortised over the period starting from the grant date to the vesting date. Fair value at grant date has been independently determined using the Monte Carlo and Binomial tree pricing models that take into account the following inputs:

- (a) Performance conditions
- (b) Grant dates
- (c) Expected vesting dates
- (d) Share price at the grant date
- (e) Expected life
- (f) Dividend yield
- (g) Risk free interest rate

The fair value of these Performance Rights granted during 2011 is \$2.38 per Performance right (Dec 10: \$2.06 per performance right). Total share based payment expense recognised during the year ended 31 December 2011 was \$6,243,233 (Dec 10: \$3,217,189).

(b) Other Share-based Incentive Scheme

(i) The GPT Group All Employee Stapled Security Plan (AESSP)

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

(ii) The GPT Group Deferred Stapled Security Plan (DSSP)

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

The GPT stapled securities / Rights issued under all Employee Incentive Schemes to participating employees is set out below:

GPT Management Holdings Limited and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

19. Share based payments (continued)

The GPT stapled securities/rights issued under all Employee Incentive Schemes to participating employees is set out below:

	Number of GPT stapled securities issued during the year		Total number of GPT stapled securities issued	
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
GPT stapled securities issued under the General Employee Security Ownership Plan	169,504	141,759	154,520	141,759
GPT stapled securities issued under the Long Term Incentive Scheme	-	-	-	1,010,209
GPT stapled securities issued under the The GPT Group All Employee Stapled Security Plan	-	-	2,248	5,077
GPT stapled securities issued under the The GPT Group Deferred Stapled Security Plan	241,146	163,743	407,454	166,308
	Number of GPT share rights issued during the year		Total number of GPT share rights issued	
GPT performance rights issued under GPT Group Stapled Securities Rights Plan	4,060,829	3,818,257	7,577,189	8,375,034

20. Related party transactions

(a) Ultimate Parent

GPT Management Holdings Limited is the ultimate Australian parent entity.

(b) Controlled entities, joint ventures and associates

Loans provided to joint ventures and associates as part of the funding of those arrangements are set out in note 7.

(c) Key management personnel

Disclosures relating to key management personnel and remuneration paid to directors of the ultimate parent entity are set out in note 18.

(d) Transactions with related parties

During the prior year, the terms of the Australian subsidiaries' intercompany loans with General Property Trust (the Trust) were varied under individual Deeds of Variation. Under the Deeds of Variation, the Trust's rights to full repayment of the intercompany loans will be limited to the surplus cash of the individual companies at their loan maturity date (refer to note 1(ac)(v) and note 13).

GPT Management Holdings Limited and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

20. Related party transactions (continued)

	Consolidated	
	31 Dec 11	31 Dec 10
	\$'000	\$'000
Transactions with General Property Trust (Trust):		
Revenue		
Fund management fees from Trust	45,267	39,402
Property management fees from Trust	9,300	10,642
Development management fees from Trust	10,993	11,591
Management costs recharged from Trust	7,011	5,921
Expenses		
Property rent and outgoings paid to Trust	(13,882)	(39,341)
Interest paid to Trust	(23,970)	(28,393)
Payables/receivables to/from Trust		
Receivables from Trust	7,673	42,282
Other transactions with Trust		
Revaluation of borrowings to Trust - continued and discontinued operations	5,114	572,832
Transactions with employees:		
Contributions to superannuations funds on behalf of employees	(4,767)	(6,116)
Transactions with GPT Wholesale Office Fund (GWOF):		
Revenue		
Responsible Entity fees received from GWOF	14,490	13,604
Development management fees received from GWOF	1,500	2,033
Directors fees recharged to GWOF	131	123
GWOF receivables and other transactions		
Current receivable outstanding from GWOF	4,115	4,197
Transactions with GPT Wholesale Shopping Centre Fund (GWSCF):		
Revenue		
Responsible Entity fees received from GWSCF	9,420	9,144
Property management fees from GWSCF	8,017	7,792
Development management fees from GWSCF	5,260	2,505
Directors fees recharged to GWSCF	141	123
Management costs recharged from GWSCF	3,308	3,158
Payroll costs recharged to GWSCF	4,161	4,215
GWSCF receivables:		
Current receivable outstanding from GWSCF	7,685	8,577
Overhead recharges - from GWSCF	282	-
Transactions with controlled entities:		
Revenue		
Distributions from controlled entities	-	300

GPT Management Holdings Limited and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

21. Notes to the Consolidated Statement of Cash Flow

	Consolidated entity	
	31 Dec 11	31 Dec 10
	\$'000	\$'000
(a) Reconciliation of profit after income tax expense to net cash inflow / (outflow) from operating activities		
Net (loss)/profit for the year	(49,245)	615,677
Share of after tax losses/(profit) of associates and joint ventures	(3,004)	12,424
Net foreign currency exchange (gains)/losses	(54)	190
Net loss/(gain) on disposal of assets	6,089	(3,028)
Employee incentive security scheme expenses	6,455	6,235
Depreciation and amortisation expense	7,366	7,761
Impairment expense	5,690	853
Revaluation expense	-	(1,091)
Intercompany finance costs	27,458	36,526
Lease incentive amortisation	779	-
Revaluation on borrowings	(5,114)	(678,035)
Change in operating assets and liabilities:		
Decrease/(increase) in receivables	29,821	50,069
(Decrease)/increase in payables	(1,639)	(20,181)
(Increase)/decrease in deferred tax asset	(8,957)	(4,832)
Net cash inflow/(outflow) from operating activities	15,645	22,568

(b) Reconciliation of cash

	Consolidated entity	
	31 Dec 11	31 Dec 10
	\$'000	\$'000
Cash at bank	14,488	15,084
Total cash and cash equivalents at the end of the year	14,488	15,084

22. Contingent assets and liabilities

Class action

In October 2008, Slater and Gordon announced an intention to bring a class action against GPT. At Slater & Gordon's invitation, GPT entered into mediation discussions on a without prejudice basis in an attempt to determine whether the parties could reach agreement in relation to the dispute. Failing an agreed resolution of the matter, Slater & Gordon has now commenced proceedings on behalf of certain persons who claim that they purchased GPT securities from 27 February 2008 and held securities on 7 July 2008. The allegations surround the adequacy and timing of disclosures to the market in this period.

GPT rejects the allegations and intends to defend the claim. GPT does not expect that any payment it could be required to make would have a material adverse effect on the Group's operational or strategic objectives, or its financial strength.

Sale of Ayers Rock Resort

As part of the agreement for the sale of the Ayers Rock Resort, the Company has indemnified the purchaser, the Indigenous Land Corporation, and its subsidiary, ILC Tourism, as follows:

- for a maximum of \$20 million in respect of a breach of the Vendor's Warranties, providing the purchaser makes a claim within 2 years from the date of completion, being 23 May 2011; and
- for a maximum of \$2.5 million in respect of any breach of Environmental Law, Contamination or any other Environmental Claim relating to the condition of Ayers Rock Resort on or prior to completion, providing the purchaser notifies the vendor within 2 years from the date of completion. Included in this \$2.5 million cap is a maximum of \$0.6 million to cover the cost of remediation work by the purchaser in the event it is required as a result of landfill testing.

It is unlikely that any notification will be received in relation to environmental matters and it is not anticipated that a claim will be brought in relation to an alleged breach of the Vendor Warranties.

GPT Management Holdings Limited and its controlled entities

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

22. Contingent assets and liabilities (continued)

Sale of US Senior Housing Portfolio

As part of the agreement for the sale of the US Senior Housing Portfolio, the Company, through its investment in B-VII Operations Holding Co, has provided indemnification to the purchaser, Health Care REIT Inc, for a maximum of US \$25 million for any breach of representation, warranties and covenants specified in the Sale Agreement and all obligations arising from any pre settlement liabilities, provided Health Care REIT Inc makes a claim by 28 March 2012.

Apart from the matters referred to above, there are no other material contingent assets or liabilities at reporting.

23. Commitments

(a) Capital expenditure commitments

At 31 December 2011, the Company has commitments relating to the purchase of property, plant and equipment and other investments, which have been approved but not recognised as liabilities in the Statement of Financial Position, as set out below:

	Consolidated	
	31 Dec 11	31 Dec 10
	\$'000	\$'000
Due within 1 year	1,270	10,524
Due between 1 and 5 years	-	-
Over 5 yrs	-	-
Total capital expenditure commitments	1,270	10,524

(b) Operating leases commitments

At 31 December 2011 the future minimum rentals payable under non-cancellable operating leases are as follows:

	Consolidated	
	31 Dec 11	31 Dec 10
	\$'000	\$'000
Due within 1 year	3,792	28,500
Due between 1 and 5 years	18,933	117,930
Over 5 years	11,701	63,272
Total operating lease commitments	34,426	209,702

The Company has entered commercial leases on office equipment and office premises.

(c) Commitments relating to associate and joint venture investments

The above commitments include the Company's share of commitments relating to associate and joint venture investments.

24. Financial and capital risk management disclosures

The GPT Group's Treasury Risk Management Committee (TRMC) oversees the establishment and implementation of the capital and financial risk management system including compliance with GPT treasury and risk policy and reporting to the Audit and Risk Management Committee (ARMC) and, through the ARMC, to the GPT Board. The ARMC and the GPT Board approve GPT's treasury policy which establishes a framework for the management of treasury risks, defines the role of GPT's treasury and details risk management policies for cash, borrowing, liquidity, credit risk, foreign exchange, interest rate and derivative instruments. GPT's treasury policy applies to the GPT Group.

(a) Financial risk management

The GPT Group's objective when managing capital is to maximise the availability and minimise the cost of capital having regard to the relevant real estate market in which it is invested.

The financial risks that result from the consolidated entity's activities are credit risk, liquidity risk, refinancing risk and market risk (interest rate and foreign exchange). The consolidated entity manages its exposures to these key financial risks in accordance with the GPT Group's treasury policy and focuses on mitigating the impact of volatility in financial markets.

The Company uses various methods to measure and manage these types of risks. The main methods include monitoring levels of exposure and conducting sensitivity analysis in the case of interest rate and foreign exchange risks. Ageing analysis, monitoring of credit allowances and dealing with financial institutions which have a minimum credit rating of A- (or its equivalent) from one of S&P, Moody's or Fitch are methods undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

24. Financial and capital risk management disclosures (continued)

(b) 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 the Company. The Company has exposure to credit risk on all financial assets included in its statement of financial position.

This risk is managed by:

- establishing credit limits for customers and financial institutions to ensure that the consolidated entity only trades and invests with approved counterparties to enable it to manage its exposure to individual entities;
- providing loans as an investment to joint ventures, associates and third parties where it is comfortable with the underlying property exposure within that entity;
- regularly monitoring loans and receivables balances on an ongoing basis; and
- regularly monitoring the performance of its associates, joint ventures and third parties on an ongoing basis.

The maximum exposure to credit risk as at 31 December 2011 is the carrying amounts of financial assets recognised in the statement of financial position of the consolidated entity. The consolidated entity holds no significant collateral as security and consistently monitors the credit quality of all financial assets in order to identify any future potential adverse changes in the credit quality.

Cash transactions are limited to financial institutions that meet the treasury risk management policy's minimum credit rating criteria. Credit risk arising on loans and receivables balances is monitored on an ongoing basis. Total impairments of loans and receivables at 31 December 2011 is \$5,843,000 (2010: \$2,193,213) in the consolidated entity. The consolidated entity will continue to monitor the credit quality of all financial assets in order to identify any future potential adverse changes in the credit quality.

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

Consolidated entity

	31 December 2011						31 December 2010					
	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
	2011	2011	2011	2011	2011	2011	2010	2010	2010	2010	2010	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables	-	35,933	1,380	-	749	38,062	-	68,951	426	48	513	69,938
Impairment of trade receivables	-	-	-	-	-	-	-	(373)	-	-	-	(373)
Current loans	-	-	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Non current loans and receivables	50,303	-	-	-	-	50,303	50,236	-	-	-	-	50,236
Impairment	(36,907)	-	-	-	-	(36,907)	(30,506)	-	-	-	-	(30,506)
Total loans and receivables	13,396	35,933	1,380	-	749	51,458	19,730	68,578	426	48	513	89,295

(c) Liquidity risk

Liquidity risk includes the risk that the consolidated entity, as a result of its operations:

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

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities (refer to note 13), the ability to close out market positions and the option to raise funds through the issue of new stapled securities or DRP.

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

	31 December 2011				31 December 2010			
	1 Year or less	Over 1 year to 5 years	Over 5 years	Total	1 Year or less	Over 1 year to 5 years	Over 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Liabilities								
Non-Derivatives								
Payables	49,881	-	-	49,881	47,872	-	-	47,872
Capital commitments	1,270	-	-	1,270	10,524	-	-	10,524
Total liabilities	51,151	-	-	51,151	58,396	-	-	58,396
Less Cash	14,488	-	-	14,488	15,084	-	-	15,084
Total	36,663	-	-	36,663	43,312	-	-	43,312

The Company has unused facilities with the Trust as at 31 December 2011.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

24. Financial and capital risk management disclosures (continued)

(d) Refinancing risk

Refinancing risk is the risk that credit is unavailable or available at unfavourable interest rates and credit market conditions result in an unacceptable increase in the consolidated entity's credit margins and interest cost. Refinancing risk arises when the consolidated entity is required to obtain debt to fund existing and new debt positions.

The consolidated entity is exposed to refinancing risks arising from the availability of finance as well as the interest rates and credit margins at which financing is available from the Trust.

During the prior year, the consolidated entity reduced its refinancing risk by varying the terms of the Australian subsidiaries' intercompany loans with General Property Trust (the Trust) under individual Deeds of Variation. Under the Deeds of Variation, the Trust's rights to full repayment of the intercompany loans will be limited to the surplus cash of the individual companies at their loan maturity date. This constitutes a substantial variation to each of the loan terms. The loans have been have been remeasured under the varied contractual terms and conditions.

(e) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

(i) Interest rate risk contracts – loan receivables

The income and the associated operating cash flows of the consolidated entity's assets are substantially independent of changes in market interest rates. The consolidated entity's investments in joint ventures and in associates are a means to obtaining an underlying property exposure.

(ii) Interest rate risk contracts – borrowings

The consolidated entity's primary interest rate risk arises from borrowings with the GPT Trust. Borrowings issued at floating rates expose the consolidated entity to cash flow interest rate risk. Borrowings issued at fixed rates expose the consolidated entity to fair value interest rate risk.

(f) 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 currency rates. The consolidated entity'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 operations.

(i) Foreign currency assets and liabilities

Foreign currency exposure is primarily managed at the Trust level and not in individual controlled entities of the GPT Group.

The loans to the joint ventures are revalued at the end of each reporting period with the fair value movement reflected in equity as a movement in the foreign currency translation reserve. Borrowings are revalued at the end of each reporting period with the fair value movement reflected in the Statement of Comprehensive Income as exchange gains or losses on foreign currency borrowings, refer accounting policy note 1(e)(iii).

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

	Euros		United States Dollars		British Pounds	
	2011	2010	2011	2010	2011	2010
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Assets						
Cash	88	468	181	182	-	-
Interests in equity accounted investments	-	13,487	175	491	-	-
Loans and receivables	1,017	-	-	608	-	-
	1,105	13,955	356	1,281	-	-
Liabilities						
Other Liabilities	81	914	-	4,650	29	537
	81	914	-	4,650	29	537
Net assets/(liabilities)	1,024	13,041	356	(3,369)	(29)	(537)

(g) Fair value

At 31 December 2011, for the consolidated entity, the carrying value of financial assets and financial liabilities as shown in the balance sheet approximates their fair value.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

25. Auditors' remuneration

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

	Consolidated entity	
	31 Dec 11	31 Dec 10
	\$	\$
Audit services		
PricewaterhouseCoopers Australia		
Statutory audit and review of financial reports	265,000	370,000
Affiliates of PricewaterhouseCoopers Australia firm including overseas firms		
Statutory audit and review of financial reports	-	308,240
Total remuneration for audit services	265,000	678,240
Other assurance services		
PricewaterhouseCoopers Australia		
Regulatory and contractually required audits	171,469	122,500
Total remuneration for other assurance services	171,469	122,500
Total remuneration for audit and assurance services	436,469	800,740
Non audit related services		
PricewaterhouseCoopers Australia		
Other services	107,654	3,818
Affiliates of PricewaterhouseCoopers Australia firm including overseas firms		
Taxation services	94,298	88,283
Total remuneration for non audit related services	201,952	92,101
Total auditor's remuneration	638,421	892,841

26. Net tangible asset backing

	Consolidated entity	
	31 Dec 11	31 Dec 10
	\$	\$
Net tangible asset backing per security	0.03	0.05

Net tangible asset backing per security is calculated by dividing the sum of net assets less intangible assets by the total number of securities on issue set out in note 14.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

27. Events subsequent to the reporting date

The following events have occurred subsequent to 31 December 2011:

- Post 31 December 2011, GPT continued with the on-market buy-back of the Group's ordinary securities. At 17 February 2012, the Company has bought back 4.3 million of ordinary stapled securities for a total consideration of \$0.1 million. This represents 0.2% of the total ordinary stapled securities.

Other than the above, the Directors are not aware of any matter or circumstance occurring since 31 December 2011 that has significantly or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

DIRECTORS' DECLARATION

In the Directors of the GPT Management Holdings Limited's opinion for the financial year ended 31 December 2011:

(a) the financial statements and notes set out on pages 27 to 67 are in accordance with the *Corporations Act 2001*, including:


- complying with the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- giving a true and fair view of the Consolidated entity's financial position as at 31 December 2011 and of its performance for the financial year ended on that date; and

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

Note 1(a) confirms that the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

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



Rob Ferguson
Chairman



Michael Cameron
Managing Director and Chief Executive Officer

GPT Management Holdings Limited
Sydney
17 February 2012



Independent auditor's report to the members of GPT Management Holdings Limited

Report on the financial report

We have audited the accompanying financial report of GPT Management Holdings Limited (the company), which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and 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 GPT Management Holdings Limited and its controlled entities (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company 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 1, 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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

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

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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 GPT Management Holdings Limited 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 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 10 to 23 of the directors' report for the year ended 31 December 2011. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of GPT Management Holdings Limited for the year ended 31 December 2011, complies with section 300A of the *Corporations Act 2001*.



Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of GPT Management Holdings Limited (the Company) for the year ended 31 December 2011 included on The GPT Group's web site. The Company's directors are responsible for the integrity of The GPT Group's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'AJ Loveridge'.

AJ Loveridge
Partner

17 February 2012