



GPT ANNUAL FINANCIAL REPORT

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Corporate Governance

1. INTRODUCTION

The GPT Group (GPT or the Group) comprises GPT Management Holdings Limited (ACN 113 510 188) (GPTMHL) and General Property Trust (Trust). GPT RE Limited (ACN 107 426 504) (GPTRE) AFSL (286511) is the Responsible Entity of the Trust. GPT's stapled securities are listed on the Australian Securities Exchange (ASX).

The ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations' (Principles), provide a

framework for good corporate governance. GPT has complied with the Principles for the 2013 year. A table summarising the Group's compliance is provided at the end of this statement.

GPT's website has a Corporate Governance section containing further information on GPT's governance practices together with copies of relevant policies such as Board and Committee Charters, Code of Conduct, Continuous Disclosure Policy, Whistleblower Policy and Personal Dealing Policy.

2. GPT'S APPROACH TO CORPORATE GOVERNANCE

GPT regards good corporate governance as being of critical importance to all of GPT's stakeholders and a fundamental component of GPT's commitment to Securityholders. GPT's Board strives to ensure that GPT meets high standards

of governance across its operations. This is an ongoing commitment, requiring continual review, modification and enhancement from time to time.

3. PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

3.1. Role and Responsibilities of the Board and Delegation to Management

As a result of the stapling of GPTRE and GPTMHL, both entities operate as a coordinated group. For example, the entities must, to the extent possible, ensure the Boards of GPTRE and GPTMHL have the same composition and that meetings are held concurrently or consecutively. References to the "Board" in this statement are references to the Board of GPTRE (as responsible entity of the Trust) and GPTMHL.

The Board is accountable to Securityholders for GPT's performance and is responsible for the overall management and governance of GPT.

The Board is responsible for overseeing all of GPT's businesses, including:

- setting strategic direction and ensuring it is followed;
- approving and monitoring business plans to execute strategy;
- approving major investments and commitments above \$20 million;
- reviewing and ratifying systems of risk management, internal compliance and control and legal compliance and codes of conduct;
- reviewing Chief Executive Officer performance and results;
- reviewing Director and Senior Executive compensation and benefits; and
- approving and monitoring financial and other reporting.

The Board has established a formal Charter setting out its main responsibilities and functions.

A copy of the Board Charter can be obtained from GPT's website.

All matters not specifically reserved for the Board and necessary for the day-to-day management of GPT, are delegated to management. The Board has approved delegated authority limits for management in this context. The Board has also delegated specific responsibilities to Board Committees to deal with particular matters. These Committees are discussed in more detail below.

All new Directors have formal agreements governing their employment. These agreements prescribe:

- term of appointment – subject to Securityholder approval;
- remuneration;
- expectations in relation to attendance at meetings;
- expectations and procedures in relation to other directorships;
- procedures in relation to conflicts of interest;
- insurance and indemnity arrangements;
- compliance with governance policies (including Code of Conduct, Board and Committee Charters, Personal Dealing Policy and Conflicts Management Policy);
- access to independent advice; and
- confidentiality and access to information.

4. PRINCIPLE 2: STRUCTURE OF THE BOARD TO ADD VALUE

4.1. Composition of the Board

The Boards of GPTRE and GPTMHL have the same Directors, comprising six Non-Executive Directors and one Executive Director.

The Board represents a broad range of skills and experience to assist with decision making and leading GPT. Members of the Board have significant experience in various fields, including funds management, property investment, financial markets, accounting and general management. Details concerning the membership of the Board, the period of office and the experience and expertise of the Directors of the Board are set out in the Directors' Report.

4.2. Director Independence

The Board is responsible for determining the independence of each Director. In determining each Director's independence, the Board refers to the following criteria adapted from the Principles and set out in the Board Charter:

- the Director must be non-executive;
- the Director cannot be a substantial Securityholder of GPT;
- the Director must not have been employed in an executive capacity with GPT within the last three years;
- the Director must not have been a principal or employee of a material professional adviser or consultant to GPT within the last three years;
- the Director must not have been a material supplier or customer to GPT;
- the Director has no material contractual relationship with GPT other than as a Director;
- the Director has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of GPT;
- the Director is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of GPT; and
- the Director's past performance (if applicable) in their role as a Director.

The Board recognises that the above principles are relevant in determining independence, but considers that independence is a matter of judgement having regard to all the facts and circumstances of particular relationships.

The Board considers that of the matters set out above, the most relevant consideration for determining the independence of GPT's Directors is that a Director be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of GPT. This principle is also used when considering issues such as the materiality of any identified interest, business or relationship.

The Board evaluates the materiality of any interests or relationships that could be perceived as to compromise independence on a case by case basis having regard to the circumstances of each Director.

Based on the criteria above and having taken in account the matters noted below, the Board considers all of its Non- Executive Directors to be independent.

4.3. Notification of Interests and Conflicts

Directors are required to notify the Chairman of any contract, office (including other directorships) or interest which might involve a conflict of interest and a list of interests is included at the front of the Agenda for each Board meeting.

The Board has developed a Conflicts Management Policy to provide guidance in the event of a conflict of interest arising. The Conflicts Management Policy provides guidance principally in respect of conflicts arising from the existence of obligations owed by certain Directors to other corporate entities, but also in respect of conflicts arising from any material personal interests held by the Directors. In particular, where a conflict of interest may exist, Directors will not take part in discussions or vote on the matter being considered.

A copy of GPT's Conflicts Management Policy is available on GPT's website.

4.4. Attendance at Board Meetings by Directors

The number of Board meetings and Directors' attendance at those meetings during the financial year is set out in the Directors' Report.

4.5. Access to Information and Independent Advice

Each Director enters into an Access and Indemnity Deed with GPT to ensure seven years access to documents after their retirement as a Director.

The Board collectively, and each Director individually, has the right to seek independent professional advice in the performance of their duties as a Director.

4.6. Induction and Training

On commencement of employment, all Directors and employees undertake an induction program which includes information on GPT's values, Code of Conduct, WH&S and employment practices and procedures.

General compliance training is provided to all employees and specific training is provided depending on job function (eg to meet licensing requirements, or to meet specific industry or professional body accreditation requirements). GPT has also built an in-house learning and development capability to support the maintenance and development of required employee capabilities.

Ongoing training for Directors involves education programs which are incorporated into the Board program, visits to GPT's offices or assets and presentations on developments impacting the business.

4.7. Review of Board Performance

The Board is committed to enhancing its own and management's effectiveness through a combined process of continuing education and performance management.

The Board considers that ongoing reviews of its performance is essential to good governance by providing a mechanism to raise and resolve issues and to provide recommendations to assist the Board to enhance its effectiveness. Performance reviews may be undertaken internally or with the assistance of an external facilitator and they cover the activities of the Board and each of its Committees.

The last external evaluation of the Board's performance was undertaken by an external facilitator in late 2012. It was conducted in accordance with the principles set out in this statement.

4.8. Review of Performance of Senior Executives

GPT has implemented a uniform performance management system to provide employees with clear financial and personal performance objectives. Components of this system include GPT or business unit financial and non-financial key performance indicators as well as an assessment of performance measured against GPT's values and culture.

These key performance indicators are initially set by the Board for the Chief Executive Officer and are then cascaded into the business.

The Nomination and Remuneration Committee conducts a performance review of the Chief Executive Officer annually and makes recommendations to the Board. In turn, the Chief Executive Officer conducts performance reviews of the Leadership team and reports on their performance to the Nomination and Remuneration Committee.

The performance of the Chief Executive Officer and Leadership team during 2013 was reviewed in accordance with these principles.

Further details can be found in the remuneration report on pages 24 to 39 of the Directors' Report.

4.9. Committees of the Board

The Board has established the Audit and Risk Management Committee, Nomination and Remuneration Committee and Sustainability Committee to assist it in carrying out its responsibilities.

The Chairman of each Committee is an Independent Director with the appropriate qualifications and experience to carry out that role. Members of the Committees must all be Non-Executive Directors.

Each of the Committees has a formal Charter setting out its responsibilities and functions.

Copies of these Charters can be obtained from GPT's website.

4.10. Nomination and Remuneration Committee

GPT's Nomination and Remuneration Committee was established with responsibility for identifying and making recommendations to the Board regarding the appointment of Non-Executive Directors and reviewing and making recommendations to the Board regarding remuneration of Non-Executive Directors and senior executives.

Before making a recommendation to the Board regarding the appointment of a new Director, the Nomination and Remuneration Committee will assess the appropriate mix of skills, experience and expertise required on the Board, any future succession planning needs and diversity on the Board in accordance with GPT's policy on the Selection and Appointment of Directors. An external professional recruitment search firm may also be employed.

Members of the Nomination and Remuneration Committee during 2013 were:

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

The attendance record for the Nomination and Remuneration Committee in 2013 is set out in the Directors' Report.

A copy of GPT's policy on the Selection and Appointment of Directors is available on GPT's website.

4.11. Audit and Risk Management Committee

The Board has established the Audit and Risk Management Committee to give assurance regarding the quality and reliability of financial information used by the Board and to review and report on financial statements issued by GPT.

In addition, the Audit and Risk Management Committee performs a range of advisory services to the Board, including:

- review of compliance with statutory responsibilities relating to financial disclosure;
- review of ongoing compliance with laws and regulations;
- review of ongoing compliance with the Trust's Compliance Plan;
- overseeing the establishment and implementation of internal controls and a risk management system that incorporates a system of assurance confirming GPT's risks are being considered and appropriate management plans are in place; and
- providing advice to the Board on whether the provision of non-audit services by the external auditor is compatible with the standards of independence required by the Corporations Act, 2001.

Members of the Audit and Risk Management Committee during 2013 were:

- Anne McDonald (Chairman)
- Eric Goodwin
- Brendan Crotty

The Audit and Risk Management Committee meets a minimum of four times per year. The attendance record for the Audit and Risk Management Committee in 2013 is set out in the Directors' Report.

4.12. Sustainability Committee

GPT is committed to operating a sustainable business delivering long-term investor value. The Board has established a Sustainability Committee with a focus on:

- engagement of GPT's stakeholder communities (employees, tenants, suppliers and the communities within which GPT's assets are located); and
- legal and regulatory requirements in relation to environmental matters, socially responsible initiatives, and health and safety issues, including the health and safety of employees, tenants and visitors to the assets managed and owned by GPT and projects managed by GPT.

Members of the Sustainability Committee during 2013 were:

- Eileen Doyle (Chairman)
- Brendan Crotty
- Eric Goodwin

The Sustainability Committee meets a minimum of four times per year. The attendance record for the Sustainability Committee in 2013 is set out in the Directors' Report.

5. PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Funds management is a business based to a large extent upon integrity and mutual trust where the interests of all stakeholders are recognised. GPT has established a Code of Conduct to assist Directors and employees to ensure that their conduct and the conduct of GPT meets the highest ethical and professional standards.

5.1. Code of Conduct

All Directors and employees are committed to, and bound by, GPT's Code of Conduct. The Code of Conduct does not seek to provide prescriptive rules on every ethical issue that may be faced by Directors or employees. Rather it provides a benchmark for ethical behaviour to assist GPT to maintain the trust and confidence of all of GPT's stakeholders. The Code of Conduct also articulates the consequences for Directors and employees if they do not perform to the standards that are expected of them.

The Code of Conduct deals with:

- ethical behaviour;
- conflicts of interest;
- prohibition on insider trading;
- prohibition on making unauthorised gains;
- non-disclosure of confidential information;
- fair dealing;
- health and safety; and
- protection and use of company assets.

GPT also has a Whistleblower Policy which deals with reporting and investigating unethical behaviour.

All employees receive Code of Conduct training on commencement of employment with GPT and routine refresher training thereafter.

Copies of GPT's Code of Conduct and Whistleblower Policy can be obtained from GPT's website.

5.2. Diversity

GPT promotes an inclusive workplace where employee differences like gender, age, ethnicity, culture, disability and lifestyle choice are valued. The unique skills, perspectives and experience that our employees possess promote greater creativity and innovation that better reflects and serves the needs of our diverse customer base ultimately driving improved business performance. GPT recognises that encouraging workplace diversity is not just the socially responsible course of action but is also a source of competitive advantage for the Group.

On a macro level, GPT acknowledges that females are underrepresented in senior leadership roles and as members of boards across Australia. The Group is committed to improving gender diversity throughout the business with a particular focus on what can be achieved to improve the number of females in senior leadership roles.

The GPT Group is committed to high quality recruitment and selection process for roles at all levels of the organisation which ensures candidates are selected on the basis of individual merit without patronage or favouritism. During 2013, GPT is proud to have had an employee population which is 51% female. At the end of 2013, female representation amongst our Board of Directors was at 22.22% and at 10% in the Leadership team.

During 2013 GPT re-invigorated its Diversity Strategy and remains committed to achieving 40% female representation in senior leadership roles by 2015. As at 31 December 2013 female

representation amongst this cohort was at 27.58%. Specific objectives for 2014 are to increase representation to 35% in this group and also for 40% of succession plan candidates to be female by year end.

GPT utilises a range of inputs to inform its strategy and also assess its performance in this area such as employee opinion surveys, targeted focus groups, the monitoring of a host of employee data as well as external benchmarking.

A copy of GPT's Diversity Policy and additional information regarding diversity can be obtained from GPT's website.

5.3. Trading in Securities and Hedging

In addition to its responsibilities under the Corporations Act 2001, the Board has established a Personal Dealing Policy for Directors and employees trading in GPT Securities. This policy provides that:

- subject to specific exemptions set out in the policy, Directors and employees are only permitted to trade in GPT Securities in the six week period beginning one day after the announcement of GPT's half year, full year results or the provision by the Board of forecasts in an offer document released to the market;
- even during the permitted trading window, no Director or employee may deal in GPT Securities if he or she has information which, if publicly available, might have a material impact on the price of those Securities; and
- Key Management Personnel (as defined by section 9 of the Corporations Act 2001) may not enter into an arrangement (with anyone) if the arrangement would have the effect of limiting that persons' risk exposure in respect of an element of their remuneration that has not vested or has vested but remains subject to a holding lock.

GPT's Code of Conduct also sets out an explanation and prohibition of insider trading.

A full copy of the Personal Dealing Policy can be obtained from GPT's website.

5.4. Political Donations

GPT's policy is that of making no political donations.

5.5. Governance for Externally Managed Funds

GPT recognises that as the manager of an externally managed vehicle, conflicts or potential conflicts may arise from time to time between GPT and the externally managed funds.

Therefore effective and transparent governance procedures are vital to ensure that the interests of investors in the funds are being protected.

GPT has adopted the following basic principles for managing conflicts of interest that may arise:

- regular reporting in relation to conflicts;
- training of executives on their responsibilities in providing services to externally managed funds as part of a funds management business;
- clear delineation of the matters that require investor consent in the operation of the funds; and
- fees paid to GPT by the funds are as stipulated in the documentation establishing the fund or otherwise on an "arm's length" basis.

GPT's funds management business currently comprises the GPT Wholesale Office Fund and the GPT Wholesale Shopping Centre Fund (Funds). GPT Funds Management Limited, a subsidiary of GPTMHL, is the Responsible Entity of these Funds. The Board of the Responsible Entity is responsible for all decisions in respect of the Funds and, if there is a conflict between the investors' interests and the interests of GPT, the Board of the Responsible Entity must give priority to the investors' interests. Under the arrangements entered into between GPT and investors,

it has been agreed that the Board of the Responsible Entity will be comprised of a majority of independent directors and transactions between the Funds and GPT are to be approved by the Board of the Responsible Entity (comprised only of its independent directors).

6. PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

6.1. Audit and Risk Management Committee

The Board has established the Audit and Risk Management Committee. The Audit and Risk Management Committee is comprised only of Non-Executive Directors, all of whom are independent.

At least one member of the Audit and Risk Management Committee has relevant accounting qualifications and experience and all members have a good understanding of financial reporting and risk management.

Further details of the structure and responsibilities of the Audit and Risk Management Committee are set out under Principle 2.

6.2. External Auditor

GPT's external Auditor is PricewaterhouseCoopers (PWC). Under the Board's guidelines for the engagement of, and dealing with, GPT's Auditor:

- the Auditor's appointment will be reviewed every five years and the lead audit and review partner must be rotated every five years;
- any major non-audit work to be undertaken by the Auditor must be approved by the Audit and Risk Management Committee; and

- the Audit and Risk Management Committee regularly monitors the type of non-audit work undertaken by the Auditor and the fees paid for such work and provides advice to the Board on the independence of the Auditor.

The Audit and Risk Management Committee is responsible for making recommendations to the Board on the appointment, reappointment, replacement, and remuneration of external Auditors. In 2013 GPT sought tenders in respect of its external auditor. PWC was the successful tenderer.

All fees paid to the Auditors are disclosed in GPT's Annual Financial Report. In relation to the audit of the Annual Financial Report of GPT for the year ended 31 December 2013, PWC has provided written confirmation to the Board that, to the best of its knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001; and
- any applicable code of professional conduct.

A copy of PWC's independence declaration is included at page 41 of the Directors' Report.

7. PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

7.1. Continuous Disclosure Policy

The Board is committed to ensuring that all stakeholders are fully informed in a timely manner so that trading in GPT Securities takes place in an informed and competitive market.

GPT has a Continuous Disclosure Policy which outlines the concepts and principles of continuous disclosure, how they apply in practice, the obligations on GPT personnel to keep the market informed at all times, the procedures to be followed in the case of a disclosable event and the penalties for contravening continuous disclosure obligations. All employees receive training on GPT's obligations to ensure disclosure of material information.

The Company Secretary is responsible for communication with the Australian Securities Exchange in relation to listing rule obligations including continuous disclosure.

A copy of the Continuous Disclosure Policy can be obtained from the GPT website.

8. PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

The Board is committed to effective communication with GPT's stakeholders on all major developments and events concerning GPT's operations and financial results. To achieve this, GPT has designed a communications policy which outlines GPT's procedures for disclosure of information to the market.

8.1. Communication with Stakeholders

In addition to complying with the continuous disclosure obligations required by the Australian Securities Exchange, timely and accurate information is made available to all stakeholders. Announcements are:

- released to the Australian Securities Exchange in the case of market sensitive information;
- posted to the 'News and Media' section of the GPT website (additionally, interested parties can register for GPT's 'Alert Service' to receive an emailed message following new announcements); and
- distributed to major media and investor contacts.

Major communication forums, such as Annual and Mid-Year results briefings and the Annual General Meeting, are also webcast.

GPT maintains an extensive website which includes the following information:

- copies of Annual Reports (from 2007 is available on the website);
- historical information in relation to distributions including all distributions paid since 1985;
- detailed property information; and
- Board and Committee charters and policies.

Executives also meet with investors and their representatives on a regular basis to discuss GPT's performance.

Additional information regarding Stakeholder Engagement can be obtained from GPT's website under the section on Sustainability.

8.2. Annual General Meeting

GPT's Annual General Meeting is held each year, typically between April and June. In addition to formal business, the meeting is an opportunity for Securityholders to be briefed on GPT's activities and to ask questions of the Board and management.

A Notice of Meeting and accompanying Explanatory Memorandum on proposed resolutions is provided to Securityholders well in advance of any meeting of Securityholders. It is also posted on GPT's website and lodged with the Australian Securities Exchange.

Securityholders who are not able to attend GPT's Annual General Meeting are able to vote by proxy in accordance with the Corporations Act 2001.

The Auditor attends the Annual General Meeting and is available to answer Securityholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

The Annual General Meeting is webcast via GPT's website for those Securityholders who are unable to attend in person. Additionally, the Chairman's address is immediately announced to the Australian Securities Exchange.

9. PRINCIPLE 7: RECOGNISE AND MANAGE RISK

9.1. Risk Management Framework

The GPT Group has an active enterprise-wide risk management framework. Within this framework the Board has adopted a policy setting out the principles, objectives and approach established to maintain GPT's commitment to integrated risk management. GPT's risk management approach incorporates culture, people, processes and systems to enable the organisation to realise potential opportunities whilst managing adverse effects. The approach is consistent with AS/NZS ISO 31000:2009: Risk Management.

Key components of the GPT's risk management approach include:

- The GPT Board, Leadership team, employees and contractors all understand their risk management accountabilities, promote the risk culture and apply the risk processes to achieve the organisation's objectives. Refer below for further information regarding scope, roles and responsibilities in respect of risk management.
- Specialist risk management expertise is developed and maintained internally and provides coaching, guidance and advice.
- Risks are identified and assessed in a timely and consistent manner.
- Controls are effectively designed, embedded and assessed.

- Material risks and critical controls are monitored and reported to provide transparency and assurance that the risk profile is aligned with GPT's risk appetite, strategy and values. Specifically, the risk management framework includes an annual program of assurance and internal audit activities to provide an independent, objective appraisal of the adequacy and effectiveness of GPT's risk management including internal controls.
- Results are reported to the Audit and Risk Management Committee and, through the Committee, to the Board.

9.2. Scope, Roles and Responsibilities in Respect of Risk Management

GPT's risk management policy applies to all directors and employees of the GPT Group and, to the maximum extent possible, to the agents and contractors that act for or on behalf of the GPT Group.

The risk management and internal audit functions of the GPT Group report to the Chief Risk Officer. The internal auditors and the Chief Risk Officer have direct access to the Audit and Risk Management Committee.

Additionally, GPT recognises the requirement for effective risk management as a core capability and consequently all employees are expected to be managers of risk.

Further details of roles and responsibilities in relation to risk management are set out below:

ROLE	RESPONSIBILITY
GPT Board	The GPT Board is ultimately accountable for corporate governance and the appropriate management of risk across GPT. The Board sets the risk appetite and oversees GPT's risk profile to ensure activities are consistent with the strategy and values of the organisation.
Audit and Risk Management Committee	The Audit and Risk Management Committee supports the Board. The Committee is responsible for overseeing and reviewing the effectiveness of GPT's risk management framework. The Committee and, through it the Board, receive reports on GPT's risk management practices and control systems and the effectiveness of GPT's management of its material business risks.
Leadership Team	The Leadership team supports the framework and culture of risk management at GPT and each member is accountable for developing and promoting this within their business area. The Leadership Team is responsible for appropriately managing key risks and for the ongoing maintenance of the control environment.
Chief Risk Officer	The Chief Risk Officer is responsible for designing, implementing and reporting on the adequacy of GPT's risk management framework to the Board, Audit and Risk Management Committee and the Leadership Team.
All Employees	Employees are responsible for ensuring they comply with all legislative, regulatory and GPT policy requirements including reporting any identified risks to the appropriate management in a timely manner.

9.3. Compliance Framework

Reporting to the General Counsel, the Compliance Manager promotes a compliance culture across GPT, while assisting management to comply with the regulatory framework within which GPT operates. This includes monitoring compliance with the Trust's Compliance Plan and other key compliance policies and procedures of GPT. Reports on compliance activities are provided to the Audit and Risk Management Committee and, through the Committee, to the Board.

9.4. Integrity in Financial Reporting, Risk Management and Internal Control

For the period ended 31 December 2013, the Board has received written assurance from the Chief Executive Officer and Chief Financial Officer that the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal compliance and control which, in all material respects, implements the policies adopted by the Board and that this system is operating effectively and efficiently in all material respects in relation to financial reporting. Since 31 December 2013 nothing has come to the attention of the Chief Executive Officer and Chief Financial Officer that would indicate any material change to these statements.

10. PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

10.1. Nomination and Remuneration Committee

GPT's Nomination and Remuneration Committee is responsible for:

- reviewing and making recommendations to the Board on remuneration policies (including performance management and short and long term incentive schemes) applicable to GPT employees;
- reviewing the Chief Executive Officer's performance and remuneration annually, and reporting to and making recommendations to the Board thereon; and
- making recommendations to the Board on remuneration policies and packages applicable to Board members.

Further information concerning the Nomination and Remuneration Committee is set out above under Principle 2.

10.2. Remuneration Policy

GPT is a performance-based culture that creates opportunities for market competitive rewards to employees in line with their performance. As a result, GPT's remuneration strategy is focused on aligning and rewarding superior employee performance. GPT's remuneration processes are also designed to demonstrate a clear and direct link between GPT's performance and an individual's performance and remuneration.

The Board, with the assistance of the Nomination and Remuneration Committee, aims to create a remuneration system that:

- is transparent;

- is fair and market competitive;
- encourages superior performance by aligning employee rewards with the interests of all stakeholders;
- attracts, motivates, retains and rewards talented and skilled directors, executives and employees; and
- rewards employees who align their conduct and performance with the core values and culture of GPT.

Non-Executive Directors receive fees which reflect their skills, responsibility and time commitment in the discharge of their duties. There is no performance link, in that fees are fixed with no short or long term incentive schemes in place. Non-Executive Directors do not receive any retirement benefits.

GPT's philosophy and the policies and procedures that are applied to determine the nature and amount of remuneration paid to Directors and employees of GPT are set out in the Remuneration section of the Directors' Report (pages 11 to 40).

All Senior Executives have formal agreements governing their employment. These agreements prescribe:

- job description;
- remuneration*;
- compliance with governance policies (including Code of Conduct, Personal Dealing Policy and Conflicts Management Policy);
- confidentiality; and
- notice and rights on termination*.

* Further details on these in relation to the Key Management Personnel are set out in the Remuneration section of the Directors' Report.

ASX CORPORATE GOVERNANCE RECOMMENDATION RECONCILIATION 31 DECEMBER 2013

REQUIREMENT/RECOMMENDATIONS	REFERENCE	COMPLY
1 Lay Solid Foundations for Management and oversight	3	Yes
1.1 Establish functions reserved to the Board and those delegated to senior executives and disclose those functions	3.1 Board Charter	Yes
1.2 Disclose the process for evaluating the performance of senior executives	4.7, 4.8, 10.2 Directors' Report	Yes
1.3 Provide information indicated in the Guide to reporting on Principle 1.	3, 3.1, 4.7, 4.8, 10.2 Board Charter Directors' Report	Yes
2 Structure of the Board to add value	4	Yes
2.1 A majority of the board should be independent directors	4.1, 4.2, 4.3 Board Charter; Nomination and Remuneration Committee Charter; Directors' Report	Yes
2.2 Chair should be an independent director	4.1, 4.2, 4.3 Board Charter Directors' Report	Yes
2.3 Roles of the chair and chief executive officer should not be exercised by the same individual	4.1, 4.2, 4.3 Board Charter Directors' Report	Yes
2.4 The Board should establish a nomination committee	4.10, 10.1, Nomination and Remuneration Committee Charter	Yes
2.5 Disclose the process for evaluating the performance of the Board, its committee and individual directors	4.7, Board Charter	Yes
2.6 Provide the information indicated in the Guide to Reporting in Principle 2	4, 4.1, 4.2, 4.3, 4.7 Nomination and Remuneration Committee Charter, Directors' Report	Yes
3. Promote ethical and responsible decision-making	5	Yes
3.1 Establish a code of conduct and disclose the code or a summary of the code	5.1	Yes
3.2 Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and the progress in achieving them	5.2	Yes
3.3 Disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them	5.2	Yes
3.4 Disclose in each annual report the proportion of women employees in the whole organisation, women in senior positions and women on the board	5.2	Yes
3.5 Provide the information indicated in the Guide to Reporting in Principle 3.	5, 5.1, 5.2	Yes

REQUIREMENT/RECOMMENDATIONS		REFERENCE	COMPLY
4.	Safeguard integrity in financial reporting	6	Yes
4.1	Board should establish an audit committee	4.9, 4.11, 6.1	Yes
4.2	Audit committee should be structured so that it: <ul style="list-style-type: none"> • Consists only of non-executive directors • Consists of a majority of independent directors • Is chaired by an independent chair, who is not a chair of the Board • Has at least 3 members 	4.11, 6.1 Audit Committee Charter, Directors' Report	Yes
4.3	Audit committee should have a formal charter	4.9, 4.11	Yes
4.4	Provide the information indicated in the Guide to reporting on Principle 4	4.9, 4.11, 6.1, Audit Committee Charter, Directors' Report	Yes
5.	Make timely and balance disclosure	7	Yes
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	Introduction, 5.3, 7.1	Yes
5.2	Provide the information indicated in the Guide to Reporting on Principle 5	Introduction, 5.3, 7.1	Yes
6.	Respect the rights of shareholders	8	Yes
6.1	Design a communications policy for promoting effective communications with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy	Introduction, 8.1, 8.2	Yes
6.2	Provide the information indicated in Guide to Reporting on Principle 6	Introduction, 8, 8.1, 8.2	Yes
7.	Recognise and manage risk	9	Yes
7.1	Establish policies for the oversight and management of material business risks and disclose summary of those policies	9.1	Yes
7.2	Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks	9.1, 9.2, 9.3	Yes
7.3	Board should disclose whether it has received assurances from the chief executive officer and the chief financial officer that the declaration provided in accordance with s295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to the financial reporting risks	9.4	Yes
7.4	Provide the information indicated in Guide to Reporting on Principle 7	9, 9.1, 9.2, 9.3, 9.4	Yes
8.	Remunerate fairly and responsibly	10	Yes
8.1	Board should establish a remuneration committee	4.9, 4.10	Yes
8.2	The remuneration committee should be structured so that it: <ul style="list-style-type: none"> • Consists of a majority of independent directors • Is chaired by an independent chair • Has at least three members 	4.10 Nomination and Remuneration Committee Charter	Yes
8.3	Clearly distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives	10.2, Directors' Report	Yes
8.3	Provide the information indicated in Guide to Reporting on Principle 8	4.9, 4.10, 10.2 Nomination and Remuneration Committee Charter Directors' Report	Yes

ANNUAL FINANCIAL REPORT OF GENERAL PROPERTY TRUST

For the year ended 31 December 2013 – THE GPT GROUP

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

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

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

The Directors of GPT RE Limited, the Responsible Entity of General Property Trust, present their report together with the financial report of the General Property Trust (the Trust) and its controlled entities (consolidated entity) for the financial year ended 31 December 2013. The consolidated entity together with GPT Management Holdings Limited and its controlled entities form the stapled entity, the GPT Group (GPT or the Group).

During the financial year, GPT RE Limited acted as the Responsible Entity of the Trust. GPT RE Limited is a company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business is MLC Centre, Level 51, 19 Martin Place, Sydney NSW 2000.

1. OPERATING AND FINANCIAL REVIEW

1.1 About GPT

GPT is an active owner and manager of an \$8.6 billion diversified portfolio of high quality Australian retail, office and logistics property assets and has a funds management platform with \$7.1 billion of property assets under management.

The Group owns, and has created, some of Australia's most iconic real estate assets, including MLC Centre and Australia Square in Sydney, Melbourne Central and Highpoint Shopping Centre in Melbourne and One One One Eagle Street in Brisbane.

Listed on the Australian Securities Exchange (ASX) since 1971, GPT is today one of Australia's largest diversified listed property groups with a market capitalisation of approximately \$6.2 billion. GPT is one of the top 50 listed stocks on the ASX by market capitalisation.

GPT has significant end to end capability within its business across all three sectors, supporting the performance of its \$15.2 billion portfolio of assets under management. Core to the business is the capital allocation process of the portfolio. This is enhanced through development and active asset management. The business is optimised through an efficient support team ensuring GPT applies a frugal approach, with strong capital management and a fortress balance sheet.

1.2 Strategic Plan

Over the past year GPT has undertaken an extensive review of its strategy, with a focus on leveraging its capabilities and building on the strong position the organisation has achieved. This included an examination of the trends impacting the property sector together with seeking external insights. The results of this review were announced to the market on 28 October 2013.

The three key outcomes of the strategic review are:

- Elevating Total Return to be the primary performance measure across the business;
- Significantly expanding Funds Under Management (FUM) by \$10 billion; and
- Continuing a frugal approach to managing the business and maintaining a fortress balance sheet.

Driven by Total Return

GPT's primary financial metric is Total Return at the Group and at an asset level. Total Return at the group level is calculated as the distributions paid / payable plus the change in the value of the net tangible assets divided by the opening net tangible assets. In order to embrace this measure, from 2014 onwards, Short Term Incentives for staff are based 100% on achieving Total Return targets.

GPT's core portfolio strategy is to remain diversified. An important outcome of the strategic review was that there is no compelling evidence to suggest that one sector will outperform over another in the long term. This supports diversification rather than a shift to single sector specialisation and points to a need to be more flexible and tactical in the approach to sector weightings, with investment decisions being led by business intelligence insights and the quality of the asset stock selection.

The key to success for GPT is ensuring that capital is allocated in the most effective manner. Continue to maintain strong skills in capital allocation will provide a unique competitive advantage driving outperformance.

\$10 Billion Increase in Funds under Management

Growth in Funds under Management of \$10 billion will enable GPT to increase active earnings from 3% to 10% for the Group. This will come from increasing the size of the existing funds, with a logistics fund and a metropolitan office fund planned to be launched in 2014.

The rationale for increasing GPT's exposure to Funds Management activities is based on driving total returns whilst keeping the cost of capital low. GPT is well positioned to execute on this strategy given its success to date in funds management, with \$7.1 billion of funds currently under management, the two best performing funds in the office and retail core wholesale sectors and having raised \$2.5 billion of equity capital since 2010. This positions GPT strongly to take advantage of the large and growing demand for real estate assets and investment products in Australia from both domestic and offshore capital sources.

Frugal Approach and Fortress Balance Sheet

A frugal approach will enable GPT to target a Management Expense Ratio (MER), calculated as management expenses as a percentage of assets under management, of less than 45 basis points, one of the lowest amongst its peers. GPT will also continue to maintain a fortress balance sheet, with low gearing and significant capacity giving the Group flexibility to execute on investment opportunities as they arise.

1. OPERATING AND FINANCIAL REVIEW (CONTINUED)

1.2 Strategic Plan (continued)

The Journey Ahead

GPT's journey ahead sets out a pathway to activate and harvest the benefits from this strategy which is set out in four key stages:

- Growth platforms established:** This stage has already been completed with the establishment of the growth platforms of Funds Management, development and new profit sources. GPT has also embedded a capital allocation culture within the business and has a fortress balance sheet in place;
- Strategy activation:** GPT is currently focused on activating the key measures outlined in the strategy, including targeting \$10 billion growth in FUM and implementing a flexible development model, customer centric approach and strategic business intelligence capability. Underpinning these activities will be an ongoing frugal approach with a target MER of less than 45 basis points;
- Harvest benefits:** The third stage in the journey is focused on harvesting the benefits from the strategy. These benefits include increased active earnings, the production of significant product for balance sheet and funds, deriving income streams from property solutions and undertaking opportunistic activity where appropriate. Together all of these activities should lead to outperformance;
- Embedded premium:** The final stage in the journey is focused on seeing the benefits of the strategy embedded in the value of the business. This includes demonstrated organic growth, a low cost of capital and the value of the Fund Management business being included in NAV which should lead to a price premium. GPT will have also identified further growth platforms to support the next stage in its strategic journey.

The foundation of all the above stages in GPT's strategy journey is the underlying principle of being driven by total return with a target of greater than 9%.

1.3 Review of Operations

The Group's financial performance for the year ended 31 December 2013 is summarised below.

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 GPT's result have been identified. The reconciliation of Realised Operating Income (ROI) to net profit after tax is useful as ROI is the measure of how GPT's profitability is assessed.

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 Standards. The adjustments that reconcile the ROI to net profit after tax 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. The ROI results are included in the Segment note (note 2) which forms part of the financial report.

The net profit after tax for the year ended 31 December 2013 is \$571.5 million (2012: \$594.5 million).

The reconciliation of ROI to Net profit after tax is set out below:

	Consolidated entity		
	2013 \$M	2012 \$M	Change %
Core operations	580.9	566.0	2.6%
Non-core operations	11.2	14.5	(22.8%)
Financing and corporate overheads	(120.3)	(124.1)	(3.1%)
Realised Operating Income	471.8	456.4	3.4%
Change in fair value of assets (non-cash):			
Valuation increase - Core Domestic Portfolios and Funds Management (Australia)	92.2	196.1	(53.0%)
Financial Instruments mark to market value and net foreign exchange movements	20.3	(40.4)	150.2%
Other items*	(12.8)	(17.6)	(27.3%)
Net profit after tax	571.5	594.5	(3.9%)

*Other items include amortisation of intangibles, profit / loss on sale, one off items and related tax impact.

1. OPERATING AND FINANCIAL REVIEW (CONTINUED)

1.3 Review of Operations (continued)

The financial performance by operating segments are summarised below along with commentary on each portfolio's operational performance.

	2013 \$M	2012 \$M	Change %
Retail net operating income	264.3	300.9	(12.2%)
Office net operating income	144.1	135.6	6.3%
Logistics net operating income	76.2	69.3	10.0%
Income from funds	74.9	68.2	9.8%
Investment Management expenses	(7.1)	(8.9)	(20.2%)
Investment Management ROI	552.4	565.1	(2.2%)
Asset Management ROI	5.8	(6.1)	195.1%
Development - Retail & Major Projects ROI	2.8	(8.3)	133.7%
Development - Logistics ROI	(1.8)	(0.7)	(157.1%)
Funds Management ROI	21.7	16.0	35.6%
Net interest expense	(95.5)	(103.7)	(7.9%)
Unallocated management expenses	(22.1)	(22.3)	(0.9%)
Tax (expenses) / benefit	(2.7)	1.9	(242.1%)
Non-core ROI	11.2	14.5	(22.8%)
Total Realised Operating Income	471.8	456.4	3.4%
Less: distribution to exchangeable securities	(25.0)	(25.0)	-
ROI basis for 80% distribution payout policy	446.8	431.4	3.6%
ROI per ordinary stapled security (cents)	25.71	24.23	6.1%
Distribution per ordinary stapled security (cents)	20.4	19.3	5.7%

Group result

The 3.4% increase in ROI is a result of full year operating income from One One One Eagle Street completed in 2012, higher income from funds contributed by assets acquired in 2012 and higher funds management fees, reduction in management expenses from a restructure in 2012 and lower net interest expense due to a reduced debt balance and cost of debt. These have been partly offset by lower retail net operating income from asset sales in 2013.

Investment Management



Retail Portfolio

15 shopping centres
940,000 sqm GLA
3,300+ tenants
\$4.49b portfolio



Office Portfolio

20 assets
1,020,000 sqm NLA
350+ tenants
\$2.90b portfolio



Logistics Portfolio

30 assets
710,000 sqm GLA
80+ tenants
\$1.17b portfolio

1. OPERATING AND FINANCIAL REVIEW (CONTINUED)

1.3 Review of Operations (continued)

Investment Management (continued)

(i) Retail portfolio

- Portfolio value \$4.49 billion (2012: \$4.96 billion), including equity interest in GPT Wholesale Shopping Centre Fund (GWSCF)
- Occupancy by area 99.6% (2012: 99.5%)
- Weighted average lease expiry (WALE) by income 4.1 years (2012: 4.4 years)

The value of the retail portfolio decreased by \$471.5 million over the year as a result of the divestment of the remaining Homemaker Centre portfolio and GPT's 50% interest in Erina Fair. The underlying portfolio quality continues to improve with further capitalisation rate compression of 8 basis points over the preceding 12 months. A net revaluation uplift of \$42.9 million (including GPT's equity interest in GWSCF) was achieved across the portfolio primarily through favourable revaluations at Highpoint Shopping Centre, Melbourne Central and Sunshine Plaza, offset in part by negative revaluations at Charlestown Square and Dandenong Plaza.

Positive income growth was driven by a high proportion of structured rental increases, in addition to increased focus on expense management across the portfolio.

The retail portfolio continues to be well leased with occupancy remaining high at 99.6%. There are currently 21 vacant tenancies (excluding development affected centres) across the portfolio.

(ii) Office portfolio

- Portfolio value \$2.90 billion (2012: \$2.76 billion), including equity interest in GPT Wholesale Office Fund (GWOF)
- Occupancy by area 90.6% (2012: 95.8%)
- WALE by income 5.8 years (2012: 5.4 years)

The office portfolio achieved a net revaluation uplift of \$53.3 million (including GPT's equity interest in GWOF) over the 12 month period, primarily as a result of reduction in future expiries and firming capitalisation and discount rates. This was reflected in positive revaluation movements in Australia Square, Melbourne Central Tower and 818 Bourke Street as well as a number of assets in the GWOF portfolio.

Income growth remained subdued due to a lower average occupancy and a lower amount of lease surrender payments than 2012.

Occupancy decreased primarily as a result of Freehills vacating the MLC Centre (3% impact) and single floors becoming available at Melbourne Central Tower and 1 Farrer Place, Sydney.

(iii) Logistics portfolio

- Portfolio value \$1.17 billion (2012: \$0.99 billion)
- Occupancy by area 96.2% (2012: 98.2%)
- WALE by income 5.1 years (2012: 5.8 years)

The value of the logistics portfolio increased by \$182.6 million over the year as a result of the three new acquisitions with a total purchase price of \$107.5 million, development capex and the residual uplift in value of development assets nearing completion.

Income growth is down slightly on the prior year due to a slight increase in vacancies across the portfolio.

Occupancy decreased primarily as a result of a significant expiry at Austrak Business Park, Somerton, which represents circa 2.6% of the portfolio area. Of the 30 assets within the portfolio, only three have current vacancies.

The WALE reduced to 5.1 years, primarily as a result of acquisitions with shorter WALEs ranging from 2.2 to 3.0 years (as at 31 December 2013). This reduction was partly offset by renewals and active leasing of prior vacancies.

(iv) Income from Funds

GPT has ownership interests in two wholesale funds, the GPT Wholesale Office Fund and the GPT Wholesale Shopping Centre Fund.

As at 31 December 2013	GWOF	GWSCF
Assets under management	\$4.1bn	\$3.0bn
Number of assets	15	9
GPT interest (%)	20.28%	20.31%
GPT investment	\$714.9m	\$523.8m
One year total return (post-fees)	9.9%	9.5%
Fund distributions	\$44.7m	\$30.2m
Funds Management fee income	\$17.3m	\$13.6m

The performance across the Funds' assets continues to be strong, with GWOF achieving a total return of 9.9% and GWSCF a total return of 9.5% for the year. GWOF is ranked first among the sector peer groups for their total returns over 1 year, 3 years & 5 years and GWSCF for over 1 year.

1. OPERATING AND FINANCIAL REVIEW (CONTINUED)

1.3 Review of Operations (continued)

Investment Management (continued)

(iv) Income from Funds (continued)

GWOF

GWOF currently has a high level of DRP participation by its investors, raising \$78.5 million of equity during the year. GPT has participated in GWOF's DRP during the year to ensure it remains above the 20% minimum holding requirement and has therefore received higher distributions during 2013.

GWSCF

During the year, GWSCF completed its capital raising program oversubscribed, raising a total of \$569.0 million against an original target of \$500.0 million. Of this, \$408.0 million was achieved during 2013, with gearing reducing to 10.7% (2012: 23.6%). GPT contributed \$20.0 million to the equity raise during the year and participated in one quarter of GWSCF's distribution reinvestment plan (DRP) in order to remain above the 20% minimum holding requirement.

GPT's fund distributions from GWSCF increased accordingly, in addition to GWSCF distributing more in 2013 due to the full year of income from the Casuarina Square and Westfield Woden acquisitions, as well as the development completion of Highpoint in March 2013.

Asset Management

During the year, GPT internalised the property management function of the MLC Centre in Sydney and eight assets held by GWOF. The property management function of these assets had been previously outsourced to Jones Lang LaSalle. The internalisation was undertaken to reinforce GPT's core business strategy to own and actively manage quality Australian property assets, as well as delivering great customer experiences and performance outcomes. This has contributed to the operating profit of asset management increasing to \$5.8 million (2012: a loss of \$6.1 million).

Development – Retail & Major Projects

The Retail & Major Projects (RMP) Development team is responsible for identifying, master planning and delivering development investment opportunities for GPT, the wholesale funds and third party owners. These development investment opportunities are primarily sourced from the existing asset bases of either GPT or the wholesale funds. The team earns development management fees for providing these services.

During 2013 the RMP Development team delivered \$700.0 million of completed developments, being Highpoint Shopping Centre in Melbourne and 161 Castlereagh St in Sydney's CBD. The team is currently delivering a further \$400.0 million of developments that are scheduled for completion in 2014, being Wollongong Central, and 150 Collins Street in Melbourne's CBD.

The operating result of RMP Development has increased to a profit of \$2.8 million (2012: a loss of \$8.3 million) primarily due to a reduction in the corporate overhead following the restructure of the Group in 2012 and an increase in the day rates.

Development – Logistics

The Logistics Development team is responsible for identifying and delivering Logistics development investment opportunities for GPT. During 2013 the Logistics Development team commenced three pre-lease developments at Erskine Park with an end value of \$230 million, signed a Heads of Agreement and commenced the \$73.0 million next stage of the Sydney Olympic Park development (3 Murray Rose), entered into a joint venture which acquired a site at Chullora and progressed the existing Toll NQX development.

The operating loss of Logistics Development has increased to \$1.8 million (2012: a loss of \$0.7 million) primarily due to additional headcount being employed in line with the Group's strategy to increase the focus on Logistics developments. In so doing the business delivered valuation uplift exceeding the loss which has been recognized through the Statement of Comprehensive Income.

Funds Management

GWOF's assets under management continue to grow strongly, up \$471.0 million in 2013. The management fee earned on GWOF increased by \$1.7 million in 2013 due to the 8 Exhibition Street acquisition, strong upward revaluations across the portfolio, completion of the Liberty Place - 161 Castlereagh Street development investment and continuation of the 150 Collins Street development investment.

GWSCF's assets under management grew \$24.0 million in 2013 despite the sale of Carlingford Court for \$177.0 million in December 2013, (excluding the sale, assets under management would have grown \$201.0 million in 2013). The management fee earned on GWSCF increased by \$2.2 million in 2013 due to a higher asset base as a result of 2012 Casuarina Square and Westfield Woden acquisitions, strong upward revaluations and continuation of development spend during the year.

The operating result of funds management has increased to \$21.7 million (2012: \$16.0 million) primarily due to higher funds management fee income from the increase in asset values in both funds, lower direct expenses and income from the Green Square acquisition.

1. OPERATING AND FINANCIAL REVIEW (CONTINUED)

1.3 Review of Operations (continued)

Management expenses

	2013 \$M	2012 \$M	Change %	
Corporate overheads	22.1	22.3	(0.9%)	
Investment Management	7.1	8.9	(20.2%)	
Asset Management	9.6	21.1	(54.5%)	
Development Management - Retail And Major Projects	4.0	17.7	(77.4%)	
Development Management - Logistics	2.5	0.7	257.1%	
Funds Management	10.0	11.0	(9.1%)	
Total portfolio expenses	33.2	59.4	(44.1%)	
Total management expenses	55.3	81.7	(32.3%)	

GPT continues to focus on operational efficiency with management expenses declining by 32.3% to \$55.3 million (2012: \$81.7 million). The primary drivers for the decrease include the benefits from a restructure in 2012 and optimisation initiatives on systems and process improvements across the business.

Net finance costs

Net finance costs decreased from \$103.7 million in 2012 to \$95.5 million in 2013 due to both a lower average cost of debt from 5.6% to 5.1% and lower average debt balance from \$2,134.8 million to \$2,128.9 million, offset by lower capitalised interest of \$3.0 million.

GPT's average cost of debt reduced from 5.6% in 2012 to 5.1% in 2013. This was due to renegotiation of bank loans at lower margin and fees, a lower amount of hedging (average hedging for the year reduced from 80% in 2012 to 74% in 2013) at lower fixed rates due to the termination of higher rate hedges with asset sale proceeds and lower floating rates in line with the Reserve Bank of Australia cutting the official cash rate by a further 50 basis points in 2013.

GPT's average debt drawn reduced from \$2,134.8 million in 2012 to \$2,128.9 million in 2013 mainly as a result of net asset divestments in the first half (including full year impact from prior year net asset divestments) offset by the securities buyback in the second and third quarter and term deposits attracting net positive carry.

Non-core operations

Hotel/Tourism portfolio

On 23 May 2011, GPT completed the sale of Ayers Rock Resort to the Indigenous Land Corporation. Total consideration for the sale was \$300.0 million, to be received in three instalments with \$81.0 million paid on settlement, \$81 million to be received 12 months after settlement and \$138.0 million to be received five years after settlement. Proceeds from the first and second instalments were used to reduce borrowings.

GPT has been provided with guarantee on the payments of the deferred considerations and the interest at a rate of 6.5% per annum. GPT shares in 46% of any increase in capital value of Ayers Rock Resort over \$300.0 million plus capital expenditure committed over the period with a minimum guaranteed payment to GPT of \$17.0 million at the end of the five year period. GPT will accrue increments of the \$17.0 million guaranteed payment over the five year period resulting in an additional 2% return per annum bringing the total return to 8.5% per annum. GPT contributed \$22.2 million towards capital expenditure in 2012 in accordance with the sale agreement.

Funds management – Europe

On 17 May 2013, GPT completed the divestment of the 38.04% interest in Dutch Active Fund Propco BV (DAF).

Reconciliation items from Realised Operating Income to Net profit after tax

These reconciliation items comprise of 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 is \$38.4 million lower than 2012 (2013: profit of \$99.7 million, 2012: profit of \$138.1 million). This decrease was caused by lower revaluation of properties in the core portfolios offset by a higher gain on mark to market value movements of financial instruments arising from an increase in market swap rates and the use of cross currency swaps to hedge foreign currency debt.

1. OPERATING AND FINANCIAL REVIEW (CONTINUED)

1.4 Financial Position

	31 Dec 2013 \$M	31 Dec 2012 \$M	Change %
Core			
Retail	3,974.9	4,489.9	(11.5%)
Office	2,170.5	2,085.5	4.1%
Logistics	1,285.3	989.5	29.9%
Funds Management - Australia	1,238.7	1,152.8	7.5%
	8,669.4	8,717.7	(0.6%)
Non-core	158.3	153.2	3.3%
Financing and corporate assets	594.1	472.3	25.8%
Total assets	9,421.8	9,343.2	0.8%
Borrowings	2,310.4	2,143.6	7.8%
Other liabilities	396.6	323.4	22.6%
Total liabilities	2,707.0	2,467.0	9.7%
Net assets	6,714.8	6,876.2	(2.3%)
Total number of potential stapled securities (million)*	1,759.3	1,831.2	(3.9%)
Net tangible asset backing (\$)	3.79	3.73	1.6%

* including the conversion of the exchangeable securities at the exchange price of \$3.883.

- Total return of 8.5% (2012: 9.5%) being the movement of net tangible assets (NTA) of six cents to \$3.79 plus the distribution paid / payable of \$25.5 cents, divided by the opening NTA.
- Total core assets decreased by 0.6% to \$8,669.4 million (2012: \$8,717.7 million) primarily due to asset sales in the retail segment offset by the acquisition of logistics assets.
- Total borrowings increased by \$166.8 million to \$2,310.4 million (2012: \$2,143.6 million) due to the securities buyback, investment in term deposits attracting interest revenue above GPT's incremental cost of debt, developments and acquisitions occurring mostly in the second half of the year offset by divestments.

Capital management

GPT continues to maintain a strong focus on capital management with key highlights for the year ended 31 December 2013 including:

- Reduced weighted average cost of debt from 5.6% in 2012 to 5.1% in 2013. This was due to renegotiation of bank loans at lower margin and fees, a lower amount of hedging (average hedging for the year reduced from 80% in 2012 to 74% in 2013) at lower fixed rates due to the termination of higher rate hedges with asset sale proceeds and lower floating rates in line with the Reserve Bank of Australia cutting the official cash rate by a further 50 basis points in 2013.
- Gearing (net debt basis) increased to 22.3% (2012: 21.7%). This is below GPT's target gearing range of 25% to 35% (with a current bias towards the lower end of the range) but is expected to trend towards the target range as GPT pursues its strategic plan. Look through gearing (net debt basis) decreased to 23.2% (2012: 23.9%).
- Maintained strong liquidity with \$534.9 million of cash and undrawn committed debt facilities as at 31 December 2013.
- Diversified funding sources and extended tenor with weighted average term to maturity of debt increasing to 5.5 years from 5.4 years in 2012 as a result of the inaugural issuance into offshore debt capital markets including:
 - HKD \$800 million (AUD \$98.8 million) 15 year MTN issue and
 - USD \$250 million (AUD \$243.1 million) 12 and 15 year US Private Placement (USPP).
- Maintained flat maturity profile with limited short term refinancing being fully covered with existing cash and undrawn headroom.
- Investment capacity of \$960.0 million at 30% net gearing (net of term deposits) (2012: \$1,080.0 million).
- Maintained S&P/Moody's credit rating A-/A3 (stable) during 2013.
- Interest rate hedging as at 31 December 2013 was 71.6% and GPT increased weighted average term of interest rate hedging from 2.4 years to 5.9 years, reducing future earnings at risk as a result of higher interest rates.

1. OPERATING AND FINANCIAL REVIEW (CONTINUED)

1.4 Financial Position (continued)

Cash flows

The cash balance as at 31 December 2013 increased to \$278.7 million (2012: \$159.9 million), including \$245.0 million in net positive interest income term deposits.

Operating activities:

Cash flows from operating activities remain strong and is slightly higher than 2012 caused by an increase in ROI offset by lower cash distribution received due to timing.

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

	2013 \$M	2012 \$M	Change %
ROI	471.8	456.4	3.4%
Add back: non-cash expenses items included in ROI	15.5	11.4	35.8%
Less: expenses items paid in cash but excluded from ROI	-	(8.1)	(100.0%)
Less: non-cash revenue items included in ROI	(20.0)	(13.8)	44.5%
Less: interest capitalised but paid in cash	(3.0)	(8.8)	(65.9%)
Timing differences - increase in receivables	(14.1)	(1.2)	1,075.0%
Timing differences - decrease in payables	(24.7)	(15.5)	59.4%
Cash flow from operating activities	<u>425.5</u>	<u>420.4</u>	<u>1.2%</u>

The Non-IFRS Information included above has not been specifically audited in accordance with Australian Auditing Standards, but has been derived from note 2 of the accompanying annual financial report.

Investing activities:

Significant investing cash flows during the year included the proceeds from the divestments of Homemaker assets (Aspley, Jindalee and Fortitude Valley) and GPT's 50% interest in the Erina Fair shopping centre. Major cash outflows included the acquisition of 3 Figtree Drive, Yennora, Yatala and Green Square in the logistics portfolio, operating capex, lease incentives and development capex.

Financing activities:

Significant financing cash flows during the year included the net proceeds from Medium Term Notes and USPP notes (\$208.6 million), funding of the security buyback (\$269.7 million), distributions paid (\$292.2 million) and payments on the termination and restructure of certain derivative instruments in connection with asset sales which reduced from \$90.7 million in 2012 to \$44.3 million in 2013.

Equity – on market buy back

GPT recommenced the security buyback on 11 June 2013. Since this date and until the end of 2013, GPT has acquired 73.8 million securities at an average price of \$3.653 per security and for a total cost of \$269.7 million.

Since July 2011 to the end of 2013, GPT has bought back 162.6 million securities, representing 8.8% of issued capital, at an average price of \$3.349. This has resulted in \$604.2 million of NTA being bought back for \$544.4 million, creating \$59.8 million of value.

Distribution

In accordance with GPT's distribution policy, GPT will distribute the greater of 70-80% of Realised Operating Income and taxable income for 2013.

On 28 March 2013, the GPT Group changed the frequency of distribution payments from quarterly to half yearly to take effect from 1 July 2013.

For the financial year ended 31 December 2013, distributions paid and payable to stapled securityholders totalled \$351.7 million (2012: \$341.9 million) representing an annual distribution of 20.4 cents (2012: 19.3 cents). This includes 10.3 cents (\$174.6 million) in respect of the second half of 2013, which was declared on 18 December 2013 and is expected to be paid on 21 March 2014. Further detail on distributions is set out in note 3 of the financial report.

1. OPERATING AND FINANCIAL REVIEW (CONTINUED)

1.5 Prospects

Group

GPT will be focused on carrying out the strategy announced to the market on 28 October 2013. This includes:

- Embedding the Total Return metric across the business as the primary measure of financial performance with a target of greater than 9%.
- Growing the funds management business through its existing platform and the launch of new funds.
- Adopting a customer centric approach in providing property solutions to customers.
- Implementing a strategic business intelligence capability to support the capital allocation process.
- Targeting a Management Expense Ratio of less than 45 basis points.

Investment management

Retail: The outlook for 2014 is for a continuation of modest retail sales growth, although some improvement is anticipated. While retail trade growth remains broadly below trend, GPT's most recent growth numbers suggest that shopping centre sales remain positive achieving 1.8% for the 12 months to December 2013. This is consistent with data from Urbis which has highlighted improvement in shopping centre sales growth since June 2012. 'Convenience based' centres have led growth mainly due to the relative out performance of supermarkets and food retail categories. Green shoots are emerging in the Shopping Centre sector with generally favourable consumer sentiment levels and online retail growth receding from the highs observed earlier in the year. GPT expects that larger regional centres which dominate strong and growing trade areas will outperform other retail asset classes in the longer term.

Office: The outlook for the office sector is for demand to remain relatively subdued in the short term. White collar employment growth will drive performance in the medium term. The prime rental market (incorporating Premium and A-Grade) is expected to continue to perform better than secondary markets as tenants take advantage of high incentives to upgrade. GPT's office portfolio is the highest quality of the listed REIT sector and is well positioned to deliver solid performance despite weak market conditions.

Logistics: The industrial sector is currently experiencing a patchy demand environment, increasing supply pipeline and a strong investment market for institutional grade product. The short to medium term outlook is for an improvement in rents and land values in line with a strengthening domestic economy. GPT will continue to acquire logistics assets as it looks to increase exposure to the sector. GPT will also look to develop out its land banks and seek new development investment opportunities as part of its development capability.

Asset management

In 2014, the asset management team will continue working on the three pillar approaches which are a customer centric focus on delivering great customer experience, extracting new revenue streams from a focus on providing property solutions and generating additional recurring earnings, and finally delivering excellence by aiming to generate efficiencies in operations and becoming more productive and profitable.

Development management

In 2014, the Retail & Major Projects Development team will continue to focus on the delivery of the Wollongong Central and 150 Collins Street projects in addition to progressing a number of opportunities that are currently in the master planning phase. The Logistics development team will focus on delivering the projects at Erskine Park, Murray Rose, Chullora and Toll NQX while actively looking for new acquisitions and opportunities to activate the existing land bank.

Funds management

GPT's longer term target is to increase active earnings from 3% to 10% from Funds Management. In 2014, GPT will continue to grow the Funds Management business. This growth will be a combination of growing existing funds and launching new funds. The existing funds management team will continue to actively manage their existing portfolios, with new acquisitions based on meeting the relevant investment objectives of the respective Fund.

A significant progress in this strategic initiative was achieved following GPT's a bid for Commonwealth Property Office Fund. On 6 January 2014 GPT Wholesale Office Fund and GPT Wholesale Shopping Centre Fund entered into a Memoranda of Understanding with an intention to acquire \$679.0 million of office and \$505.0 million of retail assets respectively.

Guidance for 2014

The GPT Board has approved the application of the Property Council of Australia definition of Funds from Operations (FFO) to replace GPT's current measure of ROI with effect from 1 January 2014. FFO represents GPT's underlying and recurring earnings from its operations determined by adjusting statutory net profit for certain non-cash and other item including distributions to exchangeable securities.

With the application of FFO, GPT's distribution policy will change to a payout ratio of approximately 100% of Adjusted Funds from Operations (AFFO) which is expected to be close to the existing policy of the greater of 70-80% of ROI (excluding development profits) and taxable income. AFFO is defined as FFO less maintenance capex and lease incentives.

In 2014, GPT is targeting to deliver a Total Return of at least 9.0% and a 3.0% increase in earnings per ordinary security which is based on a like for like portfolio of assets. Achieving these targets are subject to risks detailed in the section following.

1. OPERATING AND FINANCIAL REVIEW (CONTINUED)

1.6 Risks

The GPT Group's risk management approach incorporates culture, people, processes and systems to enable the organisation to realise potential opportunities whilst managing adverse effects. GPT recognises the requirement for effective risk management as a core capability and consequently all employees are expected to be managers of risk. GPT's approach is consistent with AS/NZS ISO 31000:2009: Risk Management.

GPT recognises that:

- Investor value is driven by taking considered risks.
- Effective risk management is fundamental to achieving strategic and operational objectives.
- By understanding and efficiently managing risk the business can create and protect value and provide greater certainty and confidence for investors, employees, business partners and the communities in which GPT operates.

The key components of this approach include:

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

The table below shows the key inherent risks faced by GPT and the strategies which GPT uses to manage them:

Level	Risk Description	Strategic Impact	Mitigation
Operational performance	Investments do not perform in line with forecast	<ul style="list-style-type: none"> • Investments deliver lower total return than target • Credit downgrade 	<ul style="list-style-type: none"> • Formalise deal management process • Active asset management including regular forecasting and monitoring of performance • High quality property portfolio • Development program to enhance asset returns
	Inability to lease assets in line with forecast	<ul style="list-style-type: none"> • Investments deliver lower total return than target 	<ul style="list-style-type: none"> • Large and diversified tenant base • High quality property portfolio • Experienced leasing team • Development program to enhance asset returns
Market risk	Volatility and speed of changes in market conditions	<ul style="list-style-type: none"> • Investments deliver lower total return than target 	<ul style="list-style-type: none"> • Holistic capital management • Large multi asset portfolio • Monitoring of asset concentration
Strategic funds management	Insufficient quality product or detrimental market conditions negatively impact the ability to finance and grow existing funds in line with strategy	<ul style="list-style-type: none"> • Unable to grow by \$10bn in FUM 	<ul style="list-style-type: none"> • Strategy communicates multiple pathways to successful growth in FUM
Capital management	Availability and cost of funding	<ul style="list-style-type: none"> • Limits ability to meet debt maturities • Constrains future growth • Limits ability to execute strategy • May impact distributions 	<ul style="list-style-type: none"> • Diversity of funding sources and spreading of debt maturities with a long weighted average debt term
	Interest rate risk – higher interest rate cost than forecast	<ul style="list-style-type: none"> • Detrimental impact to asset and portfolio performance • Adversely affect GPT's operating results 	<ul style="list-style-type: none"> • Interest rate exposures are actively hedged
Health and safety	Risk of incidents, causing injury to tenants, visitors to the properties, employees and contractors	<ul style="list-style-type: none"> • Criminal/civic proceedings and resultant reputation damage • Financial impact of remediation and restoration 	<ul style="list-style-type: none"> • Formalised Health and Safety management system including policies and procedures for managing safety • Training and education of staff and contractors
People	Inability to attract, retain and develop the right people	<ul style="list-style-type: none"> • Limits the ability to deliver the business objectives 	<ul style="list-style-type: none"> • Competitive remuneration • Structured development planning • Succession planning and talent management

2. ENVIRONMENTAL REGULATION

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

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

The EEO Act 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 2012 to 30 June 2013 period to ensure that the Energy Efficiency Opportunities data was made available in a public report on the GPT website by the required date of 31 December 2013.

The NGER Act requires GPT to report its annual greenhouse gas emissions and energy use. The measurement period for GPT is 1 July 2012 to 30 June 2013. GPT has implemented systems and processes for the collection and calculation of the data required which enabled submission of its report to the Department of Climate Change and Energy Efficiency within the legislative deadline of 31 October 2013.

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

3. EVENTS SUBSEQUENT TO REPORTING DATE

Post 31 December 2013 and up to the date of this report, the Group has bought back 11.1 million ordinary stapled securities for a total consideration of \$39.9 million.

Other than the above, the Directors are not aware of any matter or circumstance occurring since 31 December 2013 that has significantly or may significantly affect the operations of GPT, the results of those operations or the state of affairs of GPT in the subsequent financial years.

4. DIRECTORS AND SECRETARY

4.1 Directors

(i) Chairman - Non-Executive Director

Rob Ferguson

(ii) Executive Director

Michael Cameron

(iii) Non-Executive Directors

Brendan Crotty

Eileen Doyle

Eric Goodwin

Anne McDonald

Gene Tilbrook

4.2 Information on Directors

Rob Ferguson – Chairman

Mr Ferguson joined the Board on 25 May 2009.

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 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.

Mr Ferguson was Managing Director and Chief Executive of Bankers Trust for 15 years and was an independent Non-Executive Director of Westfield for 10 years.

Mr Ferguson is a member of the Nomination and Remuneration Committee.

4. DIRECTORS AND SECRETARY (CONTINUED)

4.2 Information on Directors (continued)

Michael Cameron – Chief Executive Officer and Managing Director

Mr Cameron joined The GPT Group as CEO and Managing Director on 1 May 2009.

He has over 30 years' experience in Finance and Business, including 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.

More recently Michael was Group Chief Financial Officer then Group Executive of the Retail Bank Division for the Commonwealth Bank of Australia, and Chief Financial Officer of St George Bank.

Mr Cameron is a Non-Executive Director of the Great Barrier Reef Foundation and a Non-Executive Director of Suncorp Group Limited and its regulated entities.

Brendan Crotty

Mr Crotty was appointed to the Board on 22 December 2009.

Mr Crotty brings extensive property industry experience to the Board, including 17 years as Managing Director of Australand until his retirement in 2007. Brendan is currently a director of Brickworks Limited and a privately owned major Victorian based land development and housing company, as well as being Chairman of the Western Sydney Parklands Trust and CloudFX Group Holdings Pte Ltd (incorporated in Singapore). He is also a director of the Barangaroo Delivery Authority.

Mr Crotty is a member of the Audit and Risk Management 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 Hunter Valley Research Foundation (Chairman), CSIRO (Deputy Chairman), Bradken Limited, Boral Limited and Newcastle Port Corporation.

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

Eric Goodwin

Mr Goodwin was appointed to the Board in November 2005.

Mr Goodwin has experience in design, construction, project management, general management and funds management. His experience includes fund management of the MLC Property Portfolio 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 Duet Group (Chair of Duet Finance Limited and Duet Finance Trust).

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

Anne McDonald

Ms McDonald was appointed to the Board on 2 August 2006. Ms McDonald is a chartered accountant and was previously a partner of Ernst & Young for 15 years specialising as a company auditor and advising multinational and local companies on governance, risk management and accounting issues.

Ms McDonald is currently a Non-Executive Director of Spark Infrastructure Group and Specialty Fashion Group. She is also a Non-Executive Director of Westpac's Life and General Insurance businesses and Sydney Water. Ms McDonald provides an advisory role to the Norton Rose Australian Partnership Council.

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

Gene Tilbrook

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

Mr Tilbrook brings extensive experience in finance, corporate strategy, investments and capital management.

Mr Tilbrook is a Non-Executive Director of Fletcher Building Ltd, Aurizon Holdings Limited and Orica Limited.

Mr Tilbrook is a councillor of the Australian Institute of Company Directors (WA Division) and Curtin University; and a member of the board of the Bell Shakespeare Company.

Mr Tilbrook is Chair of the Nomination and Remuneration Committee.

James Coyne – General Counsel and 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. His previous experience includes company secretarial and legal roles in construction, infrastructure, and the real estate funds management industry (listed and unlisted).

4. DIRECTORS AND SECRETARY (CONTINUED)

4.3 Attendance of Directors at Meetings

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

	Board		Audit and Risk Management Committee		Nomination and Remuneration Committee		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	18	18	-	-	6	6	-	-
Michael Cameron	18	18	-	-	-	-	-	-
Brendan Crotty	18	18	5	5	-	-	3	4
Eileen Doyle	18	18	-	-	6	6	4	4
Eric Goodwin	18	18	5	5	-	-	4	4
Anne McDonald	18	18	5	5	-	-	-	-
Gene Tilbrook	17	18	-	-	6	6	-	-

4.4 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	880,060 Stapled Securities 2,042,316 Performance Rights
Brendan Crotty	30,000
Eileen Doyle	20,650
Eric Goodwin	15,584
Anne McDonald	9,450
Gene Tilbrook	45,000

4.5 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 2013 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)
Michael Cameron	Suncorp Group Limited (since 2012)
Brendan Crotty	Brickworks Limited (since 2008)
Eileen Doyle	Boral Limited (since 2010) Bradken Limited (since 2011)
Eric Goodwin	DUET Group (since 2004)
Anne McDonald	Speciality Fashion Group Limited (since 2007) Spark Infrastructure Group (since 2009)
Gene Tilbrook	Transpacific Industries Group Limited (from 2009 to 2013) Fletcher Buildings Limited (since 2009) Aurizon Holdings Limited (since 2010) Orica Limited (since 2013)

5. 2013 REMUNERATION REPORT

5.1 Remuneration in Brief

The Board is committed to clear and transparent communication of GPT's remuneration arrangements. This section, the 2013 Remuneration in Brief, outlines the key remuneration decisions taken by GPT during the year, and shows the actual value of remuneration paid to those GPT executives who – along with the Non-Executive Directors – comprise the key management personnel (KMP). The full Remuneration Report for 2013, starting on page 27, provides more detail regarding the remuneration strategy, structures, decisions and outcomes at GPT in 2013 in accordance with statutory obligations and IFRS accounting standards.

Key remuneration drivers and actions in 2013

In 2013, the Nomination & Remuneration Committee (the Committee) continued to increase alignment of executive remuneration with investors' interests within a conservative framework. The Committee 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 described in greater detail in the remainder of the Remuneration Report

Base (Fixed) Pay

The Committee maintained a prudent approach to executive remuneration, the growth of which continued to be moderate. In the annual review of employee base salaries in December 2012, the Committee:

- implemented a modest review of base pay, effective 1 January 2013, averaging 2.23%; and
- maintained the freeze on Non-Executive Director fees in 2013 for the 6th successive year.

In addition, the Committee determined that the increase in compulsory superannuation guarantee contributions from 9 to 9.25% effective 1 July 2013 would be absorbed within employee base (fixed) pay packages.

Short Term Incentives

The Committee continued to 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 2013, actual STI's received by management were below their Target level of opportunity.

During calendar year 2013 the Committee implemented changes to the STI arrangements to:

- increase the STI performance targets for 2013 within our prevailing risk appetite; and
- reduce the level of STI funding across the range of performance benchmarks, while retaining a potential stretch STI for commensurate performance.

Looking to 2014, the Committee and management have further refined the approach to STI and are implementing:

- a new measure of Group performance for STI focussed on Total Return, in line with Group strategy;
- a minimum shareholding requirement for the Leadership Team and Board to increase alignment with investors;
- for senior executives, a mandatory deferral of a portion of STI into future vesting equity, to increase alignment with investors and encourage retention;
- a clawback policy to ensure that executive rewards can be adjusted in the event there are material misstatements or omissions in financial results that lead to unfair benefits; and
- a review of the level of STI participation across the Group and the quantum of STI funding at benchmarks to drive performance outcomes.

These changes to the STI framework will be described in more detail in the 2014 Remuneration Report.

5. 2013 REMUNERATION REPORT (CONTINUED)

5.1 Remuneration in Brief (continued)

Long Term Incentives

The Board sought and received approval from GPT security holders at the 2013 Annual General Meeting to continue the existing Performance Rights based long-term incentive (LTI) scheme, which was simplified to focus on two 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 Committee; and
- **Total Return (TR)** - Total Return is defined as the sum of the change in Net Tangible Assets (NTA) excluding movements in GPT's equity base arising from capital raisings or capital returns, plus distributions over the Performance Period, divided by the NTA at the beginning of the Performance Period.

The Committee also increased the size of the comparator group of companies for the purposes of assessing GPT's Relative TSR performance.

The 2011 LTI, covering GPT's performance for the three calendar years of 2011-2013, concluded at the end of 2013. The Group's performance exceeded the threshold performance hurdles on two of the three performance measures, leading to the delivery of LTI awards to participants in the form of GPT stapled securities. The Committee believes that achievement of this ownership position by participants further strengthens their alignment with investors.

Employee Ownership

The Committee 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 and any applicable compulsory superannuation - invested in GPT securities to be held for a minimum of 1 year. Under the plan, 294 GPT employees received 124,492 GPT securities in 2013.

External environment

In both the setting and review of remuneration arrangements, GPT has regard to the external environment, and monitors the tax, regulatory and governance activities impacting remuneration. In 2013, the Committee sought external advice on market practice, prevailing regulatory and governance standards, and drafting of incentive plan documentation from Ernst & Young and Johnson Partners. The total of fees paid to these two groups in relation to this work was as follows:

- Ernst & Young: \$130,192
- Johnson Partners: \$ 36,000

The Committee did not receive any Remuneration Recommendations from Remuneration Consultants as defined under the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011*.

2013 Remuneration outcomes and GPT security ownership positions for GPT's KMP

The disclosed remuneration of GPT's KMP in the Remuneration Report on page 36 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, some or all of which have not vested (and may never vest) as they are dependent on their applicable performance measures being met.

GPT has chosen to include in the Remuneration in Brief the following table (Table 1) which discloses the Cash and Other Benefits received by GPT's KMP, as distinct from the accounting expense. As a result, it does not align to Australian Accounting Standards as it is on a cash basis; Table 13 on page 36 details the statutory IFRS accounting balances.

For ease of reference, Table 1 also includes an outline of the cumulative, current and potential GPT security ownership position of each executive, effective 31 December 2013.

DIRECTORS' REPORT

For the year ended 31 December 2013 – THE GPT GROUP

5. 2013 REMUNERATION REPORT (CONTINUED)

5.1 Remuneration in Brief (continued)

2013 Remuneration outcomes and GPT security ownership positions for GPT's KMP (continued)

Table 1 – Cash and Other Benefits received by GPT's KMP

Senior Executives	Position	Cash & Other Benefits Actually Received by Executives in 2013					Current GPT Security Ownership at 31/12/13		GPT Performance Rights that Lapsed in 2013	Future GPT Securities Subject to Performance at 31/12/13
		Base (Fixed) Pay	STI	LTI ¹	Other ²	Total	Previously Vested GPT Security Holding ³	GPT Securities that Vested in 2013 ⁴	2011 LTI Performance Rights that Lapsed ⁵	Unvested GPT Securities & Performance Rights ⁶
		\$'000	\$'000	\$'000	\$'000	\$'000	# of securities	# of securities	# of rights	# of securities & rights
Michael Cameron	Chief Executive Officer and Managing Director	1,500.0	1,000.0	1,382.2	10.0	3,892.2	557,043	589,614	326,286	1,449,434
James Coyne	General Counsel / Company Secretary	500.0	165.0	327.6	3.8	996.4	89,552	91,773	77,342	294,239
Matthew Faddy	Head of Asset Management	550.0	300.0	238.0	4.1	1,092.1	64,305	66,679	56,194	314,735
Mark Fookes	Chief Financial Officer	775.0	430.0	529.0	20.3	1,754.3	142,902	148,176	124,875	465,956
Nicholas Harris	Head of Funds Management	725.0	250.0	425.2	3.7	1,403.9	116,227	119,114	100,384	435,895
Carmel Hourigan	Chief Investment Officer	712.5	480.0	-	1.7	1,194.2	-	77,808	-	435,538
Anthony McNulty	Head of Development Retail and Major Projects	600.0	250.0	375.4	3.6	1,299.0	78,024	105,157	88,621	344,797
Michael O'Brien	Group Executive Corporate Development	830.0	200.0	566.5	4.8	1,601.3	234,102	158,692	133,737	499,024
John Thomas	Head of Development Commercial and Industrial	650.0	480.0	-	2.7	1,132.7	-	-	-	356,258

1 For the purposes of recording a value in Table 1 for LTI, the number of GPT Group performance rights that vested under the 2011 LTI for each participant have been valued using GPT's fourth quarter 2013 volume weighted average security price (VWAP) of \$3.57. This differs from the IFRS approach as used in Table 13, which has accounting valuations and accruals for multiple on foot LTI plans against future LTI outcomes that may not be realised. More details about the 2011 LTI and GPT's performance against the various performance measures are set out in Tables 9 and 10.

2 Other includes the value of sign on rights from 2012 that vested in 2013 (Carmel Hourigan), 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 vested GPT securities held by individuals as a result of their employment that vested prior to 2013. This excludes GPT securities bought privately by the individual.

4 GPT Securities that Vested in 2013 represent the actual number of GPT securities that have vested to the individual in 2013. For all individuals (excluding Carmel Hourigan) where a number is recorded, this figure represents GPT securities that vested as a result of GPT's performance in the 2011 LTI covering the performance period 2011-2013.

For Carmel Hourigan specifically, the figure comprises 77,808 Performance Rights from her sign on package at the commencement of her employment on 8 November 2012 that vested on 1 September 2013.

For Michael Cameron specifically, the figure comprises:

- 387,169 Performance Rights that vested under the 2011 LTI;
- 81,872 deferred securities from his 2009 STI that vested on 31 March 2013; and
- 120,573 deferred securities from his 2010 STI that vested on 31 March 2013.

5 2011 LTI Performance Rights that Lapsed sets out the number of performance rights that were awarded to a participant in the 2011 LTI that did not vest at the end of the 2011-2013 performance period, and as a result, lapsed.

6 Unvested GPT Securities and Performance Rights is the total of unvested GPT securities and Performance Rights granted over the years that are currently on foot and excludes any GPT securities or Performance Rights that may have lapsed up to 31 December 2013. This number comprises sign on rights that are yet to vest (Carmel Hourigan), 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.

5. 2013 REMUNERATION REPORT (CONTINUED)

5.2 Remuneration Report

Introduction

The Board presents the Remuneration Report for GPT for the year ended 31 December 2013, which forms part of the Directors Report and has been prepared in accordance with section 300A of the *Corporations Act 2001* for the Group for the year ended 31 December 2013.

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). The data provided in the Remuneration Report was audited as required under section 308(3C) of the *Corporations Act*.

In 2013 the Nomination & Remuneration Committee (the Committee) comprised 3 Non-Executive Directors:

- Gene Tilbrook (Chairman)
- 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 both individually and the GPT Board collectively;
- remuneration policies for Directors and Committee members;
- remuneration amounts for Directors from within the overall Directors fee cap approved by security holders;
- remuneration policy for the CEO and employees;
- incentive plans for the CEO and employees; 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).

Key Issues and Changes made in 2013

Remuneration Outcomes aligned to GPT's Performance

In 2013 GPT continued to resolutely pursue the Group's articulated strategy of owning and actively managing quality Australian property assets. Market conditions remained cautious and growth in executive pay levels continued to be moderate. Against that background the Committee continued to exercise caution with regard to executive remuneration. The main areas of activity in 2013 are outlined in Table 2, below:

Table 2 – Main areas of activity in 2013

Activity	Who is affected?	Explanation
Maintain restraint on executive salaries	Leadership Team and other employees	Base remuneration increases for 2013 were capped at an average 2.23% across the business.
Freeze on Directors' fees	Non-Executive Directors	There were no increases in fees in 2013 for Non-Executive Directors for the 6th successive year.
Absorbed the increase in compulsory superannuation contributions	All employees	The Committee determined that the increase in compulsory superannuation guarantee contributions from 9 to 9.25% effective 1 July 2013 would be absorbed within employee base (fixed) pay packages. This approach will continue to be applied in the coming years in line with the schedule of superannuation guarantee contribution increases announced.
Increased the STI performance targets	All employees	The 2013 STI targets were set at higher levels than in 2012 to ensure that rewards to employees were delivered as a result of achieving performance outcomes that were sufficiently challenging. Details on the 2013 STI targets are set out in Table 6 on page 31.
Reduced overall STI funding levels at benchmarks	All employees	The Committee introduced an STI funding model that reduced the overall potential STI pool at benchmarks; by infusing greater scarcity into STI funding the Committee and management believe better performance outcomes can be achieved as it requires a more merit based differentiation of rewards. While the GPT performance outcome in 2013 was higher than 2012, table 13 on page 36 shows that aggregate employee STI amounts were generally lower.
Refined 2013 LTI performance measures	Leadership Team and other participating executives	To better align with GPT's articulated financial performance objectives, the number of performance measures in the 2013 LTI was reduced from three to two, being Total Return and Relative TSR. At the same time, the size of the comparator Group for the purposes of measuring GPT's Relative TSR was increased. These changes were approved by security holders at the Annual General Meeting in May 2013.
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 and compulsory superannuation) invested in GPT securities to be held for a minimum of 1 year. Under the plan, 294 GPT employees received 124,492 GPT securities in 2013.

5. 2013 REMUNERATION REPORT (CONTINUED)

5.2 Remuneration Report (continued)

Key Issues and Changes made in 2013 (continued)

Initiatives to improve remuneration alignment in 2014 and beyond

The Committee was also active in 2013 to put in place changes that will continue to evolve and strengthen the platform. As a result, the following adjustments to the remuneration platform are being implemented in 2014:

- **New STI Group Financial focussed on Total Return** – GPT will have a new measure of Group performance for STI, focussed on Total Return in line with Group strategy;
- **Minimum Shareholding Requirement** – A minimum shareholding requirement for the Leadership Team and Board will be introduced in 2014. The CEO will be required to hold GPT securities of a value equivalent to 150% of their base (fixed) pay, while the Leadership Team members and the Non-Executive Directors will be required to hold GPT securities of a value equivalent to 100% of their base (fixed) pay or Main Board fee (as applicable). A period of three years - starting 1 January 2014 - has been set to achieve this level of security holding;
- **Mandatory deferral of STI to vesting Equity** – KMP and senior executives who participate in the LTI will be required to receive their STI in the form of a combination of 50% cash and 50% GPT securities, with the securities vesting in equal parts at the end of 1 and 2 years;
- **Introduction of a Clawback Policy** - KMP and senior executives who participate in the STI and LTI plans will be subject to a clawback policy whereby the Board has the discretion to recover remuneration paid or as yet unvested from executives in the event there has been a material misstatement or omission in financial statements, or any other circumstances where the Board is of the view that recipients have received an unfair benefit; and
- **Further Review of STI Quantum and Participation** – The Committee has worked with management to review the quantum of funding for STI with the objective of achieving a more optimal share of incremental revenue between investors and employees. As a result, in 2014 STI participation will only be available to those employees who, as a result their role, have the most ability to meaningfully influence the financial performance of the business. The effect of this decision is to remove approximately 80% of employees from STI participation, with these individuals receiving a one-off adjustment to their base (fixed) pay.

These changes to the STI framework will be outlined in more detail in the 2014 Remuneration Report.

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 2013, Mr Cameron's remuneration mix was as follows: Base (Fixed) Pay: \$1,500,000, being a 3.45% increase on 2012. STI: \$0 to \$1,875,000 based on performance and paid in cash (ie 0% to 125% of base pay). Further details on STI terms are set out on pages 31 and 32. LTI: \$0 to \$2,250,000 based on performance and continued service and delivered in GPT stapled securities (ie 0% to 150% of base pay). Further details on LTI terms (including performance measures) are set out on pages 32, 33 and 34.
External Directorships	Under GPT policy Mr Cameron is eligible to take up one external Directorship. In 2012 Mr Cameron joined the Suncorp Group Board. All Board fees received by Mr Cameron associated with this appointment are paid to GPT.
Contract duration	A rolling 12 month contract.
Termination entitlements	Termination entitlements vary depending on the circumstances, however any severance payment is capped at 12 months of base (fixed) pay.

5. 2013 REMUNERATION REPORT (CONTINUED)

5.2 Remuneration Report (continued)

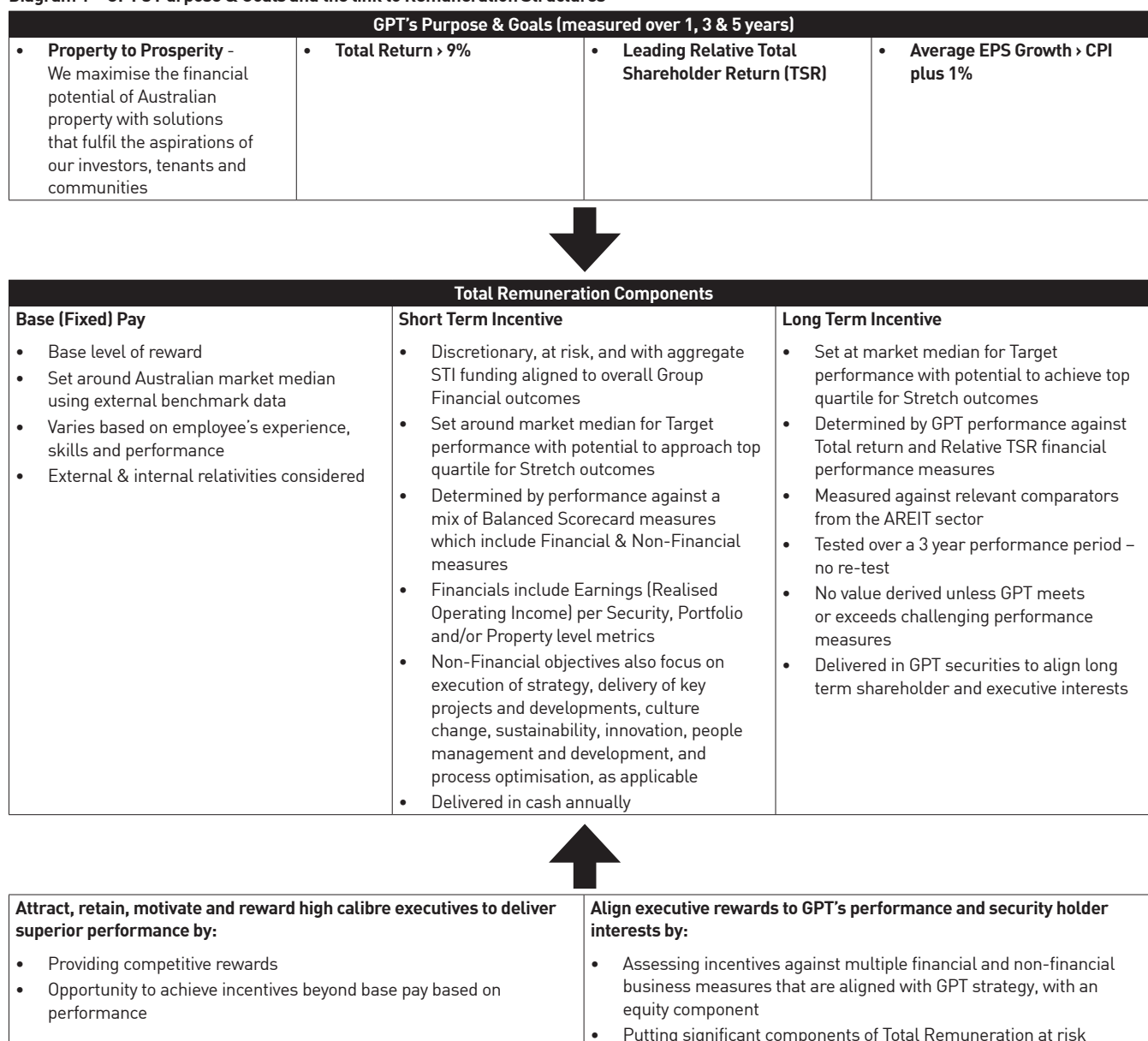
GPT's Remuneration Strategy

Alignment of GPT's Remuneration Strategy and Business Strategy

The Committee is conscious of the need to set a remuneration strategy that supports and encourages 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 Committee is confident that its remuneration strategy focuses GPT employees on delivering sustainable, superior shareholder returns in line with the Group's strategic intent.

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

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



5. 2013 REMUNERATION REPORT (CONTINUED)

5.2 Remuneration Report (continued)

GPT's Remuneration Strategy (continued)

Total Remuneration Mix

As depicted in Diagram 1 on the previous page, the remuneration structure at GPT is a mixture of Base (fixed) pay and (for eligible employees) variable or "at risk" Short Term Incentive (STI) and Long Term Incentive (LTI) components.

The Total Remuneration mix of components for those executives with ongoing employment at the end of 2013 is set out in Table 4, below:

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

Senior Executives	Position	Fixed Remuneration	Variable or "At Risk" Remuneration ¹	
		Base Pay	STI	LTI
Michael Cameron	Chief Executive Officer and Managing Director	36%	36%	28%
James Coyne	General Counsel / Company Secretary	50%	25%	25%
Matthew Faddy	Head of Asset Management	43%	35%	22%
Mark Fookes	Chief Financial Officer	43%	35%	22%
Nicholas Harris	Head of Funds Management	43%	35%	22%
Carmel Hourigan	Chief Investment Officer	43%	35%	22%
Anthony McNulty	Head of Development Retail and Major Projects	43%	35%	22%
Michael O'Brien	Group Executive Corporate Development	43%	35%	22%
John Thomas	Head of Development Commercial and Industrial	40%	40%	20%

¹ The percentage of each component of Total Remuneration is calculated with reference to "Target" performance outcomes in both STI and LTI rather than maximum "Stretch" level outcomes – 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 guarantee contributions, 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 annually by Ernst & Young, much of it focussed on publicly available data from annual reports. In 2013, the Committee also sought market data on the Leadership Team from Johnson Partners. More broadly, the business relies on benchmarking relevant to the property sector including the Aon Hewitt Property Report. For more specialist functional roles management will source multiple benchmarks from relevant recruitment agencies and other informed sources.

5. 2013 REMUNERATION REPORT (CONTINUED)

5.2 Remuneration Report (continued)

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 4 months service at the end of the applicable calendar year are eligible – subject to performance – to receive an STI.														
Why does the committee 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 Committee 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 established Targets.														
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 potential 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 2013 the main Group Financial performance measure was Earnings (Realised Operating Income) per Security growth (EPS) and based on Committee discretion of:</p> <p>Threshold: 25.10cps (3.5% growth on the 2012 result)</p> <p>Target: 25.69cps (6% growth on the 2012 result)</p> <p>Stretch: 26.30cps (8.5% growth on the 2012 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>80%</td> <td>20%</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	80%	20%	Executives	60%	40%	General employees	20%	80%
Level	Financial Measures	Non-Financial Measures													
CEO	80%	20%													
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 process optimisation.</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 Committee assesses the performance of the CEO, who in turn assesses the performance of his direct reports among the Leadership Team.														

5. 2013 REMUNERATION REPORT (CONTINUED)

5.2 Remuneration Report (continued)

GPT's Remuneration Strategy (continued)

Short-term Incentive Outcomes

In 2013 GPT achieved EPS growth of 6.1% (25.71cps) which would exceed the Target of 6% (25.69cps). However, the Committee exercised its discretion to adjust ROI down, largely by adding back some "below the line" costs and eliminating the benefits of interest rate hedge changes, and as a result the STI award was based on an adjusted EPS growth of 5.5%.

Table 7 – Short Term Incentive Outcomes

Senior Executives	Position	Actual STI Awarded (\$)	Actual STI Awarded as a % of Maximum STI	% of Maximum STI Award Forfeited
Michael Cameron	Chief Executive Officer and Managing Director	\$1,000,000	53.33%	46.67%
James Coyne	General Counsel / Company Secretary	\$165,000	52.80%	47.20%
Matthew Faddy	Head of Asset Management	\$300,000	60.00%	40.00%
Mark Fookes	Chief Financial Officer	\$430,000	55.48%	44.52%
Nicholas Harris	Head of Funds Management	\$250,000	34.48%	65.52%
Carmel Hourigan ¹	Chief Investment Officer	\$480,000	66.21%	33.79%
Anthony McNulty	Head of Development Retail and Major Projects	\$250,000	41.67%	58.33%
Michael O'Brien	Group Executive Corporate Development	\$200,000	24.10%	75.90%
John Thomas ²	Head of Development Commercial and Industrial	\$480,000	59.08%	40.92%

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 Committee 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 (fixed) 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?	To align senior executive rewards with sustained delivery of and 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 2013, 29 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 2013 LTI is based on a percentage of the participants' base pay with the maximum (Stretch) opportunity in 2013 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. For the 2013 LTI, the number of Rights granted was determined by dividing GPT's last quarter 2012 volume weighted average security price (VWAP) of \$3.5415 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 distributions, 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, securities that are allocated under the LTI are restricted until the earlier of termination or 7 years from the initial date of grant of the performance rights. In addition, 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 after the announcement of GPT results to the market. 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 Committee in its discretion decides otherwise. During 2013, one executive that left the group in a 'good leaver' scenario was allowed to retain a portion of the performance rights granted to them, pro-rated to their period of service during the life of the applicable plan(s), to be measured at the end of the applicable plan(s) life in the same manner as ongoing employees.
What are the performance hurdles?	See table 9.
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.

5. 2013 REMUNERATION REPORT (CONTINUED)

5.2 Remuneration Report (continued)

GPT's Remuneration Strategy (continued)

Long Term Incentives (LTI) (variable component) (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, along with the results for each plan at the end of the applicable three year period (where known).

Table 9 – GPT LTI Plan Performance Measures, Hurdles & Results

LTI	LTI Performance Measurement Period	Performance Measure	Performance Measure Hurdle	Weighting	Results	Percentage of Performance Rights Vesting for each Performance Measure ¹ (%)
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).	1/3 rd	GPT's TSR performance of 47.6% over the 3-year period ranked 4th out of the 8 participants. This translated to a percentile of 57.1%, which exceeded the minimum vesting hurdle at the 51st percentile.	62.8%
		Earnings per security growth (EPS) vs the CPI.	50% of rights vest if EPS growth = CPI, up to 100% if EPS growth = CPI plus 1% (pro rata vesting in between).	1/3 rd	GPT achieved an aggregate EPS growth of 18.6% over the 3-year period, which exceeded the maximum vesting hurdle of aggregate CPI plus 1% of 11%.	100%
		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).	1/3 rd	GPT achieved a compound annual TR of 7% over the 3-year period, which was below the minimum vesting hurdle of 8%.	0%
2012	2012-2014	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).	1/3 rd		
		Earnings per security growth (EPS) vs the CPI.	50% of rights vest if EPS growth = CPI plus 1%, up to 100% if EPS growth = CPI plus 1.5% (pro rata vesting in between).	1/3 rd		
		Total Return (TR) versus the Weighted Average Cost of Capital (WACC).	50% of rights vest at 9% TR, up to 100% at 9.5% TR (pro-rata vesting in between).	1/3 rd		
2013	2013-2015	Relative TSR versus comparator group ² .	50% of rights vest at 51st percentile, up to 100% at the 75th percentile (pro rata vesting in between).	50%		
		Total Return (TR) versus the Weighted Average Cost of Capital (WACC).	50% of rights vest at 9% TR, up to 100% at 9.5% TR (pro-rata vesting in between).	50%		

1 Refer to Table 1 to see how many Performance Rights vested and lapsed for each participant in the 2011 LTI.

2 The comparator group for the 2013 LTI is Westfield Retail Trust, Stockland, CFS Retail Property Trust, Mirvac, Dexus, Federation Centres, Commonwealth Property Office Fund, Investa Office Fund, Australand, Charter Hall, and BWP Trust.

5. 2013 REMUNERATION REPORT (CONTINUED)

5.2 Remuneration Report (continued)

GPT's Remuneration Strategy (continued)

Long Term Incentives (LTI) (variable component) (continued)

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 Executives	Position	LTI Scheme	Performance Rights Granted	Grant Date	Fair Value per Performance Right	Vesting Date ¹	Maximum Value Recognised in Future Years ²
Michael Cameron	Chief Executive Officer and Managing Director	2011	713,455	08-Jun-11	\$2.38	31-Dec-13	-
		2012	693,537	08-May-12	\$2.34	31-Dec-14	\$622,216
		2013	635,324	03-May-13	\$2.68	31-Dec-15	\$1,276,367
James Coyne	General Counsel / Company Secretary	2011	169,115	08-Jun-11	\$2.38	31-Dec-13	-
		2012	153,056	08-May-12	\$2.34	31-Dec-14	\$137,316
		2013	141,183	03-May-13	\$2.68	31-Dec-15	\$283,637
Matthew Faddy	Head of Asset Management	2011	122,873	08-Jun-11	\$2.38	31-Dec-13	-
		2012	159,434	08-May-12	\$2.34	31-Dec-14	\$143,038
		2013	155,301	03-May-13	\$2.68	31-Dec-15	\$312,000
Mark Fookes	Chief Financial Officer	2011	273,051	08-Jun-11	\$2.38	31-Dec-13	-
		2012	247,122	08-May-12	\$2.34	31-Dec-14	\$221,709
		2013	218,834	03-May-13	\$2.68	31-Dec-15	\$439,638
Nicholas Harris	Head of Funds Management	2011	219,498	08-Jun-11	\$2.38	31-Dec-13	-
		2012	231,179	08-May-12	\$2.34	31-Dec-14	\$207,405
		2013	204,716	03-May-13	\$2.68	31-Dec-15	\$411,275
Carmel Hourigan ³	Chief Investment Officer	2011	-	08-Jun-11	\$2.38	31-Dec-13	-
		2012	160,073	08-Nov-12	\$2.34	31-Dec-14	\$174,608
		2013	197,656	03-May-13	\$2.68	31-Dec-15	\$397,091
Anthony McNulty	Head of Development Retail and Major Projects	2011	193,778	08-Jun-11	\$2.38	31-Dec-13	-
		2012	175,377	08-May-12	\$2.34	31-Dec-14	\$157,342
		2013	169,420	03-May-13	\$2.68	31-Dec-15	\$340,365
Michael O'Brien	Group Executive Corporate Development	2011	292,429	08-Jun-11	\$2.38	31-Dec-13	-
		2012	264,660	08-May-12	\$2.34	31-Dec-14	\$237,443
		2013	234,364	03-May-13	\$2.68	31-Dec-15	\$470,838
John Thomas ⁴	Head of Development Commercial and Industrial	2011	-	08-Jun-11	\$2.38	31-Dec-13	-
		2012	172,720	01-Jul-12	\$2.34	31-Dec-14	\$161,577
		2013	183,538	03-May-13	\$2.68	31-Dec-15	\$368,728

¹ Vesting date is the date that marks the end of the 3-year LTI performance period. At this point the performance measure will be assessed against the performance hurdle to see if any Performance Rights vest.

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 Performance Rights using Monte Carlo and Binomial tree pricing models which take into account the following factors: the expected life of the Performance 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 Performance 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 36 represent the current (2013) calendar year expenses of the executives participation in the various plans on foot 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.

³ Carmel Hourigan joined GPT on 8 November 2012 hence her grant date for the 2012 LTI differs from her peers.

⁴ John Thomas joined GPT on 20 February 2012 but did not become a KMP until he was appointed Head of Development Commercial and Industrial on 1 July 2012; as a result his grant date for the 2012 LTI also differs from his peers.

5. 2013 REMUNERATION REPORT (CONTINUED)

5.2 Remuneration Report (continued)

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

		2009	2010	2011	2012	2013
Realised Operating Income	\$m	375.8	410.0	438.8	456.4	471.8
Total Securityholder Return (TSR)	%	(14.4)	2.9	10.5	26.9	4.1
Earnings (Realised Operating Income) per security (EPS) ¹	cents	24.0	20.7	22.4	24.2	25.7
EPS growth	%	(74.2)	(13.0)	8.1	8.0	6.1
Distributions per security (DPS) ¹	cents	22.5	16.3	17.8	19.3	20.4
Total Return	%	(40.7)	9.1	4.9	9.5	8.5
NTA (per security) ¹	\$	3.45	3.60	3.59	3.73	3.79
Security price at end of calendar year ¹	\$	3.05	2.94	3.07	3.68	3.40

¹ Adjusted for 5 to 1 security consolidation in May 2010.

Service Agreements

All employees have service agreements in place that set out the basic terms and conditions of employment. In 2009 the Committee 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 terms 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 Committee has approved a policy with respect to severance entitlements specifically capping the maximum severance payment component to the three year average of the executive's annual base (fixed) pay. In addition the executive may be entitled to any STI and LTI at the end of the relevant period subject to the achievement of any key performance indicators that had been set.

The terms of Mr Cameron's contract were outlined on page 28. 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 2013 are set out in Table 12 (below):

Table 12 – Material terms of service agreements for the KMP

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 and capped at the three year average of the executive's annual base (fixed) pay. Treatment of unvested STI and LTI will be at Committee discretion under the terms of the relevant plans and GPT policy.
Post-employment restraints	Non-solicitation of GPT employees for 12 months post-employment.

DIRECTORS' REPORT

For the year ended 31 December 2013 – THE GPT GROUP

5. 2013 REMUNERATION REPORT (CONTINUED)

5.2 Remuneration Report (continued)

Senior Executive Remuneration Disclosures

The following table provides a breakdown of GPT's KMP in accordance with statutory requirements and accounting standards. It should be noted that of the variable or "at risk" components, STI Bonus shows 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).

Table 13 – Senior Executive Remuneration Disclosures

Senior Executives	Fixed Pay			Variable or "At Risk"				Total
	Base Pay	Superannuation	Non-monetary ¹	STI Bonus	LTI Award Accrual ²	Grant or Vesting of Performance Rights ^{3,4,5}	Cash Payment on Termination	
M. Cameron Chief Executive Officer and Managing Director								
31 December 2013	\$1,598,666	\$17,122	\$9,979	\$1,000,000	\$1,706,791	-	-	\$4,332,558
31 December 2012	\$1,455,313	\$16,123	\$9,160	\$1,512,939	\$1,503,501	\$18,220	-	\$4,515,256
J. Coyne General Counsel / Company Secretary								
31 December 2013	\$495,572	\$17,122	\$3,765	\$165,000	\$388,132	-	-	\$1,069,591
31 December 2012	\$469,124	\$16,123	\$3,330	\$247,174	\$361,360	-	-	\$1,097,111
M. Faddy Head of Asset Management								
31 December 2013	\$540,833	\$17,122	\$4,130	\$300,000	\$360,385	-	-	\$1,222,470
31 December 2012	\$489,457	\$16,123	\$2,405	\$438,725	\$287,842	-	-	\$1,234,552
M. Fookes⁶ Chief Financial Officer								
31 December 2013	\$770,007	\$17,122	\$20,312	\$430,000	\$620,599	-	-	\$1,858,040
31 December 2012	\$769,030	\$16,123	\$5,288	\$586,672	\$581,165	-	-	\$1,958,278
N. Harris Head of Funds Management								
31 December 2013	\$743,850	\$17,122	\$3,658	\$250,000	\$547,244	-	-	\$1,561,874
31 December 2012	\$718,219	\$16,123	\$4,192	\$595,483	\$486,758	-	-	\$1,820,775
C. Hourigan⁷ Chief Investment Officer								
31 December 2013	\$715,140	\$17,122	\$1,719	\$480,000	\$306,247	\$249,968	-	\$1,770,196
31 December 2012	\$100,630	\$4,118	\$350,000	-	\$25,354	\$47,068	-	\$527,170
A. McNulty Head of Development Retail and Major Projects								
31 December 2013	\$593,039	\$17,122	\$3,626	\$250,000	\$449,828	-	-	\$1,313,615
31 December 2012	\$547,627	\$16,123	\$2,960	\$455,690	\$380,822	-	-	\$1,403,222
M. O'Brien⁸ Group Executive - Corporate Development								
31 December 2013	\$825,925	\$17,122	\$4,798	\$200,000	\$664,642	-	-	\$1,712,487
31 December 2012	\$824,947	\$16,123	\$3,789	\$692,822	\$628,017	-	-	\$2,165,698
J. Thomas⁹ Head of Development Commercial and Industrial								
31 December 2013	\$684,656	\$17,122	\$2,737	\$480,000	\$283,813	-	-	\$1,468,328
31 December 2012	\$328,948	\$8,235	\$982	\$264,978	\$81,010	-	-	\$684,153
Total								
31 December 2013	\$6,967,688	\$154,098	\$54,724	\$3,555,000	\$5,327,681	\$249,968	-	\$16,309,159
31 December 2012	\$5,703,295	\$125,214	\$382,106	\$4,794,483	\$4,335,829	\$65,288	-	\$15,406,215

1 The amount set out under 'Non-Monetary' may include sign on payments (Carmel Hourigan), a service award (Mark Fookes), Death & Total/Permanent Disability Insurance Premiums, superannuation plan administration fees, executive health assessments and other benefits.

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.

5. 2013 REMUNERATION REPORT (CONTINUED)

5.2 Remuneration Report (continued)

Senior Executive Remuneration Disclosures (continued)

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

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% converted to GPT securities for nil consideration on 30 June 2012.

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

Name	Reason for the grant	Initial value of the grant	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. The remaining 50% converted to GPT securities for nil consideration on 30 June 2012.

5 One off grants of Performance Rights were made in 2012 as follows:

Name	Reason for the grant	Initial value of the grant	Number of performance rights	Vesting condition
Carmel Hourigan	Sign on package	\$500,000	155,617	Service; 50% of Performance Rights converted to GPT securities for nil consideration on 1 September 2013. The remaining 50% will convert to GPT securities for nil consideration on 1 September 2014.

6 Mark Fookes was Head of Investment until he was appointed Chief Financial Officer on 1 October 2012.

7 Carmel Hourigan joined GPT on 8 November 2012.

8 Michael O'Brien was Chief Financial Officer until he was appointed Group Executive, Corporate Development on 1 October 2012.

9 John Thomas joined GPT on 20 February 2012 but did not become a KMP until he was appointed Head of Development – Commercial and Industrial on 1 July 2012. As a result, the figures in the 2012 row only represent earnings attributable to the period from 1 July – 31 December 2012.

Remuneration – Non-Executive Directors

Remuneration Policy

The Board determines the remuneration structure for Non-Executive Directors based on recommendations from the 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 contribution 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.

5. 2013 REMUNERATION REPORT (CONTINUED)

5.2 Remuneration Report (continued)

Remuneration – Non-Executive Directors (continued)

Remuneration Arrangements

As noted earlier in the Remuneration Report, the Committee determined that there would be no increase in Non-Executive Director fees for 2013, 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 does not receive fees from this pool as he is remunerated as one of GPT's senior executives.

Annual Board and Board Committees fees (excluding compulsory superannuation) for the year ended 31 December 2013 were as follows:

Table 14 – Board and Board Committee Fees

		Board	Audit and Risk Management Committee	Sustainability Committee	Nomination and Remuneration Committee
Chairman ¹	2013	\$346,500	\$34,650	\$11,000	\$23,100
	2012	\$346,500	\$34,650	\$11,000	\$23,100
Members	2013	\$138,600	\$17,325	\$8,000	\$11,550
	2012	\$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 2013 and 2012 calendar years is as follows on the next page.

5. 2013 REMUNERATION REPORT (CONTINUED)

5.2 Remuneration Report (continued)

Remuneration – Non-Executive Directors (continued)*Remuneration Arrangements (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

Directors	Fixed Pay			Total
	Salary & Fees	Superannuation ¹	Non-Monetary ²	
R. Ferguson Chairman				
31 December 2013	\$346,500	\$17,122	-	\$363,622
31 December 2012	\$346,788	\$16,123	-	\$362,911
B. Crotty				
31 December 2013	\$163,925	\$14,958	-	\$178,883
31 December 2012	\$161,182	\$14,506	-	\$175,688
E. Doyle				
31 December 2013	\$161,150	\$14,704	-	\$175,854
31 December 2012	\$161,150	\$14,503	-	\$175,653
E. Goodwin				
31 December 2013	\$163,925	\$14,958	-	\$178,883
31 December 2012	\$163,925	\$14,753	-	\$178,678
S. G. Lim³				
31 December 2013	-	-	-	-
31 December 2012	\$54,909	-	-	\$54,909
A. McDonald				
31 December 2013	\$173,250	\$15,809	\$1,340	\$190,399
31 December 2012	\$173,430	\$15,609	\$1,310	\$190,349
G. Tilbrook				
31 December 2013	\$161,699	\$14,755	\$989	\$177,443
31 December 2012	\$161,700	\$14,533	\$1,265	\$177,498
Total				
31 December 2013	\$1,170,449	\$92,306	\$2,329	\$1,265,084
31 December 2012	\$1,223,084	\$90,027	\$2,575	\$1,315,686

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 S.G Lim retired from the Board on 7 May 2012.

6. OTHER DISCLOSURES

6.1 Indemnification and Insurance of Directors and Officers

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

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

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

6.2 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 27 to the financial report.

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.

6.3 Rounding of Amounts

The GPT Group is of a kind referred to in the Australian Securities & Investments Commission Class Order 98/0120. Accordingly, amounts in the Directors' Report have been rounded to the nearest tenth of a million dollars in accordance with the Class Order, unless stated otherwise.

6.4 Auditor

During the year, GPT has completed an audit tender process with the four major audit firms, including PricewaterhouseCoopers (PwC). It was recommended that GPT will retain PwC as the auditor.

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

6.5 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

Sydney
12 February 2014



Michael Cameron
Chief Executive Officer and Managing Director



Auditor's Independence Declaration

As lead auditor for the audit of General Property Trust for the year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink, appearing to read 'Matthew Lunn', written over a faint horizontal line.

Matthew Lunn
Partner

Sydney
12 February 2014

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013 – THE GPT GROUP

	Note	Consolidated entity	
		31 Dec 13 \$M	31 Dec 12 \$M
Revenue			
Rent from investment properties		566.2	598.4
Property and Fund Management fees		46.3	42.0
Development fees		6.8	9.4
Other Management fees		0.7	-
		620.0	649.8
Other income			
Fair value adjustments to investment properties		73.8	164.1
Fair value adjustments of unlisted equity investments		0.6	-
Share of after tax profit of equity accounted investments	10(e)	168.3	172.1
Interest revenue - cash and short term money market securities		9.9	7.3
Net gain on fair value of borrowings		44.7	-
Net gain on fair value of derivatives	4(a)	30.9	-
Net foreign exchange gain		-	0.1
		328.2	343.6
Total revenue and other income		948.2	993.4
Expenses			
Property expenses and outgoings		155.1	164.5
Management and other administration costs		52.5	92.9
Depreciation and amortisation expense	4(b)	9.1	7.1
Finance costs	4(c)	105.4	111.0
Impairment expense		-	0.2
Net loss on fair value of derivatives	4(a)	-	39.9
Net loss on disposal of assets		4.0	4.3
Net foreign exchange loss		54.5	-
Total expenses		380.6	419.9
Profit before income tax expense		567.6	573.5
Income tax expense	5(a)	(7.7)	-
Profit after income tax expense		559.9	573.5
Profit from discontinued operations	6(c)	11.6	21.0
Net profit for the year		571.5	594.5
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Net foreign exchange translation adjustments	17(a)	2.5	-
Changes in the fair value of cash flow hedges	17(b)	(5.9)	-
Total comprehensive income for the year		568.1	594.5
Net profit / (loss) attributable to:			
- Securityholders of the Trust		590.7	623.2
- Securityholders of other entities stapled to the Trust		(19.2)	(28.7)
Total comprehensive income / (loss) attributable to:			
- Securityholders of the Trust		587.0	623.2
- Securityholders of other entities stapled to the Trust		(18.9)	(28.7)
Basic and diluted earnings per security attributable to ordinary securityholders of the Trust			
Earnings per unit (cents per unit) - profit from continuing operations	28(a)	31.6	32.4
Earnings per unit (cents per unit) - profit from discontinued operations	28(a)	0.9	1.2
Earnings per unit (cents per unit) - Total	28(a)	32.5	33.6
Basic and diluted earnings per security attributable to ordinary stapled securityholders of the GPT Group			
Earnings per security (cents per security) - profit from continuing operations	28(b)	30.8	30.8
Earnings per security (cents per security) - profit from discontinued operations	28(b)	0.7	1.2
Earnings per security (cents per security) - Total	28(b)	31.5	32.0

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013 – THE GPT GROUP

		Consolidated entity	
	Note	31 Dec 13 \$M	31 Dec 12 \$M
ASSETS			
Current assets			
Cash and cash equivalents	23(b)	278.7	159.9
Loans and receivables	7	88.6	71.7
Derivative assets	8	-	5.1
Prepayments		4.6	4.8
		<u>371.9</u>	<u>241.5</u>
Assets classified as held for sale	6(b)	11.1	203.1
Total Current assets		<u>383.0</u>	<u>444.6</u>
Non-current assets			
Investment properties	9	6,678.2	6,500.6
Equity accounted investments	10	1,976.6	2,010.8
Property, plant & equipment	11	12.5	10.7
Loans and receivables	7	157.2	152.0
Other assets		5.9	4.1
Intangible assets	12	50.7	49.9
Derivative assets	8	132.7	135.7
Deferred tax assets	5(b)	25.0	34.8
Total non-current assets		<u>9,038.8</u>	<u>8,898.6</u>
Total assets		<u>9,421.8</u>	<u>9,343.2</u>
LIABILITIES			
Current liabilities			
Payables	13	318.2	167.9
Borrowings	14	205.0	211.0
Derivative liabilities	8	-	0.1
Provisions	15	13.9	14.0
Total current liabilities		<u>537.1</u>	<u>393.0</u>
Non-current liabilities			
Borrowings	14	2,105.4	1,932.6
Derivative liabilities	8	62.7	140.1
Provisions	15	1.8	1.3
Total non-current liabilities		<u>2,169.9</u>	<u>2,074.0</u>
Total liabilities		<u>2,707.0</u>	<u>2,467.0</u>
Net assets		<u>6,714.8</u>	<u>6,876.2</u>
EQUITY			
Equity attributable to securityholders of the trust (parent entity)			
Contributed equity	16	7,620.2	7,883.5
Reserves	17	(18.9)	(15.2)
Accumulated losses	18	(244.2)	(368.1)
Total equity of gpt trust securityholders		<u>7,357.1</u>	<u>7,500.2</u>
Equity attributable to securityholders of other entities stapled to the trust			
Contributed equity	16	319.5	321.8
Reserves	17	53.0	49.8
Accumulated losses	18	(1,014.8)	(995.6)
Total equity of other stapled securityholders		<u>(642.3)</u>	<u>(624.0)</u>
Total equity		<u>6,714.8</u>	<u>6,876.2</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013 - THE GPT GROUP

	Consolidated entity									
	Attributable to the Securityholders of the General Property Trust					Attributable to the Securityholders of other entities stapled to the General Property Trust				
	Contributed equity \$M	Reserves \$M	Accumulated losses \$M	Total \$M	Contributed equity \$M	Reserves \$M	Accumulated losses \$M	Total \$M	Contributed equity \$M	Total equity \$M
Balance at 1 January 2012	8,030.2	(15.2)	(625.8)	7,389.2	323.0	4.1	(966.9)	(602.8)		6,786.4
Movement in foreign currency translation reserve	-	-	-	-	-	-	-	-	-	-
Net income recognised directly in equity	-	-	-	-	-	-	-	-	-	-
Profit / (loss) for the year	-	-	623.2	623.2	-	-	(28.7)	(28.7)	-	594.5
Total comprehensive income / (loss) for the year	-	-	623.2	623.2	-	-	(28.7)	(28.7)	-	594.5
Transactions with securityholders in their capacity as securityholders:										
On-market securities buy-back	(146.7)	-	-	(146.7)	(1.2)	-	-	(1.2)	-	(147.9)
Movement in treasury stock reserve	-	-	-	-	-	0.3	-	0.3	-	0.3
Movement in employee incentive security scheme reserve	-	-	-	-	-	8.4	-	8.4	-	8.4
Distribution paid and payable	-	-	(365.5)	(365.5)	-	-	-	-	-	(365.5)
Balance at 31 December 2012	7,883.5	(15.2)	(368.1)	7,500.2	321.8	49.8	(995.6)	(624.0)		6,876.2
Balance at 1 January 2013	7,883.5	(15.2)	(368.1)	7,500.2	321.8	49.8	(995.6)	(624.0)		6,876.2
Foreign currency translation reserve	-	2.2	-	2.2	-	0.3	-	0.3	-	2.5
Cash flow hedge reserve	-	(5.9)	-	(5.9)	-	-	-	-	-	(5.9)
Net (loss) recognised directly in equity	-	(3.7)	-	(3.7)	-	0.3	-	0.3	-	(3.4)
Profit / (loss) for the year	-	-	590.7	590.7	-	-	(19.2)	(19.2)	-	571.5
Total comprehensive income / (loss) for the year	-	(3.7)	590.7	587.0	-	0.3	(19.2)	(18.9)	-	568.1
Transactions with securityholders in their capacity as securityholders:										
On-market securities buy-back	(267.4)	-	-	(267.4)	(2.3)	-	-	(2.3)	-	(269.7)
New issue of securities	4.1	-	-	4.1	-	-	-	-	-	4.1
Movement in treasury stock reserve	-	-	-	-	-	0.2	-	0.2	-	0.2
Movement in employee incentive security scheme reserve	-	-	-	-	-	2.7	-	2.7	-	2.7
Distribution paid and payable	-	-	(466.8)	(466.8)	-	-	-	-	-	(466.8)
Balance at 31 December 2013	7,620.2	(18.9)	(244.2)	7,357.1	319.5	53.0	(1,014.8)	(642.3)		6,714.8

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

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended 31 December 2013 – THE GPT GROUP

	Note	Consolidated entity	
		31 Dec 13 \$M	31 Dec 12 \$M
Cash flows from operating activities			
Cash receipts in the course of operations (inclusive of GST)		665.7	689.1
Cash payments in the course of operations (inclusive of GST)		(263.6)	(296.9)
Distributions received from equity accounted investments		116.9	129.9
Interest received		17.1	18.5
		<u>536.1</u>	<u>540.6</u>
Finance costs		(110.6)	(120.2)
Net cash inflows from operating activities	23(a)	<u>425.5</u>	<u>420.4</u>
Cash flows from investing activities			
Payments for investment properties		(329.5)	(267.4)
Proceeds from disposal of investment properties		454.6	614.6
Payments for properties under development		(46.7)	(33.9)
Payments for property, plant and equipment		(5.5)	(0.2)
Proceeds from sale of property, plant & equipment		-	58.8
Payments for intangibles		(6.5)	(4.9)
Investment in unlisted equities		-	(3.9)
Investment in equity accounted investments		(54.4)	(116.6)
Proceeds from disposal of equity accounted investments		130.9	-
Proceeds from disposal of assets in US Seniors Housing Portfolio (net of tax)		1.6	46.2
Loan to joint ventures and associates		(3.3)	-
Loan repayments from joint ventures and associates		1.4	2.4
Payments for cost to sell on assets held for sale		-	(0.4)
Net cash inflows from investing activities		<u>142.6</u>	<u>294.7</u>
Cash flows from financing activities			
Net repayments of bank facilities		(51.4)	(330.6)
Net proceeds from/(repayment of) Medium Term Notes and USPP notes		208.6	336.9
Purchase of securities for the employee incentive scheme		(0.3)	(0.3)
Payments on termination and restructure of derivatives		(44.3)	(90.7)
Payments for the on-market buy-back of securities		(269.7)	(147.9)
Distributions paid to securityholders		(292.2)	(365.6)
Net cash outflows from financing activities		<u>(449.3)</u>	<u>(598.2)</u>
Net increase in cash and cash equivalents		118.8	116.9
Cash and cash equivalents at the beginning of the year		<u>159.9</u>	<u>43.0</u>
		<u>278.7</u>	<u>159.9</u>
Cash and cash equivalents at the end of the year	23(b)	<u>278.7</u>	<u>159.9</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 2013 – THE GPT GROUP

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

The financial report is prepared on a going concern basis in the belief that the Group 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 report. With respect to the net deficiency of current assets over current liabilities at 31 December 2013 of \$154.1 million, the Group has access to undrawn financing facilities of \$256.2 million and forward start facilities of \$200.0 million as set out in note 14.

Compliance with IFRS

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

Newly adopted accounting policies

Hedge accounting applied to foreign currency bonds

GPT's treasury and risk management policy sets out the application of hedge accounting to the derivatives used to hedge exposures arising from fluctuations in interest rates and foreign currency exchange rates. During the year, GPT adopted hedge accounting for foreign currency bonds only, for which at inception, GPT formally designates and documents the relationship between the hedge derivative instruments (cross-currency swaps) and the hedged items (foreign currency bonds). The accounting policies applied for hedge accounting are outlined in note 1(w) below.

New accounting standards and interpretations issued but not yet applied

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.

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and 2012-6 Mandatory Effective Date of AASB 9 and Transition Disclosures (effective for annual reporting periods beginning on or after 1 January 2017)

AASB 9 *Financial Instruments* addresses the classification, measurement and de-recognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2017 but is available for early adoption. If adopted, this could change the classification and measurement of financial assets and financial liabilities.

AASB 2013-3 Amendments to Australian Accounting Standard 136 – Recoverable Amount Disclosures for Non-Financial Assets

The AASB has made amendments to the disclosures required by AASB 136 *Impairment of Assets* which remove the requirement to disclose the recoverable amount of all cash generating units (CGU) that contain goodwill or identifiable assets with indefinite lives if there has been no impairment; this disclosure was introduced with AASB 13 and became applicable from 1 January 2013. It also requires disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognised or reversed and detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognised or reversed. The amendments apply from 1 January 2014.

AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting

The AASB has made a limited scope amendment to AASB 139 *Financial Instruments: Recognition and measurement*. AASB 139 requires an entity to stop hedge accounting when a novation (replacement of one party of the derivative contract with a new party) occurs, because the original hedging instrument envisaged in the hedge documentation has changed. The amendment allows the continuation of hedge accounting provided specific conditions are met.

Historical cost convention

This financial report has been prepared under the historical cost convention, as modified by the revaluation for financial assets and liabilities (including derivatives) and investment properties at fair value through profit and loss.

The financial report was approved by the Board of Directors on 12 February 2014.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Accounting for the GPT Group

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

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

(c) Parent entity financial information

The financial information for the parent entity of GPT, General Property Trust, is disclosed in note 19 and has been prepared on the same basis as the consolidated financial report, 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 financial report of General Property Trust. Distributions received from subsidiaries, associates and joint venture entities are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(d) Principles of consolidation

(i) Controlled entities

The consolidated financial report comprises the assets and liabilities of all controlled entities and the results of all controlled entities for the financial year. The Trust and its controlled entities are collectively referred to in this financial report as GPT or the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the GPT Group has control. GPT controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the GPT Group. They are deconsolidated from the date that control ceases.

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

Non-controlling interests not held by GPT 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 Trust's equity.

(ii) Associates

Associates are entities over which GPT has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the Consolidated Statement of Financial Position using the equity method. Under this method, GPT's share of the associates' post acquisition net profits after income tax expense is recognised in the Consolidated Statement of Comprehensive Income. 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 report as a reduction of the carrying amount of the investment. GPT's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

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

(iii) Joint arrangements

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

Joint operations

GPT has significant co-ownership interests in a number of properties through unincorporated joint ventures. These interests are held directly and jointly as tenants in common. GPT recognises its direct share of jointly held assets, liabilities, revenues and expenses in property interests held as tenants in common. These have been incorporated in the financial statements under the appropriate headings. The investment properties that are directly owned as tenants in common are disclosed in note 9.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Principles of consolidation (continued)

(iii) Joint arrangements (continued)

Joint ventures

Investments in joint ventures are accounted for in the consolidated statement of financial position using the equity method. Under this method, GPT's share of the joint ventures' post-acquisition net profits after income tax expense is recognised in the consolidated 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 venture entities are recognised in the consolidated financial report as a reduction of the carrying amount of the investment.

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

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

(e) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(f) Income Tax

(i) Trusts

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

(ii) Company and other taxable entities

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Income Tax (continued)

(iii) Tax consolidation – Australia

GPT Management Holdings Limited (the head entity) and its wholly owned Australian controlled entities implemented the tax consolidation legislation as of 1 January 2006. Each member in the tax consolidated group continues to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone 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.

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 report.

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, investment properties, 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 Leadership Team of the consolidated entity and also with consideration to 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".

(i) Revenue recognition

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

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

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

Gain or loss on disposal of assets is calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds from disposal and is included in the 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 exchange of unconditional contracts.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(k) Expenses

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

(l) Cash and cash equivalents

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

(m) Receivables

Trade and sundry debtors are initially recognised at fair value and subsequently accounted for at amortised cost. 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 GPT 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 initially recognised at fair value and subsequently accounted for 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) Non-current assets classified as held for sale and discontinued operations

Non-current assets meeting the held for sale criteria outlined below are classified as held for sale and, except for investment properties, measured at the lower of their carrying amount or fair value less costs to sell. They will 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. Investment properties included as non-current assets classified as held for sale are measured at fair value as set out in note 1(o).

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 GPT's business that:

- it has disposed of 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Investment property

Property, including land and buildings, held for long-term rental yields which are not occupied by a GPT entity is classified as investment property. Land held under an operating lease is classified and accounted for as investment property when the definition of investment property is met. Investment property also includes property that is being developed for future use as investment property.

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

Subsequent to initial acquisition, investment property is stated at fair value with changes in fair value recorded in the Statement of Comprehensive Income.

Investment properties under development are classified as investment property and stated at fair value at each balance date. Fair value is assessed with reference to reliable estimates of future cash flows, status of the development and the associated risk profile. Finance costs incurred on investment properties undergoing development or redevelopment are included in the cost of the development as set out in note 1(j).

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

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

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

(p) Property, plant and equipment

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

Depreciation and amortisation

Land is not depreciated. Depreciation on office fixtures, fittings and operating equipment is calculated using the straight line method to allocate their cost, net of their residual values, over their expected useful lives between 3 and 40 years.

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

(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 incentives

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

(s) Intangible assets

(i) Management rights

The management rights include property management and development management rights of the properties. The rights are amortised over the useful life, which ranges from 3 years to indefinite.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013 – THE GPT GROUP

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Other investments

Unlisted investments are stated at the fair value of GPT's interest in the underlying assets which approximate fair value.

(u) Impairment

All other assets, including financial assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Where an indicator of impairment or objective evidence exists, an estimate of the asset's recoverable amount is made. An impairment loss is recognised in the Statement of Comprehensive Income for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

(v) Financial assets and liabilities

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

GPT's classification is set out below:

Financial asset/liability	Classification	Valuation basis	
Cash	Fair value through profit and loss	Fair value	Refer to note 1(l)
Receivables	Loans and receivables	Amortised cost	Refer to note 1(m)
Derivative assets	Fair value through profit and loss	Fair value	Refer to note 1(w)
Payables	Financial liability at amortised cost	Amortised cost	Refer to note 1(x)
Borrowings	Financial liability at amortised cost or Financial liability at fair value through profit or loss where hedge accounting has been applied	Amortised cost and Fair value	Refer to note 1(z)
Derivative liabilities	Fair value through profit and loss	Fair value	Refer to note 1(w)

(w) Derivatives and hedge activities

GPT uses derivative financial instruments to manage its exposure to fluctuations in interest rates, foreign currency rates and the volatility of financial outcomes that arise as part of normal business operations. GPT's treasury and risk management policy sets out the policies, limits, monitoring and reporting requirements on the use of financial instruments, including derivatives, to hedge the exposures and these are discussed in detail in note 26.

GPT is exposed to changes in interest rates and uses interest rate swaps, cross-currency swaps, caps and options to hedge these risks. Such derivative financial instruments are carried in the statement of financial position at fair value and classified according to their contractual maturity. Changes in the fair value of derivative instruments are recognised immediately in the statement of comprehensive income. Gains and losses on maturity or close-out of derivatives are recognised in the statement of comprehensive income.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Where derivatives qualify for hedge accounting and are designated in hedge relationships, recognition of any resultant gain or loss depends on the nature of the item being hedged.

GPT's treasury and risk management policy sets out the application of hedge accounting to the derivatives used to hedge the exposures described in this note below. Whilst an economic hedge exists, GPT only applies hedge accounting in respect of foreign currency bonds. At inception, GPT formally designates and documents the relationship between hedging instruments and hedged items and the proposed effectiveness of the risk management objective the hedge relationship addresses. On an ongoing basis, GPT documents its assessment of retrospective and prospective hedge effectiveness of all hedge relationships for changes in fair values or cash flows.

Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of an asset or liability that is attributable to a particular risk and could affect the statement of comprehensive income. Changes in the fair value of derivatives (hedging instruments) that are designated and qualify as fair value hedges are recorded in the statement of comprehensive income, together with any changes in the fair value of the hedged asset/liability (hedged item) that are attributable to the hedged risk.

Hedge accounting is discontinued when the hedging instrument expires, is terminated, is no longer in an effective hedge relationship or is de-designated; the valuation basis of the hedged item reverts to amortised cost using the effective interest method, the cumulative gain or loss is amortised in the statement of comprehensive income over the remaining term of the hedged item.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Derivatives and hedge activities (continued)

Cash flow hedge

A cash value hedge is a hedge of the exposure to variability in cash flows attributable to a particular risk to a highly probable forecast transaction pertaining to an asset or liability. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the statement of other comprehensive income in equity via the cash flow hedge reserve. Any gain/loss pertaining to ineffectiveness is recognised in the statement of comprehensive income immediately.

Hedge accounting is discontinued when the hedging instrument expires, is terminated, is no longer in an effective hedge relationship, or is de-designated; the cumulative gain or loss in equity is recognised in the statement of comprehensive income when the forecast transaction is recognised in the statement of comprehensive income. If the highly probable forecast transaction were no longer expected to occur, the cumulative gain/loss in equity is recognised in the statement of comprehensive income immediately.

(x) Payables

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

Loans payable

Loans payable to related parties are initially recognised at fair value and subsequently measured 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.

(y) Provisions

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

(z) Borrowings

Borrowings are initially recognised at fair value and subsequently measured 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 unless there is an effective fair value hedge of the borrowings, in which case the borrowings are carried at fair value and any changes in the fair value are recognised in the statement of comprehensive income. All borrowings with maturities greater than 12 months after reporting date are classified as non-current liabilities. Refer to note 1(j) on finance costs.

(aa) Employee benefits

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 after the end of the period the employee renders the related service 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 together with the employee benefits and included in employee benefit liabilities.

(ii) Retirement benefit obligations

Those employees of GPT that join the GPT Group Superannuation Plan are entitled to benefits on retirement, disability or death from the GPT Group Superannuation Plan. The GPT Group Superannuation Plan is a defined contribution plan which receives GPT's employer contributions and voluntary pre and post tax contributions from members from their remuneration, and GPT's legal and constructive obligation is limited to these contributions.

Contributions to employee superannuation plans 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) Employee benefits (continued)

(ii) Profit sharing and bonus plans

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

(iii) Share based payments

Security based compensation benefits are provided to employees via the schemes comprising the Employee Incentive Scheme (EIS). Refer to note 21 for further detail on EIS.

GPT Group Stapled Security Rights Plan

Performance rights (rights) are issued to employees under the Stapled Security Rights Plan ("the 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 vesting conditions are satisfied.

The fair value of the rights is recognised as an employee benefit expense with a corresponding increase 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.

(ab) Contributed equity

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

(ac) Distributions and dividends

Distributions are paid to GPT stapled securityholders half yearly effective from 1 July 2013. A provision for distributions is made for the amount of any distribution declared on or before the end of the reporting period but not paid to the securityholders at reporting date. Distribution on exchangeable securities is accrued using the effective interest rate method.

(ad) Earnings per stapled security (EPS)

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

(ae) Critical accounting estimates and judgements

The preparation of the financial reports requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial reports. 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 results of which form the basis of the carrying values of assets and liabilities. The resulting accounting estimates may differ from the actual results under different assumptions and conditions.

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

(i) Valuation of property investments

Critical judgements are made by GPT in respect of the fair values of investment properties including investment properties under development, those that are classified as assets held for sale at 31 December 2013. The fair value of these investments are reviewed regularly by management with reference to external independent property valuations, recent offers and market conditions existing at reporting date, using generally accepted market practices. The critical assumptions underlying management's estimates of fair values are those relating to the net passing rent, gross market rent, net market rent, 10 year average market rental growth, capitalisation rate, terminal yield, discount rate. If there is any change in these assumptions or regional, national or international economic conditions, the fair value of property investments may differ. Major assumptions used in valuation of property investments are disclosed in note 9(f).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ae) Critical accounting estimates and judgements (continued)

(ii) Valuation of financial instruments

The fair value of derivative assets and liabilities are based on assumptions of future events and involve significant estimates. The basis of valuation for GPT's derivatives are set out in note 1(w) however the fair values of derivatives reported at 31 December 2013 may differ if there is volatility in market rates, indexes, equity prices or foreign exchange rates in future periods. The valuation techniques are discussed in detail at note 26(b)(vi) and have been developed in compliance with requirements of AASB 139 *Financial Instruments: Recognition and Measurement*.

(iii) 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 review the allocation of cash flows to those assets and estimate a fair value for the assets. Critical judgements are made by GPT in setting appropriate impairment triggers for its assets and the assumptions used when determining fair values for assets where triggers exist.

(iv) Share based payment transactions

The Group measures the cost of equity settled securities allocated to employees by reference to the fair value of the equity instruments at the date at which they are granted. 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 21. 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) Recoverability of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses as management considers that it is probable that future taxable profits will be available to utilise those temporary differences and unused tax losses. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits which may lead to impairment of the Deferred Tax Asset.

(af) Rounding of amounts

The GPT Group is of a kind referred to in the Australian Securities & Investments Commission Class Order 98/0120. Accordingly, amounts in the financial report have been rounded to the nearest tenth of a million dollars in accordance with the Class Order, unless stated otherwise.

(ag) Other Comprehensive Income

Other comprehensive income in the Statement of Comprehensive Income reflects the remeasurements of certain assets or balances as a result of movements in price or valuation. In the case of GPT, these items will mainly include foreign exchange translation adjustments on foreign entities. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013 – THE GPT GROUP

2. SEGMENT REPORTING

(a) Financial Performance by Segment

The segment information provided to the chief operating decision maker for the reportable segments (discussed at note 2(e)) for the year ended 31 December 2013 is set out below.

31 December 2013

	Core operations					Total Core Operations	Total Non-Core Operations, Consolidation & Eliminations	Total
	Retail	Office	Logistics	Funds Management	Corporate			
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Investment Management								
Rent from investment properties	372.9	188.3	91.8	-	-	653.0	(66.2)	586.8
Share of after tax profits of investments in associates and joint ventures (excluding fair value adjustments)	-	-	-	74.9	-	74.9	52.8	127.7
Other income	2.0	1.3	0.5	-	-	3.8	(3.8)	-
Property expenses and outgoings	(108.6)	(44.2)	(15.6)	-	-	(168.4)	13.4	(155.0)
Property net income	266.3	145.4	76.7	74.9	-	563.3	(3.8)	559.5
Management & administrative expenses	(5.9)	(2.4)	(1.5)	(1.1)	-	(10.9)	3.8	(7.1)
Net Contribution - Investment Management	260.4	143.0	75.2	73.8	-	552.4	-	552.4
Asset Management								
Property management fees	17.0	1.3	1.8	12.3	-	32.4	(17.0)	15.4
Management & administrative expenses	(7.5)	(2.8)	(2.2)	(14.1)	-	(26.6)	17.0	(9.6)
Net Contribution - Asset Management	9.5	(1.5)	(0.4)	(1.8)	-	5.8	-	5.8
Development - Retail And Major Projects								
Development fees	3.3	2.4	-	6.2	-	11.9	(5.1)	6.8
Management & administrative expenses	(1.7)	(0.8)	-	(6.6)	-	(9.1)	5.1	(4.0)
Net Contribution - Development Retail And Major Projects	1.6	1.6	-	(0.4)	-	2.8	-	2.8
Development - Logistics								
Development fees	-	-	0.6	-	-	0.6	(0.6)	-
Share of after tax profits of investments in joint ventures	-	-	0.7	-	-	0.7	-	0.7
Management & administrative expenses	-	-	(3.1)	-	-	(3.1)	0.6	(2.5)
Net Contribution - Development Logistics	-	-	(1.8)	-	-	(1.8)	-	(1.8)
Funds Management								
Rent from investment properties	-	-	0.9	-	-	0.9	-	0.9
Property expenses and outgoings	-	-	(0.1)	-	-	(0.1)	-	(0.1)
Property net income	-	-	0.8	-	-	0.8	-	0.8
Funds Management fees	-	-	-	30.9	-	30.9	-	30.9
Management & administrative expenses	-	-	-	(10.0)	-	(10.0)	-	(10.0)
Net contribution - Funds Management	-	-	0.8	20.9	-	21.7	-	21.7
Support functions								
Unallocated management & administrative expenses	-	-	-	-	(22.1)	(22.1)	(0.4)	(22.5)
Interest income	-	-	-	-	33.3	33.3	(9.8)	23.5
Interest expense	-	-	-	-	(128.8)	(128.8)	23.4	(105.4)
Segment result before tax	271.5	143.1	73.8	92.5	(117.6)	463.3	13.2	476.5
Income tax expense	-	-	-	-	(2.7)	(2.7)	(2.0)	(4.7)
Segment result for the year (ROI)*	271.5	143.1	73.8	92.5	(120.3)	460.6	11.2	471.8
One off items	0.1	(0.1)	0.1	-	0.8	0.9	-	0.9
Distributions on exchangeable securities	-	-	-	-	(25.0)	(25.0)	-	(25.0)
Funds from operations (FFO)	271.6	143.0	73.9	92.5	(144.5)	436.5	11.2	447.7

* The segment result is based on Realised Operating Income (ROI).

2. SEGMENT REPORTING (CONTINUED)

(a) Financial performance by segment (continued)

31 December 2013 (continued)

	Core operations					Total Core Operations	Total Non-Core Operations, Consolidation & Eliminations	Total
	Retail	Office	Logistics	Funds Management	Corporate			
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Fair value adjustments to investment properties	37.3	38.3	(1.8)	-	-	73.8	-	73.8
Fair value and other adjustments to equity accounted investments	-	3.7	-	36.2	-	39.9	-	39.9
Fair value adjustments of unlisted equity investments	-	-	-	-	0.6	0.6	-	0.6
Amortisation expense - intangibles	(0.1)	(0.2)	-	-	(6.2)	(6.5)	-	(6.5)
Fair value movement of derivatives not qualifying as hedges	-	-	-	-	14.5	14.5	-	14.5
Fair value movement of derivatives qualifying as fair value hedges	-	-	-	-	16.4	16.4	-	16.4
Net gain on fair value of borrowings	-	-	-	-	44.7	44.7	-	44.7
Net foreign exchange gain / (loss)	-	-	-	-	(54.5)	(54.5)	(0.8)	(55.3)
Net profit / (loss) on disposal of assets	(2.9)	-	-	-	(1.1)	(4.0)	1.4	(2.6)
Non-cash IFRS adjustments	(9.5)	(10.0)	(2.0)	-	-	(21.5)	-	(21.5)
Tax impact on reconciling items from segment result to net profit / (loss) for the year	-	-	-	-	(5.0)	(5.0)	(0.2)	(5.2)
Exclude distributions on exchangeable securities included in Funds from Operations	-	-	-	-	25.0	25.0	-	25.0
Net profit / (loss) for the year	296.4	174.8	70.1	128.7	(110.1)	559.9	11.6	571.5

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 Standards. 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).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013 – THE GPT GROUP

2. SEGMENT REPORTING (CONTINUED)

(a) Financial performance by segment (continued)

The segment information provided to the chief operating decision maker for the reportable segments (discussed at note 2(e)) for the year ended 31 December 2012 is set out below.

31 December 2012

	Core operations					Total Core Operations	Total Non-Core Operations, Consolidation & Eliminations	Total
	Retail	Office	Logistics	Funds Management	Corporate			
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Investment Management								
Rent from investment properties	423.5	177.1	84.1	-	-	684.7	(72.4)	612.3
Share of after tax profits of investments in associates and joint ventures (excluding fair value adjustments)	-	-	-	68.2	-	68.2	58.0	126.2
Other income	2.8	0.8	0.5	-	-	4.1	(4.1)	-
Property expenses and outgoings	(122.6)	(41.8)	(14.8)	-	-	(179.2)	14.7	(164.5)
Property net income	303.7	136.1	69.8	68.2	-	577.8	(3.8)	574.0
Management & administrative expenses	(6.3)	(3.8)	(1.5)	(0.9)	(0.5)	(13.0)	4.1	(8.9)
Net contribution - Investment Management	297.4	132.3	68.3	67.3	(0.5)	564.8	0.3	565.1
Asset Management								
Property Management fees	17.9	0.4	1.4	12.4	-	32.1	(17.1)	15.0
Management & administrative expenses	(19.1)	(4.6)	(2.7)	(11.7)	-	(38.1)	17.0	(21.1)
Net contribution - Asset Management	(1.2)	(4.2)	(1.3)	0.7	-	(6.0)	(0.1)	(6.1)
Development - Retail And Major Projects								
Development fees	4.7	1.1	-	7.8	-	13.6	(4.2)	9.4
Management & administrative expenses	(6.9)	(3.3)	-	(11.7)	-	(21.9)	4.2	(17.7)
Net contribution - Development retail and major projects	(2.2)	(2.2)	-	(3.9)	-	(8.3)	-	(8.3)
Development - Logistics								
Development fees	-	-	1.8	-	-	1.8	(1.8)	-
Management & administrative expenses	-	-	(2.5)	-	-	(2.5)	1.8	(0.7)
Net contribution - Development Logistics	-	-	(0.7)	-	-	(0.7)	-	(0.7)
Funds Management								
Funds Management fees	-	-	-	27.0	-	27.0	-	27.0
Other income	-	-	-	0.2	-	0.2	(0.2)	-
Management & administrative expenses	-	-	-	(11.2)	-	(11.2)	0.2	(11.0)
Net contribution - Funds Management	-	-	-	16.0	-	16.0	-	16.0
Support functions								
Unallocated management & administrative expenses	-	-	-	-	(22.3)	(22.3)	0.1	(22.2)
Interest income	-	-	-	-	35.3	35.3	(12.3)	23.0
Interest expense	-	-	-	-	(138.8)	(138.8)	27.8	(111.0)
Segment result before tax	294.0	125.9	66.3	80.1	(126.3)	440.0	15.8	455.8
Income tax credit	-	-	-	-	1.9	1.9	(1.3)	0.6
Segment result for the year (ROI)*	294.0	125.9	66.3	80.1	(124.4)	441.9	14.5	456.4
One off items	(2.6)	(0.2)	(0.5)	-	(10.2)	(13.5)	-	(13.5)
Distributions on exchangeable securities	-	-	-	-	(25.0)	(25.0)	-	(25.0)
Funds from operations (FFO)	291.4	125.7	65.8	80.1	(159.6)	403.4	14.5	417.9

* The segment result is based on Realised Operating Income (ROI).

2. SEGMENT REPORTING (CONTINUED)

(a) Financial performance by segment (continued)

31 December 2012 (continued)

	Core operations					Total Core Operations	Total Non-Core Operations, Consolidation & Eliminations	Total
	Retail	Office	Logistics	Funds Management	Corporate			
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Fair value adjustments to investment properties	116.0	58.6	(10.5)	-	-	164.1	-	164.1
Fair value and other adjustments to equity accounted investments	3.2	11.6	-	31.1	-	45.9	0.3	46.2
Amortisation expense - intangibles	(0.1)	(0.2)	-	-	(4.5)	(4.8)	-	(4.8)
Impairment expense - other	-	-	-	-	(0.2)	(0.2)	-	(0.2)
Fair value movement of derivatives	-	-	-	-	(39.9)	(39.9)	-	(39.9)
Net foreign exchange gain / (loss)	-	-	-	-	0.1	0.1	(0.6)	(0.5)
Net gain / (loss) on disposal of assets	(3.6)	-	(0.6)	-	(0.1)	(4.3)	1.2	(3.1)
Non-cash IFRS adjustments	(7.0)	(5.8)	(1.1)	-	-	(13.9)	-	(13.9)
Tax impact on reconciling items from segment result to Net profit / (loss) for the year	-	-	-	-	(1.9)	(1.9)	5.6	3.7
Exclude distributions on exchangeable securities included in Funds from Operations	-	-	-	-	25.0	25.0	-	25.0
Net profit / (loss) for the year	399.9	189.9	53.6	111.2	(181.1)	573.5	21.0	594.5

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 Standards. 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 is included in note 2(b) and (c).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013 – THE GPT GROUP

2. SEGMENT REPORTING (CONTINUED)

(b) Reconciliation of segment revenue and result to the Statement of Comprehensive Income – Continuing Operations

31 December 2013

	Note	Total Core Operations \$M	Consolidation & Eliminations \$M	Total Continuing Operations \$M	Total Statement of Comprehensive Income \$M
Investment Management					
Rent from investment properties	(i)	653.0	(66.2)	586.8	586.8
Share of after tax profits of investments in associates and joint ventures (excluding fair value adjustments)	(ii)	74.9	52.8	127.7	127.7
Other Income		3.8	(3.8)	-	-
Property expenses and outgoings		(168.4)	13.4	(155.0)	(155.0)
Property net income		563.3	(3.8)	559.5	559.5
Management & administrative expenses	(iii)	(10.9)	3.8	(7.1)	(7.1)
Net Contribution - Investment Management		552.4	-	552.4	552.4
Asset Management					
Property management fee		32.4	(17.0)	15.4	15.4
Management & administrative expenses	(iii)	(26.6)	17.0	(9.6)	(9.6)
Net contribution - Asset Management		5.8	-	5.8	5.8
Development - Retail And Major Projects					
Development fees		11.9	(5.1)	6.8	6.8
Management & administrative expenses	(iii)	(9.1)	5.1	(4.0)	(4.0)
Net contribution - Development Retail and Major Projects		2.8	-	2.8	2.8
Development - Logistics					
Development fees		0.6	(0.6)	-	-
Share of after tax profits of investments in joint ventures	(ii)	0.7	-	0.7	0.7
Management & administrative expenses	(iii)	(3.1)	0.6	(2.5)	(2.5)
Net contribution - Development Logistics		(1.8)	-	(1.8)	(1.8)
Funds Management					
Rent from investment properties	(i)	0.9	-	0.9	0.9
Property expenses and outgoings		(0.1)	-	(0.1)	(0.1)
Property net income		0.8	-	0.8	0.8
Funds Management fees		30.9	-	30.9	30.9
Management & administrative expenses	(iii)	(10.0)	-	(10.0)	(10.0)
Net contribution - Funds Management		21.7	-	21.7	21.7
Support functions					
Unallocated management & administrative expenses	(iii), (iv)	(22.1)	-	(22.1)	(22.1)
Interest income		33.3	(23.4)	9.9	9.9
Interest expense		(128.8)	23.4	(105.4)	(105.4)
Segment result before tax		463.3	-	463.3	463.3
Income tax expense	(v)	(2.7)	-	(2.7)	(2.7)
Segment result for the year (ROI)		460.6	-	460.6	460.6
One off items	(iii)	0.9	-	0.9	0.9
Distributions on exchangeable securities		(25.0)	-	(25.0)	(25.0)
Funds from operations (FFO)		436.5	-	436.5	436.5

2. SEGMENT REPORTING (CONTINUED)

(b) Reconciliation of segment revenue and result to the Statement of Comprehensive Income – Continuing Operations (continued)

31 December 2013 (continued)

	Note	Total Core Operations \$M	Consolidation & Eliminations \$M	Total Continuing Operations \$M	Total Statement of Comprehensive Income \$M
Fair value adjustments to investment properties	2(c)(i)			73.8	73.8
Fair value and other adjustments to equity accounted investments	(ii), 2(c)(ii)			39.9	39.9
Fair value adjustments of unlisted equity investments	2(c)(iii)			0.6	0.6
Amortisation expense - intangibles	(iv), 2(c)(iv)			(6.5)	(6.5)
Fair value movement of derivatives not qualifying as hedges	2(c)(vi)			14.5	14.5
Fair value movement of derivatives qualifying as fair value hedges	2(c)(vii)			16.4	16.4
Net gain on fair value of borrowings	2(c)(viii)			44.7	44.7
Net foreign exchange loss	2(c)(ix)			(54.5)	(54.5)
Net loss on disposal of assets	2(c)(x)			(4.0)	(4.0)
Non-cash IFRS adjustments	(i), 2(c)(xi)			(21.5)	(21.5)
Tax impact on reconciling items from segment result to net profit / (loss) for the year	(v), 2(c)(xii)			(5.0)	(5.0)
Exclude distributions on exchangeable securities included in Funds from operations				25.0	25.0
Net profit for the year				559.9	559.9
					\$M
(i)					
Rent from investment properties (Investment Management)					586.8
Rent from investment properties (Funds Management)					0.9
Less: Non-cash IFRS adjustments					(21.5)
Rent from property investments					566.2
(ii)					
Share of after tax profits of investments in associates and joint ventures, excluding fair value adjustments (Investment Management)					127.7
Share of after tax profits of investments in associates and joint ventures, excluding fair value adjustments (Development-Logistics)					0.7
Fair value and other adjustments to equity accounted investments					39.9
Share of after tax profits of equity accounted investments					168.3
(iii)					
Management & administrative expenses (Investment Management)					7.1
Management & administrative expenses (Asset Management)					9.6
Management & administrative expenses (Development-Retail & Major Projects)					4.0
Management & administrative expenses (Development-Logistics)					2.5
Management & administrative expenses (Funds Management)					10.0
Unallocated management & administrative expenses					22.1
Less: depreciation expense - refer to (iv) below					(2.6)
Add back other management fee income					0.7
Others					(0.9)
Management and other administration costs					52.5
(iv)					
Amortisation expense - intangibles					6.5
Depreciation expense - refer to (iii) above					2.6
Depreciation and amortisation expense					9.1
(v)					
Income tax expense					(2.7)
Tax impact on reconciling items from segment result to net profit / (loss) for the year					(5.0)
Income tax expense					(7.7)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013 – THE GPT GROUP

2. SEGMENT REPORTING (CONTINUED)

(b) Reconciliation of segment revenue and result to the Statement of Comprehensive Income – Continuing Operations (continued)

31 December 2012

	Note	Total Core Operations \$M	Consolidation & Eliminations \$M	Total Continuing Operations \$M	Total Statement of Comprehensive Income \$M
Investment Management					
Rent from investment properties	(i)	684.7	(72.4)	612.3	612.3
Dividend from investment		-	-	-	-
Share of after tax profits of investments in associates and joint ventures (excluding fair value adjustments)	(ii)	68.2	58.0	126.2	126.2
Other Income		4.1	(4.1)	-	-
Property expenses and outgoings		(179.2)	14.7	(164.5)	(164.5)
Property net income		577.8	(3.8)	574.0	574.0
Management & administrative expenses	(iii)	(13.0)	4.1	(8.9)	(8.9)
Net contribution - Investment Management		564.8	0.3	565.1	565.1
Asset Management					
Property management fee		32.1	(17.1)	15.0	15.0
Management & administrative expenses	(iii)	(38.1)	17.0	(21.1)	(21.1)
Net contribution - Asset Management		(6.0)	(0.1)	(6.1)	(6.1)
Development - Retail and Major Projects					
Development fees		13.6	(4.2)	9.4	9.4
Management & administrative expenses	(iii)	(21.9)	4.2	(17.7)	(17.7)
Net contribution - Development Retail and Major Projects		(8.3)	-	(8.3)	(8.3)
Development - Logistics					
Development fees		1.8	(1.8)	-	-
Management & administrative expenses	(iii)	(2.5)	1.8	(0.7)	(0.7)
Net contribution - Development Logistics		(0.7)	-	(0.7)	(0.7)
Funds Management					
Funds Management fees		27.0	-	27.0	27.0
Other income		0.2	(0.2)	-	-
Management & administrative expenses	(iii)	(11.2)	0.2	(11.0)	(11.0)
Net contribution - Funds Management		16.0	-	16.0	16.0
Support Functions					
Unallocated management & administrative expenses	(iii), (iv)	(22.3)	-	(22.3)	(22.3)
Interest income		35.3	(28.0)	7.3	7.3
Interest expense		(138.8)	27.8	(111.0)	(111.0)
Segment result before tax		440.0	-	440.0	440.0
Income tax credit	(v)	1.9	-	1.9	1.9
Segment result for the year (ROI*)		441.9	-	441.9	441.9
One off items		(13.5)	-	(13.5)	(13.5)
Distributions on exchangeable securities		(25.0)	-	(25.0)	(25.0)
Funds from operations (FFO)		403.4	-	403.4	403.4

2. SEGMENT REPORTING (CONTINUED)

(b) Reconciliation of segment revenue and result to the Statement of Comprehensive Income – Continuing Operations (continued)

31 December 2012 (continued)

	Note	Total Core Operations \$M	Consolidation & Eliminations \$M	Total Continuing Operations \$M	Total Statement of Comprehensive Income \$M
Fair value adjustments to investment properties	2(c)(i)			164.1	164.1
Fair value and other adjustments to equity accounted investments	(ii), 2(c)(ii)			45.9	45.9
Amortisation expense - intangibles	(iv), 2(c)(iv)			(4.8)	(4.8)
Impairment expense - other	2(c)(v)			(0.2)	(0.2)
Fair value movement of derivatives	2(c)(vi)			(39.9)	(39.9)
Net foreign exchange gain	2(c)(ix)			0.1	0.1
Net loss on disposal of assets	2(c)(x)			(4.3)	(4.3)
Non-cash IFRS adjustments	(i), 2(c)(xi)			(13.9)	(13.9)
Tax impact on reconciling items from segment result to net profit / (loss) for the year	(xii)			(1.9)	(1.9)
Exclude distributions on exchangeable securities included in Funds from operations				25.0	25.0
Net profit / (loss) for the year				573.5	573.5
					\$M
(i)					
Rent from investment properties					612.3
Less: non-cash IFRS adjustments					(13.9)
Rent from property investments					598.4
(ii)					
Share of after tax profits of investments in associates and joint ventures (excluding fair value adjustments)					126.2
Fair value and other adjustments to equity accounted investments					45.9
Share of after tax profits of equity accounted investments					172.1
(iii)					
Management & administrative expenses (Investment Management)					8.9
Management & administrative expenses (Asset Management)					21.1
Management & administrative expenses (Development-Retail & Major Projects)					17.7
Management & administrative expenses (Development-Logistics)					0.7
Management & administrative expenses (Funds Management)					11.0
Unallocated management & administrative expenses					22.3
Less: depreciation expense - refer to (iv) below					(2.3)
One off items					13.5
Management and other administration costs					92.9
(iv)					
Amortisation expense - intangibles					4.8
Depreciation expense - refer to (iii) above					2.3
Depreciation and amortisation expense					7.1
(v)					
Income tax credit					1.9
Tax impact on reconciling items from segment result to net profit / (loss) for the year					(1.9)
Income tax credit					-

2. SEGMENT REPORTING (CONTINUED)

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

The chief operating decision maker assesses the performance of the operating segments on a ROI basis. The material adjustments to the Segment Result, which are a change in fair value or capital in nature, are required for Australian Accounting Standards and are set out below:

- (i) **Fair value adjustments to investment properties** comprise movements in fair value of investment properties.
- (ii) **Fair value and other adjustments to equity accounted investments** comprise the movements in the value of the underlying assets of GPT’s investments in joint ventures and associates.
- (iii) **Fair value adjustments of unlisted equity investments**
- (iv) **Amortisation expense - intangibles**
- (v) **Impairment expense**
- (vi) **Fair value movement of derivatives not qualifying as hedges** comprise mark-to-market movements.
- (vii) **Fair value movement of derivatives qualifying as fair value hedges** comprises the movement in the fair value of derivatives designated for hedge relationship.
- (viii) **Net gain on fair value of borrowings** comprises the movement in the fair value of hedged financial liabilities.
- (ix) **Net foreign exchange gain / (loss)**
- (x) **Net profit / (loss) on disposal of assets**
- (xi) **Non-cash IFRS adjustments** comprise amounts for amortising lease incentives and straight lining rental revenue.
- (xii) **Tax impact on reconciling items from Segment result to Net profit / (loss)**

The accounting policies used by the Group in reporting segments internally are the same as those in note 1 to the financial report and in the prior years.

Revenues are derived from a large number of tenants and no single tenant or group under common control contributes more than 10% of the Group’s revenues.

2. SEGMENT REPORTING (CONTINUED)

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

The amounts provided to the chief operating decision maker as described in note 1(h) 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.

Given some of the assets and liabilities relate mainly to Corporate activities and have not been allocated to a reportable segment, a reconciliation of the reportable segments' assets and liabilities to total assets and liabilities for the years ended 31 December 2013 and 31 December 2012 is set out below:

	Core operations					Total Core Operations	Total Non-Core Operations	Total
	Retail	Office	Logistics	Funds Management	Corporate			
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
31 December 2013								
Current assets								
Current assets	-	-	-	-	371.9	371.9	11.1	383.0
Total current assets	-	-	-	-	371.9	371.9	11.1	383.0
Non-current assets								
Investment properties	3,943.2	1,452.8	1,282.2	-	-	6,678.2	-	6,678.2
Equity accounted investments	21.0	716.8	-	1,238.7	0.1	1,976.6	-	1,976.6
Property, plant and equipment	-	-	-	-	12.5	12.5	-	12.5
Loans and receivables	-	-	3.1	-	6.9	10.0	147.2	157.2
Intangible assets	10.7	0.9	-	-	39.1	50.7	-	50.7
Other non-current assets	-	-	-	-	163.6	163.6	-	163.6
Total non-current assets	3,974.9	2,170.5	1,285.3	1,238.7	222.2	8,891.6	147.2	9,038.8
Total assets	3,974.9	2,170.5	1,285.3	1,238.7	594.1	9,263.5	158.3	9,421.8
Current and non-current liabilities	-	-	-	-	2,707.0	2,707.0	-	2,707.0
Total liabilities	-	-	-	-	2,707.0	2,707.0	-	2,707.0
Net assets	3,974.9	2,170.5	1,285.3	1,238.7	(2,112.9)	6,556.5	158.3	6,714.8
31 December 2012								
Current assets								
Current assets	194.0	-	-	-	241.5	435.5	9.1	444.6
Total current assets	194.0	-	-	-	241.5	435.5	9.1	444.6
Non-current assets								
Investment properties	4,132.3	1,378.8	989.5	-	-	6,500.6	-	6,500.6
Equity accounted investments	151.6	706.3	-	1,152.8	0.1	2,010.8	-	2,010.8
Property, plant and equipment	-	-	-	-	10.7	10.7	-	10.7
Loans and receivables	-	-	-	-	7.9	7.9	144.1	152.0
Intangible assets	12.0	0.4	-	-	37.5	49.9	-	49.9
Other non-current assets	-	-	-	-	174.6	174.6	-	174.6
Total non-current assets	4,295.9	2,085.5	989.5	1,152.8	230.8	8,754.5	144.1	8,898.6
Total assets	4,489.9	2,085.5	989.5	1,152.8	472.3	9,190.0	153.2	9,343.2
Current and non-current liabilities	-	-	-	-	2,467.0	2,467.0	-	2,467.0
Total liabilities	-	-	-	-	2,467.0	2,467.0	-	2,467.0
Net assets	4,489.9	2,085.5	989.5	1,152.8	(1,994.7)	6,723.0	153.2	6,876.2

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013 – THE GPT GROUP

2. SEGMENT REPORTING (CONTINUED)

(e) Identification of Reportable Segments

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

Segment	Types of products and services which generate segment revenues
Retail	Regional, sub-regional and community shopping centres. Retail re-developments and new retail developments as well as property management of retail assets.
Office	Office space with associated retail space and development and property management of office assets.
Logistics	Established Logistics assets along with the development of vacant land, logistics re-developments and property management of logistics assets.
Funds Management	Asset and funds management of Australian wholesale fund vehicles, investments by the Group in GPT Wholesale Shopping Centre Fund and GPT Wholesale Office Fund.
Corporate	Finance including cash, borrowings and intangible assets plus resulting net interest costs and Group operating costs.
Non-Core Operations, Consolidation and Eliminations include:	
Discontinued operation - US Seniors Housing	GPT completed the sale of this portfolio on 29 March 2011 and the balances represent miscellaneous balances that will be realised once liquidation of the remaining entity occurs.
Discontinued operation - Funds Management – Europe	Equity investments in two small closed-end funds (a legacy of GPT's ownership of GPT Halverton) managed by Internos Real Investors.
Discontinued operation - Hotel / Tourism	GPT has divested all of its resorts after completing the sale of Ayers Rock Resort on 23 May 2011 and now earns interest income on the deferred settlement proceeds. Final proceeds are due to be received in May 2016.
Consolidation and Eliminations	Elimination of inter-company transactions and conversion of the proportionally consolidated result from joint ventures and associates to equity accounted results.

(f) Share of after tax profits / (losses) from joint ventures and associates – consolidated entity

The share of after tax profits / (losses) from those joint ventures and associates and the extent to which they have contributed to the overall net profit/(loss) of the Group in the financial year, split between continuing operations and discontinued operations, is set out below:

(1) Share of after tax profits/(losses) from joint ventures and associates – by reportable segment

	Core operations					Total Core Operations	Total Non-Core Operations	Total
	Retail	Office	Logistics	Funds Management	Corporate			
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
31 December 2013								
Revenue and other income	5.5	63.8	0.9	156.7	16.9	243.8	-	243.8
Expenses	(0.3)	(12.5)	(0.2)	(45.6)	(15.4)	(74.0)	(1.3)	(75.3)
Profit / (loss) before income tax expense	5.2	51.3	0.7	111.1	1.5	169.8	(1.3)	168.5
Income tax expense / (credit)	-	-	-	-	-	-	-	-
	5.2	51.3	0.7	111.1	1.5	169.8	(1.3)	168.5
Share of accumulated losses not recognised	-	-	-	-	(1.5)	(1.5)	1.3	(0.2)
Share of net profits / (losses) of joint venture and associate interests	5.2	51.3	0.7	111.1	-	168.3	-	168.3
31 December 2012								
Revenue and other income	16.4	72.8	-	142.6	18.1	249.9	9.6	259.5
Expenses	(3.8)	(12.6)	-	(43.3)	(21.4)	(81.1)	(26.6)	(107.7)
Profit / (loss) before income tax expense	12.6	60.2	-	99.3	(3.3)	168.8	(17.0)	151.8
Income tax expense / (credit)	-	-	-	-	-	-	-	-
	12.6	60.2	-	99.3	(3.3)	168.8	(17.0)	151.8
Share of accumulated losses not recognised	-	-	-	-	3.3	3.3	17.3	20.6
Share of net profits / (losses) of joint venture and associate interests	12.6	60.2	-	99.3	-	172.1	0.3	172.4

2. SEGMENT REPORTING (CONTINUED)

(f) Share of after tax profits / (losses) from joint ventures and associates – consolidated entity (continued)

(2) Share of after tax profits/(losses) from joint ventures and associates – by geographic location

The analysis below sets out GPT's share of after tax profit / (loss) from its associates and joint ventures by the geographic location they operate in:

	Australia		Europe		United States		Total	
	31 Dec 13	31 Dec 12	31 Dec 13	31 Dec 12	31 Dec 13	31 Dec 12	31 Dec 13	31 Dec 12
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Revenue and other income	243.8	249.9	-	9.6	-	-	243.8	259.5
Expenses	(74.0)	(81.1)	-	(25.2)	(1.3)	(1.4)	(75.3)	(107.7)
Profit before income tax expense	169.8	168.8	-	(15.6)	(1.3)	(1.4)	168.5	151.8
Income tax expense / (credit)	-	-	-	-	-	-	-	-
	169.8	168.8	-	(15.6)	(1.3)	(1.4)	168.5	151.8
Share of accumulated losses not recognised	(1.5)	3.3	-	15.9	1.3	1.4	(0.2)	20.6
Share of net profits / (losses) of joint ventures and associate interests	168.3	172.1	-	0.3	-	-	168.3	172.4

(g) Share of joint venture and associates' assets and liabilities – consolidated entity

The underlying assets and liabilities of the joint ventures and associates shown in the Consolidated Statement of Financial Position, split between continuing operations and discontinued operations, is set out below:

(1) Share of joint venture and associates' assets and liabilities – by reportable segment

	Core operations					Total Core Operations	Total Non-Core Operations	Total
	Retail	Office	Logistics	Funds Management	Corporate			
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
31 December 2013								
Cash and cash equivalents	0.3	7.9	2.1	6.7	9.5	26.5	1.8	28.3
Property investments and loans	21.0	730.6	3.5	1,433.1	18.4	2,206.6	-	2,206.6
Other assets	0.3	3.4	0.9	6.6	9.1	20.3	-	20.3
Total assets	21.6	741.9	6.5	1,446.4	37.0	2,253.4	1.8	2,255.2
Other liabilities	0.6	25.1	1.5	44.3	16.8	88.3	14.0	102.3
Borrowings								
- The GPT Group	-	-	3.1	-	29.6	32.7	37.0	69.7
- External - non-current	-	-	1.9	163.4	-	165.3	-	165.3
Total liabilities	0.6	25.1	6.5	207.7	46.4	286.3	51.0	337.3
Net assets	21.0	716.8	-	1,238.7	(9.4)	1,967.1	(49.2)	1,917.9
Negative net assets not recognised	-	-	-	-	9.5	9.5	49.4	58.9
Net assets after write back	21.0	716.8	-	1,238.7	0.1	1,976.6	0.2	1,976.8
31 December 2012								
Cash and cash equivalents	1.2	5.5	-	6.5	2.5	15.7	6.4	22.1
Property investments and loans	152.0	713.4	-	1,424.9	27.7	2,318.0	61.2	2,379.2
Other assets	0.4	3.1	-	6.8	9.3	19.6	3.5	23.1
Total assets	153.6	722.0	-	1,438.2	39.5	2,353.3	71.1	2,424.4
Other liabilities	2.0	15.7	-	40.9	19.8	78.4	24.3	102.7
Borrowings								
- The GPT Group	-	-	-	-	30.6	30.6	31.8	62.4
- External - non-current	-	-	-	244.5	-	244.5	71.2	315.7
Total liabilities	2.0	15.7	-	285.4	50.4	353.5	127.3	480.8
Net assets	151.6	706.3	-	1,152.8	(10.9)	1,999.8	(56.2)	1,943.6
Negative net assets not recognised	-	-	-	-	11.0	11.0	56.3	67.3
Net assets after write back	151.6	706.3	-	1,152.8	0.1	2,010.8	0.1	2,010.9

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013 – THE GPT GROUP

2. SEGMENT REPORTING (CONTINUED)

(g) Share of joint venture and associates' assets and liabilities – consolidated entity (continued)

(2) Share of joint ventures and associates' assets and liabilities – by geographic location

The analysis below sets out, by geographic location, the underlying assets and liabilities of the associates and joint ventures shown in the Consolidated Statement of Financial Position. Key asset and liability categories have been individually presented for further detail.

	Australia		Europe		United States		Total	
	31 Dec 13 \$M	31 Dec 12 \$M	31 Dec 13 \$M	31 Dec 12 \$M	31 Dec 13 \$M	31 Dec 12 \$M	31 Dec 13 \$M	31 Dec 12 \$M
Share of joint venture and associates' assets and liabilities								
Cash and cash equivalents	26.3	15.7	-	3.0	1.9	3.4	28.2	22.1
Property investments and loans	2,206.5	2,318.0	-	61.2	-	-	2,206.5	2,379.2
Other assets	20.3	19.6	-	3.5	-	-	20.3	23.1
Total assets	2,253.1	2,353.3	-	67.7	1.9	3.4	2,255.0	2,424.4
Other liabilities								
Borrowings	88.0	78.4	-	11.6	14.1	12.7	102.1	102.7
- The GPT Group	32.7	30.6	-	-	37.0	31.8	69.7	62.4
- External - non-current	165.3	244.5	-	71.2	-	-	165.3	315.7
Total liabilities	286.0	353.5	-	82.8	51.1	44.5	337.1	480.8
Net assets	1,967.1	1,999.8	-	(15.1)	(49.2)	(41.1)	1,917.9	1,943.6
Negative net assets not recognised	9.5	11.0	-	15.1	49.4	41.2	58.9	67.3
Net assets after write back	1,976.6	2,010.8	-	-	0.2	0.1	1,976.8	2,010.9

3. DISTRIBUTIONS PAID AND PAYABLE

		Consolidated entity	
		31 Dec 13 \$M	31 Dec 12 \$M
(a) Stapled Securityholders			
(i) Distributions paid and payable			
Quarter ended December 2012:	5.1 cents per stapled security paid on 14 March 2013 (4.9 cents per stapled security paid on 16 March 2012)	90.1	88.7
Quarter ended March 2013:	5.1 cents per stapled security paid on 17 May 2013 (4.6 cents per stapled security paid on 25 May 2012)	90.2	82.2
Quarter ended June 2013:	5.0 cents per stapled security paid on 13 September 2013 (4.9 cents per stapled security paid on 7 September 2012)	86.9	86.6
6 month period ended 31 December 2013 ¹ : (Quarter ended September 2012)	10.3 cents per stapled security paid on 21 March 2014 (4.7 cents per stapled security paid on 16 November 2012)	174.6	83.0
Total distributions paid		441.8	340.5
(ii) Distributions proposed and not recognised as a liability²			
Quarter ended December 2012:	5.1 cents per stapled security paid on 14 March 2013	-	90.1
(b) Exchangeable securities Securityholders³			
(i) Distributions paid			
Period from 28 November 2012 to 27 November 2013	10% per exchangeable security	25.0	25.0
(ii) Distributions payable			
Period from 28 November 2013 to 31 December 2013	10% per exchangeable security	2.4	2.4

1 From 1 July 2013 the GPT Group changed the frequency of distribution payments from quarterly to half yearly. December half yearly distribution of 10.3 cents per stapled security has been declared on 18 December 2013 and is expected to be paid on 21 March 2014 based on the record date of 31 December 2013. As a result, the distribution paid and payable for the year ended 31 December 2013 includes an extra quarter compared to 2012.

2 No provision for the December quarter distribution had been recognised in the Statement of Financial Position as at 31 December 2012 as the distribution had not been declared by that date.

3 Refer to note 16(c) for further information on the Exchangeable Securities.

4. OTHER INCOME AND EXPENSES

	Note	Consolidated entity	
		31 Dec 13 \$M	31 Dec 12 \$M
(i) Income			
(a) Net gain / (loss) on fair value of derivatives			
Interest rate derivatives		14.5	(40.0)
Foreign currency derivatives		16.4	0.1
Total net gain / (loss) on fair value of derivatives		30.9	(39.9)
(ii) Expenses			
(b) Depreciation and amortisation expense			
Depreciation of plant and equipment	11(a)	2.6	2.3
Amortisation of intangibles	12(a)	6.5	4.8
Total depreciation and amortisation expense		9.1	7.1
(c) Finance costs			
External entities		108.4	119.8
Interest capitalised*		(3.0)	(8.8)
Total finance costs		105.4	111.0

*A capitalisation rate of 5.1% (2012: 5.6%) has been applied when capitalising interest on qualifying assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013 – THE GPT GROUP

5. TAX

	Consolidated entity	
	31 Dec 13 \$M	31 Dec 12 \$M
(a) Income tax expense		
Current income tax credit	-	(5.7)
Deferred income tax expense	9.9	1.4
Income tax expense / (credit) in the Statement of Comprehensive Income	9.9	(4.3)
Income tax expense / (credit) attributable to:		
Profit / (loss) from continuing operations	7.7	-
Profit / (loss) from discontinued operations	2.2	(4.3)
Aggregate income tax expense / (credit)	9.9	(4.3)
Reconciliation of income tax expense to prima facie tax payable:		
Net profit before income tax expense	581.4	590.2
Less: profit attributed to entities not subject to tax	(584.2)	(617.9)
Net loss before income tax expense	(2.8)	(27.7)
Prima facie income tax benefit at 30% tax rate (31 December 2012: 30%)	(0.8)	(8.3)
Tax effect of amounts not deductible (taxable) in calculating income tax credit:		
Overhead costs	0.2	2.8
Impairment expenses	-	0.2
Share of after tax profits of investments in associates and joint ventures	-	(0.1)
Foreign subsidiary losses not deductible for tax	0.1	0.3
Adjustments in respect of current income tax of previous years	-	(3.6)
Tax expenses arising on disposal of foreign assets	-	(5.7)
Depreciation not deductible	3.0	2.2
Bad debts deductions denied on related party interest	2.0	1.4
Impairment of deferred tax asset	5.4	6.5
Income tax expense / (credit)	9.9	(4.3)
Deferred tax assets and liabilities are attributable to the following:		
(b) Deferred tax assets		
Employee benefits	4.0	8.0
Overhead costs	9.6	8.3
Provisions and accruals	1.6	0.9
Tax losses recognised	9.6	17.0
Other	0.2	0.6
Net deferred tax asset	25.0	34.8
Movement in temporary differences during the financial year		
Opening balance at beginning of the financial year	34.8	36.2
Charged to the income statement	(2.4)	(0.3)
Tax losses utilised	(7.4)	(1.1)
Closing balance at end of the financial year	25.0	34.8

6. NON-CURRENT ASSETS HELD FOR SALE, DISCONTINUED OPERATIONS AND OTHER DISPOSALS

(a) Details of discontinued operations

At 31 December 2013, there are three discontinued operations: Hotel / Tourism portfolio, Funds Management – Europe portfolio and US Seniors Housing portfolio.

An update on the remaining investments for each discontinued operation as at 31 December 2013 is discussed in detail below.

(i) Hotel / Tourism

On 23 May 2011, GPT completed the sale of Ayers Rock Resort to the Indigenous Land Corporation. Total consideration for the sale was \$300 million, to be received in three instalments with \$81 million paid on settlement, \$81 million to be received 12 months after settlement and \$138 million to be received five years after settlement. Proceeds from the first and second instalments were used to reduce borrowings.

GPT has been provided with security guaranteeing the deferred payments and receives interest on the deferred payments at a rate of 6.5% per annum. GPT will share in 46% of any increase in capital value of Ayers Rock Resort over \$300 million plus capital expenditure committed over the period with a minimum guaranteed payment to GPT of \$17 million at the end of the five year period. GPT will accrue increments of the \$17 million guaranteed payment over the five year period resulting in an additional 2% return per annum bringing the total return to 8.5% per annum. GPT has contributed \$22.2 million towards capital expenditure in March 2012 in accordance with the sale agreement.

(ii) Funds Management - Europe

Dutch Active Fund Propco BV (DAF)

On 17 May 2013, GPT completed the divestment of the 38.04% interest in DAF.

(iii) US Seniors Housing

On 29 March 2011, GPT completed the sale of its US Seniors Housing portfolio to Health Care REIT Inc for a total consideration of US\$890 million. Remaining balances represent working capital in B-VII Operations Holding Co LLC, whose properties had been sold on 29 March 2011. The entity is in the process of being liquidated.

(b) Details of assets and liabilities classified as held for sale

The table below sets out the assets and liabilities that continue to be owned by the Group at 31 December 2013 (discussed in (a) above). These assets and liabilities are presented as an aggregate amount on the lines 'assets and liabilities held for sale' in the Statement of Financial Position.

	Consolidated entity				
	Note	Discontinued Operations		Total	Total
		Funds Management Europe	US Seniors Housing		
		31 Dec 13	31 Dec 13	31 Dec 13	31 Dec 12
	\$M	\$M	\$M	\$M	
Assets classified as held for sale					
Loans and receivables	(i)	10.9	-	10.9	9.0
Investment properties	(ii)	-	-	-	194.0
Equity accounted investments	(iii)	-	0.2	0.2	0.1
Other assets	(iv)	-	-	-	-
Total assets classified as held for sale		10.9	0.2	11.1	203.1

(i) Loans and receivables comprise of a loan receivable of \$10.9 million from German Retail Fundco SARL.

(ii) As at 31 December 2012 the investment properties balance comprised of Homemaker portfolio assets which have been sold during 2013.

(iii) Equity accounted investments comprise:

- 50% investment in B&B GPT Alliance 1 LLC and B&B GPT Alliance 2 LLC with nil carrying value at 31 December 2013; and
- 95% investment in B-VII Operations Holding Co LLC, whose properties held by this entity had been sold on 29 March 2011 and is in the process of being liquidated. This investment is held at \$0.2 million as at 31 December 2013.
- 38.04% interest in DAF at nil carrying value as at 31 December 2012. This investment was divested on 17 May 2013.

(iv) Other assets relate to a 5.3% interest in GPT MaltaCo 1 with nil carrying value as at 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013 – THE GPT GROUP

6. NON-CURRENT ASSETS HELD FOR SALE, DISCONTINUED OPERATIONS AND OTHER DISPOSALS (CONTINUED)

(c) Details of financial performance and cash flow information relating to discontinued operations

The table below sets out the financial performance and cash flow information up to 31 December 2013 for the discontinued operations that continue to be owned by the Group at reporting date. For assets which have been divested during the year, the relevant financial performance and cash flow information up to the date of disposal have been included. These results are shown at note 2(a) within the total non-core operations segment.

	Consolidated entity	
	31 Dec 13	31 Dec 12
	\$M	\$M
Revenue	13.2	15.8
Income tax expenses	(2.0)	(1.3)
Segment result for discontinued operations	11.2	14.5
Items excluded from Segment result	0.6	0.9
Tax impact of reconciling items from Segment result to Net profit for the year	(0.2)	5.6
Net profit after income tax of discontinued operations	11.6	21.0
Net cash inflow from operating activities	10.5	12.3
Net cash inflow from investing activities	1.4	46.0
Net increase in cash generated by discontinued operations	11.9	58.3

(d) Details of disposals including disposals in discontinued operations

The net profit on sale of disposals in discontinued operations and in the general course of business during the year were:

	Consolidated entity	
	31 Dec 13	31 Dec 12
	\$M	\$M
Details of disposals during the year:		
Cash consideration - net of transaction costs	587.5	615.4
Total consideration	587.5	615.4
Carrying amount of net assets sold	(590.1)	(618.5)
Loss on sale before income tax	(2.6)	(3.1)
The carrying amounts of assets and liabilities as at the date of disposal were:		
Investment properties	458.0	618.5
Equity accounted investments	131.1	-
Property, plant and equipment	1.0	-
Total assets	590.1	618.5
Net assets	590.1	618.5

7. LOANS AND RECEIVABLES

	Consolidated entity	
	31 Dec 13 \$M	31 Dec 12 \$M
Current assets		
Trade receivables	19.8	18.1
less: impairment of trade receivables	(0.7)	(1.1)
	<u>19.1</u>	<u>17.0</u>
Distributions receivable from associates	20.1	18.5
Distributions receivable from joint ventures	17.3	10.1
Interest receivable	3.0	0.8
Other debtors	13.7	13.6
Related party receivables ¹	15.4	11.7
Total current loans and receivables	<u>88.6</u>	<u>71.7</u>
Non-current assets		
Deferred consideration receivables	147.2	144.1
Loan advanced to Chullora JV	3.1	-
Loan advanced to Lend Lease GPT (Rouse Hill) Pty Limited	6.9	7.9
Total non-current loans and receivables	<u>157.2</u>	<u>152.0</u>

1 The related party receivables are on commercial terms and conditions with collection expected in 30 days.

8. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated entity	
	31 Dec 13 \$M	31 Dec 12 \$M
Current assets		
Interest rate swaps	-	5.1
Total current derivative assets	<u>-</u>	<u>5.1</u>
Non-current assets		
Interest rate swaps	122.2	132.8
Interest rate options	-	2.9
Cross-currency swaps	10.5	-
Total non-current derivative assets	<u>132.7</u>	<u>135.7</u>
Current liabilities		
Interest rate swaps	-	0.1
Total current derivative liabilities	<u>-</u>	<u>0.1</u>
Non-current liabilities		
Interest rate swaps	35.7	50.0
Interest rate options	27.0	90.1
Total non-current derivative liabilities	<u>62.7</u>	<u>140.1</u>

GPT does not speculatively trade in derivative financial instruments and the terms and conditions of the derivative financial instruments are similar to the terms and conditions of the underlying items being economically hedged.

Refer to note 26 for further disclosures on GPT's financial risk management.

At 31 December 2013, GPT has hedges (fixed debt and swaps) in place to fix the interest rate payable on 71.6% of its total debt and the hedges have an average fixed rate of 3.88% (2012: 66.2% hedged, hedges had an average fixed rate of 3.74%).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013 – THE GPT GROUP

9. INVESTMENT PROPERTIES

	Note	Consolidated entity	
		31 Dec 13 \$M	31 Dec 12 \$M
Retail	(b)	3,943.2	4,132.3
Office	(c)	1,452.8	1,378.8
Logistics	(d)	1,088.7	880.5
Properties under development	(e)	193.5	109.0
Total investment properties		6,678.2	6,500.6

(a) Reconciliation

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

	Properties				Consolidated entity	
	Retail \$M	Office \$M	Logistics \$M	under development \$M	Total 31 Dec 13 \$M	Total 31 Dec 12 \$M
Carrying amount at the beginning of the financial year	4,132.3	1,378.8	880.5	109.0	6,500.6	6,423.6
Additions - operating capex	14.0	17.7	1.8	-	33.5	24.5
Additions - interest capitalised	0.6	-	-	2.4	3.0	8.8
Additions - development capex	17.4	4.6	4.3	54.1	80.4	72.7
Asset acquisitions	-	-	230.9	-	230.9	151.4
Transfers from non-current assets classified as held for sale	-	-	-	-	-	235.1
Transfers to / from Properties under development	-	-	(24.4)	24.4	-	-
Lease incentives	13.7	25.0	4.0	-	42.7	61.8
Amortisation of lease incentives	(11.1)	(11.6)	(4.3)	-	(27.0)	(24.9)
Disposals	(262.4)	-	-	-	(262.4)	(629.6)
Fair value adjustments	37.3	38.3	(5.4)	3.6	73.8	164.1
Leasing costs (net of amortisation)	(0.3)	(1.6)	(0.9)	-	(2.8)	2.1
Straightline leases	1.7	1.6	2.2	-	5.5	11.0
Carrying amount at the end of the financial year	3,943.2	1,452.8	1,088.7	193.5	6,678.2	6,500.6

(b) Retail

	Ownership Interest ¹ %	Acquisition Date	Fair Value 31 Dec 13 \$M	Fair Value 31 Dec 12 \$M	Latest Independent Valuation Date	Valuer
Casuarina Square, NT	50.0	Oct 1973	247.0	239.5	Dec 2013	Jones Lang LaSalle
Charlestown Square, NSW	100.0	Dec 1977	823.9	840.3	Jun 2013	Savills Australia
Pacific Highway, Charlestown, NSW	100.0	Oct 2002 / Jul 2003	6.0	9.7	Jun 2013	Savills Australia
Dandenong Plaza, Vic	100.0	Dec 1993 / Dec 1999	158.8	170.0	Jun 2013	Colliers International
Erina Fair, NSW ²	-	Jun 1992	-	262.1	Jun 2012	Savills Australia
Highpoint Shopping Centre, Vic	16.7	Aug 2009	299.0	274.2	Sep 2013	Savills Australia
Homemaker City, Maribyrnong, Vic	16.7	Aug 2009	8.2	7.5	Sep 2013	Savills Australia
Westfield Penrith, NSW	50.0	Jun 1971	553.9	546.4	Jun 2013	Knight Frank Valuations
Sunshine Plaza, Qld	** 50.0	Dec 1992 / Sep 2004	367.7	350.8	Jun 2013	Savills Australia
Plaza Parade, Qld	50.0	Jun 1999	10.5	9.5	Jun 2013	Savills Australia
Rouse Hill Town Centre, NSW	100.0	Dec 2005	470.0	461.1	Dec 2013	Jones Lang LaSalle
Melbourne Central, Vic - retail portion (including car park) ³	100.0	May 1999 / May 2001	998.2	961.2	Dec 2013	Savills Australia
Total consolidated entity			3,943.2	4,132.3		

(c) Office

	Ownership Interest ¹ %	Acquisition Date	Fair Value 31 Dec 13 \$M	Fair Value 31 Dec 12 \$M	Latest Independent Valuation Date	Valuer
Australia Square, Sydney, NSW	50.0	Sep 1981	311.1	286.1	Jun 2013	Knight Frank Valuations
MLC Centre, Sydney, NSW	50.0	Apr 1987	384.4	381.1	Jun 2013	Colliers International
One One One Eagle Street, Brisbane, Qld	33.3	Apr 1984	224.9	208.6	Mar 2013	Knight Frank
Melbourne Central, Vic - office portion ³	100.0	May 1999 / May 2001	394.0	375.0	Dec 2013	Knight Frank
818 Bourke St, Victoria Harbour, Vic	100.0	Jun 2006	138.4	128.0	Jun 2013	Savills Australia
Total consolidated entity			1,452.8	1,378.8		

9. INVESTMENT PROPERTIES (CONTINUED)

(d) Logistics

	Ownership Interest ¹ %	Acquisition Date	Fair Value 31 Dec 13 \$M	Fair Value 31 Dec 12 \$M	Latest Independent Valuation Date	Valuer
2-4 Harvey Road, Kings Park, NSW	100.0	May 1999	44.1	44.1	Jun 2011	Savills Australia
Citi-West Industrial Estate, Altona North, Vic	100.0	Aug 1994	66.6	66.7	Dec 2013	Savills Australia
Quad 1, Sydney Olympic Park, NSW	* 100.0	Jun 2001	20.3	19.6	Jun 2013	Knight Frank Valuations
Quad 2, Sydney Olympic Park, NSW	* 100.0	Dec 2001	24.4	22.5	Jun 2013	Knight Frank Valuations
Quad 3, Sydney Olympic Park, NSW	* 100.0	Mar 2003	24.0	23.0	Jun 2013	Knight Frank Valuations
Quad 4, Sydney Olympic Park, NSW	* 100.0	Jun 2004	33.9	36.1	Jun 2013	Knight Frank Valuations
6 Herb Elliott, Sydney Olympic Park, NSW	* 100.0	Jun 2010	12.5	12.1	Jun 2013	Jones Lang LaSalle
8 Herb Elliott, Sydney Olympic Park, NSW	* 100.0	Aug 2004	10.2	9.4	Jun 2013	Knight Frank Valuations
3 Figtree Drive, Sydney Olympic Park, NSW ⁴	* 100.0	Apr 2013	19.4	-	Mar 2013	CB Richard Ellis Pty Ltd
5 Figtree Drive, Sydney Olympic Park, NSW	* 100.0	Jul 2005	21.0	20.2	Jun 2011	Colliers International
7 Figtree Drive, Sydney Olympic Park, NSW	* 100.0	Jul 2004	13.5	10.6	Jun 2013	Knight Frank Valuations
7 Parkview Drive, Sydney Olympic Park, NSW ⁵	* 100.0	May 2002	-	19.4	Jun 2011	Jones Lang LaSalle
5 Murray Rose, Sydney Olympic Park, NSW	* 100.0	May 2002	70.4	68.5	Jun 2013	M3 Property
Rosehill Business Park, Camellia, NSW	100.0	May 1998	68.5	67.6	Dec 2013	Jones Lang LaSalle
15 Berry Street, Granville, NSW	100.0	Nov 2000	13.3	13.3	Jun 2012	Savills Australia
19 Berry Street, Granville, NSW	100.0	Dec 2000	26.6	26.7	Jun 2012	Savills Australia
Erskine Park, NSW (Stage 1)	100.0	Jun 2008	38.8	38.8	Jun 2012	Knight Frank Valuations
Erskine Park, NSW (Stage 2)	100.0	Jun 2008	20.0	19.1	Jun 2013	CB Richard Ellis Pty Ltd
Austrak Business Park, Somerton, Vic	50.0	Oct 2003	140.1	135.4	Jun 2013	CB Richard Ellis Pty Ltd
134-140 Fairbairn Road, Sunshine West, Vic	100.0	Mar 2006	13.2	13.2	Dec 2011	CB Richard Ellis Pty Ltd
116 Holt Street, Pinkenba, Qld	100.0	Mar 2006	13.5	13.4	Jun 2011	Jones Lang LaSalle
4 Holker Street, Silverwater, NSW	100.0	Mar 2006	26.0	30.4	Jun 2013	Colliers International
372-374 Victoria Street, Wetherill Park, NSW	100.0	Jul 2006	18.4	18.4	Jun 2012	Knight Frank Valuations
18 - 24 Abbott Road, Seven Hills, NSW	100.0	Oct 2006	14.5	13.7	Dec 2011	CB Richard Ellis Pty Ltd
Citiport Business Park, Port Melbourne, Vic	100.0	Mar 2012	60.0	61.5	Dec 2013	Jones Lang LaSalle
83 Derby Street, Silverwater, NSW	100.0	Aug 2012	25.2	25.2	Jun 2012	Knight Frank Valuations
10 Interchange Drive, Eastern Creek, NSW	100.0	Aug 2012	28.9	28.6	Jul 2012	CB Richard Ellis
407 Pembroke Rd, Minto, NSW	50.0	Oct 2008	23.3	23.0	Jun 2013	Knight Frank Valuations
Corner Pine Road and Loftus Road, Yennora, NSW ⁶	100.0	Nov 2013	43.6	-	Sep 2013	Jones Lang LaSalle
16-28 Quarry Road, Yatala, Qld ⁷	100.0	Nov 2013	44.5	-	Oct 2013	Knight Frank
15 Green Square Close, Fortitude Valley, Qld ⁸	100.0	Nov 2013	110.0	-	Sep 2013	Colliers International
Total consolidated entity			1,088.7	880.5		

NOTES TO THE FINANCIAL STATEMENTS

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9. INVESTMENT PROPERTIES (CONTINUED)

(e) Property under development

	Ownership Interest ¹ %	Acquisition Date	Fair Value 31 Dec 13 \$M	Fair Value 31 Dec 12 \$M	Latest Independent Valuation Date	Valuer
Logistics						
17 Berry St, Granville, NSW	100.0	Sep 2009	2.9	2.9	Jun 2012	Savills Australia
7 Parkview Drive, Sydney Olympic Park, NSW ⁵	* 100.0	May 2002	24.4	-	Jun 2011	Jones Lang LaSalle
Erskine Park, NSW	100.0	Jun 2008	75.1	51.4	Jun 2012	Knight Frank Valuations
407 Pembroke Rd, Minto, NSW	50.0	Oct 2008	4.7	4.7	Jun 2013	Knight Frank Valuations
Austrak Business Park, Somerton, Vic	50.0	Oct 2003	24.3	21.7	Jun 2013	CB Richard Ellis Pty Ltd
Toll NQX, Karawatha, Qld	100.0	Dec 2012	62.1	28.3	-	-
Total consolidated entity			193.5	109.0		

1 Freehold, unless otherwise marked with a * denotes leasehold and ** denotes a combination of freehold and leasehold respectively.

2 On 17 May 2013, GPT sold its 50% interest in the Erina Fair shopping centre, on the NSW Central Coast. The 50% interest in Erina Fair includes a 33.33% interest directly owned by the GPT Trust as an investment property and a 16.67% interest owned by GPT through a joint venture with APPF, Erina Property Trust (refer note 10(a)(i)). The directly owned interest in the Erina Fair shopping centre was sold for a total consideration of \$264.7 million.

3 Melbourne Central: 71.7% Retail and 28.3% Office (2012: 71.9% Retail and 28.1% Office).

4 On 4 April 2013, GPT acquired 3 Figtree Drive, Sydney Olympic Park for a total consideration of \$19.4 million.

5 This property is classified as a property under development as at 31 December 2013.

6 On 29 November 2013, GPT acquired Corner Pine Road and Loftus Road, Yennora for a total consideration of \$43.6 million.

7 On 29 November 2013, GPT acquired 16-28 Quarry Road, Yatala for a total consideration of \$44.5 million.

8 On 28 November 2013, GPT acquired 15 Green Square close, Fortitude Valley for a total consideration of \$110 million.

Investment properties held in associates and joint ventures are set out in note 10.

(f) Fair value measurement, valuation techniques and inputs

In determining the appropriate classes of investment property, management has considered the nature, characteristics and risks of its investment properties as well as the level of the fair value hierarchy within which the fair value measurements are categorised.

Class of property	Fair Value Hierarchy	Fair Value 31 Dec 2013 \$M	Valuation Technique	Inputs Used to Measure Fair value	Range of Unobservable Inputs 31 Dec 2013
Retail	Level 3	3,943.2	DCF and income capitalisation method	Gross market rent (per sqm p.a.)	*\$305-\$2,000
				10 year average specialty market rental growth	*3.3%-4.2%
				Adopted capitalisation rate	*5.5%-9.0%
				Adopted terminal yield	*5.8%-9.5%
				Adopted discount rate	*8.5%-10.25%
Office	Level 3	1,452.8	DCF and income capitalisation method	Net passing rent (per sqm p.a.)	\$436-\$1,095
				Net market rent (per sqm p.a.)	\$415-\$1,185
				10 year average market rental growth	3.25%-4.0%
				Adopted capitalisation rate	6.5%-7.3%
				Adopted terminal yield	6.3%-7.5%
Logistics	Level 3	1,088.7	DCF and income capitalisation method	Net passing rent (per sqm p.a.)	\$57-\$580
				Net market rent (per sqm p.a.)	\$52-\$580
				10 year average specialty market rental growth	3.0%-3.5%
				Adopted capitalisation rate	7.5%-10.0%
				Adopted terminal yield	7.8%-10.5%
Properties under development	Level 3	193.5	Development feasibility	Net market rent (per sqm p.a.)	\$80-\$430
				10 year average market rental growth	2.0%-3.25%
				Adopted capitalisation rate	7.0%-8.25%
Total		6,678.2			

* All Retail ranges include Homemaker City, Maribyrnong.

9. INVESTMENT PROPERTIES (CONTINUED)

(f) Fair value measurement, valuation techniques and inputs (continued)

The adopted valuation for investment properties in the Retail, Office and Logistics portfolios is the mid-point of the valuations determined using the discounted cash flow (DCF) method and the income capitalisation method. The adopted value of properties in the properties under development portfolio is determined by undertaking development feasibility based on the income capitalisation method. Both the DCF and income capitalisation methods use unobservable inputs in determining fair value, as per the table on page 76.

Discounted cash flow method	Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. The DCF method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the real property.
Income capitalisation method	This method involves assessing the total net market income receivable from the property and capitalising this in perpetuity to derive a capital value, with allowances for capital expenditure reversions.
Development feasibility	Development feasibility is used to evaluate the residual land value of a property based on total development costs, revenue and an acceptable profit margin in line with risk of the development.
Net passing rent	Net passing rent is the contracted amount for which a property or space within a property is leased. In a net rent, the owner recovers outgoings from the tenant on a pro-rata basis (where applicable).
Gross market rent	A gross market rent is the estimated total amount for which a tenancy within a property should lease between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and wherein the parties have each acted knowledgeably, prudently and without compulsion.
Net market rent	A net market rent is the estimated amount for which a property or space within a property should lease between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and wherein the parties have each acted knowledgeably, prudently and without compulsion. In a net rent, the owner recovers outgoings from the tenant on a pro-rata basis (where applicable).
10 year average specialty market rental growth	An average of a 10 year period of forecast annual percentage growth rates in Retail specialty tenancy rents. Specialty tenants are those tenancies with a gross lettable area of less than 400 square metres (excludes ATMs and kiosks).
10 year average market rental growth	The expected annual rate of change in market rent over a 10 year forecast period in alignment with expected market movements.
Adopted capitalisation rate	The rate at which net market income is capitalised to determine the value of a property. The rate is determined with regards to market evidence and the prior external valuation.
Adopted terminal yield	The capitalisation rate used to convert income into an indication of the anticipated value of the property at the end of the holding period when carrying out a discounted cash flow calculation. The rate is determined with regards to market evidence and the prior external valuation.
Adopted discount rate	The rate of return used to convert a monetary sum, payable or receivable in the future, into present value. Theoretically it should reflect the opportunity cost of capital, that is, the rate of return the capital can earn if put to other uses having similar risk. The rate is determined with regards to market evidence and the prior external valuation.

9. INVESTMENT PROPERTIES (CONTINUED)

(g) Valuation process

The investment management team are responsible for managing the bi-annual valuation process across GPT's balance sheet investment portfolio. The aim of the valuation process is to ensure that assets are held at fair value in GPT's accounts and that the Group is compliant with applicable regulations (for example the Corporations Act and ASIC regulations) and the GPT RE Constitution and Compliance Plan.

GPT's external valuations are performed by independent professionally qualified valuers who hold a recognised relevant professional qualification and have specialised expertise in the investment properties valued. Internal valuations have been performed by GPT's internal valuers who hold recognised relevant professional qualifications and have previous experience as property valuers from major real estate valuation firms.

Internal Valuations

All GPT assets are required to be internally valued every six months with the exception of those assets being independently valued during the current reporting period. GPT's internal valuers perform internal valuations by utilising the information from a combination of asset plans and forecasting tools prepared by the asset management teams. For the Retail, Office and Logistics classes, appropriate capitalisation rate, terminal yield and discount rates based on comparable market evidence and recent external valuation parameters are used to produce a capitalisation and discounted cash flow valuation. The adopted value is generally a mid-point of these two approaches.

Assets in the Properties Under Development class are valued based on a development feasibility for each parcel of land within each asset. The revenue is based on the value of the potential improvements in line with the highest and best use of the asset. The value of the potential improvements is based on the income capitalisation method using market evidence. The development costs are in line with market parameters for each individual cost category and an appropriate profit margin is in line with the assets risk profile. From all of these inputs we arrive at the fair value based on a percentage of completion.

The internal valuations are reviewed by the portfolio managers who recommend the adopted valuation to the Board in accordance with GPT's internal valuation protocol which is as follows:

- 1 If the internal valuation is within 3.0% of the current book value, then the current book value is retained.
- 2 If the internal valuation varies by more than 3.0% to the current book value (higher or lower), then the internal valuation is adopted.
- 3 If the internal valuation varies by more than 5.0% to the current book value (higher or lower), then the internal valuation is adopted and an external independent valuation will be undertaken in the following period (or in the current period if time permits).
- 4 If an external independent valuation of an asset is undertaken during the period then this will normally be the valuation to be adopted.

External Valuations

The GPT RE Limited Compliance Plan requires that each asset in the portfolio must be valued by an independent external valuer at least every three years. In 2013, GPT moved to annual external valuations for assets over \$50 million as practice, whilst still retaining the minimum three year valuation policy contained within the GPT RE Limited Compliance Plan.

In practice, assets are independently valued more frequently than every three years primarily as a result of:

- 1 A variation between book value and internal valuation as detailed in point 3 above under internal valuations.
- 2 A major development project.
- 3 A period where there is significant market movement.
- 4 An opportunity to undertake a valuation in line with a joint owners' valuation.
- 5 Assets over \$50.0 million.

9. INVESTMENT PROPERTIES (CONTINUED)

(h) Sensitivity information

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

Generally, a change in the assumption made for the adopted capitalisation rate is accompanied by a directionally similar change in the adopted terminal yield. The adopted capitalisation rate forms part of the income capitalisation approach and the adopted terminal yield forms part of the discounted cash flow approach. The mid-point of the two valuations is then adopted.

When calculating the income capitalisation approach, the net market rent has a strong interrelationship with the adopted capitalisation rate given the methodology involves assessing the total net market income receivable from the property and capitalising this in perpetuity to derive a capital value. In theory, an increase in the net market rent and an increase (softening) in the adopted capitalisation rate could potentially offset the impact to the fair value. The same can be said for a decrease in the net market rent and a decrease (tightening) in the adopted capitalisation rate. A directionally opposite change in the net market rent and the adopted capitalisation rate could potentially magnify the impact to the fair value.

When assessing a discounted cash flow, the adopted discount rate and adopted terminal yield have a strong interrelationship in deriving a fair value given the discount rate will determine the rate in which the terminal value is discounted to the present value.

In theory, an increase (softening) in the adopted discount rate and a decrease (tightening) in the adopted terminal yield could potentially offset the impact to the fair value. The same can be said for a decrease (tightening) in the discount rate and an increase (softening) in the adopted terminal yield. A directionally similar change in the adopted discount rate and the adopted terminal yield could potentially magnify the impact to the fair value.

(i) Highest and best use

For all investment properties the current use equates to the highest and best use except for the following three properties in the Logistics portfolio:

- 7 Figtree Drive, Sydney Olympic Park
- 6 Herb Elliott Avenue, Sydney Olympic Park
- 8 Herb Elliott Avenue, Sydney Olympic Park

The carrying value of these properties above reflects the highest and best use. However, the current use of these properties does not reflect their highest and best use as the underlying zoning allows for mixed use development which would provide significantly higher floor space ratio than what is currently being achieved.

All of these properties are currently subject to existing leases and any potential redevelopment of these properties is subject to the expiry of these leases.

(j) Operating lease receivables

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

	Consolidated entity	
	31 Dec 13 \$M	31 Dec 12 \$M
Due within one year	489.8	521.2
Due between one and five years	1,311.2	1,403.0
Due after five years	729.3	751.5
Total operating lease receivables	2,530.3	2,675.7

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For the year ended 31 December 2013 – THE GPT GROUP

10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE ENTITIES

	Note	Consolidated entity	
		31 Dec 13 \$M	31 Dec 12 \$M
Investments in joint venture entities	(a)(i)	737.9	858.0
Investments in associates	(a)(ii)	1,238.7	1,152.8
Total equity accounted investments		1,976.6	2,010.8

The GPT Group owns between 20 and 50 per cent in these entities but does not have a control.

(a) Details of GPT's associates and joint venture entities

Name	Principal Activity	Ownership Interest		31 Dec 13 \$M	31 Dec 12 \$M
		31 Dec 13 %	31 Dec 12 %		
(i) Joint venture entities (equity method of accounting)					
Entities incorporated in Australia					
1 Farrer Place Trust ¹	Investment property	50.00	50.00	332.3	324.6
2 Park Street Trust ¹	Investment property	50.00	50.00	384.5	381.7
DPT Operator Pty Limited ¹	Managing property	50.00	50.00	0.1	0.1
Erina Property Trust ^{1,4}	Investment property	-	50.00	-	130.6
Horton Trust	Investment property	50.00	50.00	21.0	21.0
Lend Lease GPT (Rouse Hill) Pty Limited ^{1,3}	Property development	50.00	50.00	-	-
Chullora Trust ^{1,5}	Investment property	50.00	-	-	-
Total investment in joint venture entities				737.9	858.0
(ii) Associates (equity method of accounting)					
Entities incorporated in Australia					
GPT Wholesale Office Fund ^{1,2}	Property investment	20.28	20.37	714.9	671.6
GPT Wholesale Shopping Centre Fund ^{1,2}	Property investment	20.31	23.29	523.8	481.2
Total investments in associates				1,238.7	1,152.8

1 The entity has a 30 June balance date.

2 GPT injected \$20 million as part of a capital raising in the GPT Wholesale Shopping Centre Fund (GWSCF) in September 2013. GPT's interest in GWSCF reduced due to a lower level of the participation in the capital raising compared to other investors of the fund. GPT has participated in the Distribution Reinvestment Plan of GWSCF in June 2013 quarter and the GPT Wholesale Office Fund (GWOF) in June and September 2013 quarters.

3 GPT has a 50% interest in Lend Lease GPT (Rouse Hill) Pty Limited, a joint venture entity developing residential and commercial land at the New Rouse Hill, in partnership with Landcom and the NSW Department of Planning.

4 On 17 May 2013 GPT sold an interest in the Erina Property Trust for a total consideration of \$132.4 million as part of the sale of a 50% interest in the Erina Fair shopping centre.

5 On 28 June 2013, GPT invested \$2,000 into the Chullora joint venture which is jointly owned by GPT (50% interest) and Commercial and Industrial Properties Pty Ltd (50% interest). The joint venture was set up to purchase the land at 14-18 Worth Street, Chullora for subdivision, development and sale.

10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE ENTITIES (CONTINUED)

(b) Share of joint venture entities and associates' assets and liabilities

Further details of the property investments, property development and investment property listed as the principal activity of associates and joint venture entities in part 10(a) are set out below:

	Investment property / portfolio, loans and other assets	Consolidated entity	
		31 Dec 13 \$M	31 Dec 12 \$M
Australia			
Erina Property Trust	Erina Fair, NSW	-	131.1
Horton Trust	Horton Parade and Maroochydore Superstore Plaza, Qld	21.0	20.9
GPT Wholesale Shopping Centre Fund	Various retail assets	601.1	684.8
Total Retail		622.1	836.8
2 Park Street Trust	Citigroup Centre, NSW	395.0	385.0
1 Farrer Place Trust	1 Farrer Place, NSW	335.6	328.4
GPT Wholesale Office Fund	Various office buildings	832.0	740.1
Total Office		1,562.6	1,453.5
Chullora Trust 1	Industrial development - Chullora, NSW	3.5	-
Total Logistics		3.5	-
Lend Lease GPT (Rouse Hill) Pty Ltd	Residential land - Rouse Hill, NSW	18.4	27.7
Total Corporate		18.4	27.7
Total property investments, property management and investment properties		2,206.6	2,318.0

For segment information on share of joint venture entities / associates' assets, liabilities, revenue and profit after tax, refer to note 2(f) and (g).

(c) Share of joint venture entities and associates' commitments and contingent liabilities

GPT's share of its joint venture entities' and associates' commitments which have been approved but not provided for at 31 December 2013 are set out below:

	31 Dec 13 \$M	31 Dec 12 \$M
Capital expenditure commitments	39.5	95.8
Total joint venture entities and associates' commitments	39.5	95.8

There are no contingent liabilities in GPT's joint venture entities' and associates' at 31 December 2013 and 31 December 2012 respectively.

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10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE ENTITIES (CONTINUED)

(d) Summarised financial information for associates and joint ventures

The tables below provide summarised financial information for those joint ventures and associates that are material to the group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not the GPT Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

(i) Joint venture entities

	2 Prk Street Trust		1 Farrer Place Trust	
	31 Dec 13	31 Dec 12	31 Dec 13	31 Dec 12
	\$M	\$M	\$M	\$M
Summarised balance sheet				
Current assets				
Cash and cash equivalents	8.4	7.7	15.0	6.5
Other current assets	6.4	5.6	0.8	1.2
Total current assets	14.8	13.3	15.8	7.7
Non-current assets				
	790.0	770.0	1,342.3	1,313.8
Current liabilities				
Financial liabilities (excluding trade payables)	-	-	-	-
Other current liabilities	35.8	19.9	29.0	23.1
Total current liabilities	35.8	19.9	29.0	23.1
Non-current liabilities				
Financial liabilities (excluding trade payables)	-	-	-	-
Other non-current liabilities	-	-	-	-
Total non-current liabilities	-	-	-	-
Net assets	769.0	763.4	1,329.1	1,298.4
Reconciliation to carrying amounts:				
Opening net assets 1 January	763.4	710.2	1,298.4	1,288.6
Profit for the year	54.2	78.0	96.7	84.8
Other comprehensive income	-	-	-	-
Issue of equity	-	27.6	17.1	9.7
Distribution paid / payable	(48.6)	(52.4)	(83.1)	(84.7)
Closing net assets	769.0	763.4	1,329.1	1,298.4
Group's share in %	50.0	50.0	25.0	25.0
Group's share in \$	384.5	381.7	332.3	324.6
Carrying amount	384.5	381.7	332.3	324.6
Summarised statement of comprehensive income				
Revenue	60.3	63.7	105.3	104.8
Interest income	0.1	0.1	0.3	0.4
Depreciation and amortisation	-	-	-	-
Income tax expense	-	-	-	-
Profit for the year	54.2	78.0	96.7	84.8
Other comprehensive income	-	-	-	-
Total comprehensive income	54.2	78.0	96.7	84.8
Distributions received from associates and joint venture entities	-	-	-	-

10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE ENTITIES (CONTINUED)

(d) Summarised financial information for associates and joint ventures (continued)

(ii) Associates

	GPT Wholesale Office Fund		GPT Wholesale Shopping Centre Fund	
	31 Dec 13 \$M	31 Dec 12 \$M	31 Dec 13 \$M	31 Dec 12 \$M
Summarised balance sheet				
Total current assets	34.4	31.7	24.8	21.5
Total non-current assets	4,101.9	3,633.5	2,961.3	2,940.3
Total current liabilities	126.0	102.4	87.9	77.9
Total non-current liabilities	485.9	266.1	320.0	818.4
Net assets	3,524.4	3,296.7	2,578.2	2,065.5
Reconciliation to carrying amounts:				
Opening net assets 1 January	3,296.7	2,803.3	2,065.5	1,885.8
Profit for the year	325.6	342.1	206.3	117.3
Other comprehensive income	-	-	-	-
Distribution paid / payable	(221.4)	(200.4)	(138.8)	(114.5)
Issue of equity	123.5	351.7	445.2	176.9
Closing net assets	3,524.4	3,296.7	2,578.2	2,065.5
Group's share in %	20.3	20.4	20.3	23.3
Group's share in \$	714.9	671.6	523.8	481.2
Carrying amount	714.9	671.6	523.8	481.2
Summarised statement of comprehensive income				
Revenue	267.8	224.8	257.8	219.5
Profit for the year	325.6	342.1	206.3	117.3
Other comprehensive income	-	-	-	-
Total comprehensive income	325.6	342.1	206.3	117.3
Distributions received from associates and joint venture entities	45.6	47.2	-	-

(e) Reconciliation of the carrying amount of investments in associates and joint venture entities

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

	31 Dec 13 \$M	31 Dec 12 \$M
Consolidated entity		
(i) Joint ventures entities		
Carrying amount at the beginning of the financial year	858.0	825.3
Additions	4.7	16.6
Disposals	(131.1)	-
Share of joint venture entities' net operating profit	57.2	72.8
Distributions received / receivable from joint venture entities	(50.9)	(56.7)
Carrying amount at the end of the financial year	737.9	858.0
(ii) Associates		
Carrying amount at the beginning of the financial year	1,152.8	1,034.3
Acquisitions	49.7	100.0
Share of associates' net operating profit	111.1	99.3
Distributions received / receivable from associates	(74.9)	(75.3)
Repayment of capital	-	(5.5)
Carrying amount at the end of the financial year	1,238.7	1,152.8

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For the year ended 31 December 2013 – THE GPT GROUP

11. PROPERTY, PLANT AND EQUIPMENT

	Consolidated entity	
	31 Dec 13 \$M	31 Dec 12 \$M
Office fixtures, fittings & operating equipment		
At cost	22.3	20.1
less: accumulated depreciation and impairment	(9.8)	(9.4)
Total property, plant and equipment	12.5	10.7

(a) 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:

	Note	Office fixtures, fittings & operating equipment \$M
Consolidated entity		
Year ended 31 December 2012		
Carrying amount at the beginning of the financial year		12.8
Additions		0.2
Disposals		-
Depreciation charge	4(b)	(2.3)
Carrying amount at the end of the financial year		10.7
Year ended 31 December 2013		
Carrying amount at the beginning of the financial year		10.7
Additions		5.3
Disposals		(0.9)
Depreciation charge	4(b)	(2.6)
Carrying amount at the end of the financial year		12.5

12. INTANGIBLE ASSETS

	Note	Consolidated entity	
		31 Dec 13 \$M	31 Dec 12 \$M
Management rights			
At cost		78.0	77.3
less: accumulated amortisation and impairment		(66.4)	(66.0)
Total management rights	(b)	11.6	11.3
IT development and software			
At cost		58.0	51.4
less: accumulated amortisation and impairment		(18.9)	(12.8)
Total IT development and software		39.1	38.6
Total intangible assets		50.7	49.9

(a) Reconciliations

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

Consolidated entity	Note	Management rights \$M	IT development & Software \$M	Total \$M
Year ended 31 December 2012				
Carrying amount at the beginning of the financial year		11.0	40.3	51.3
Additions (including capitalisations)		0.6	2.8	3.4
Amortisation expense	4(b)	(0.3)	(4.5)	(4.8)
Carrying amount at the end of the financial year		11.3	38.6	49.9
Year ended 31 December 2013				
Carrying amount at the beginning of the financial year		11.3	38.6	49.9
Additions (including capitalisations)		0.7	6.6	7.3
Amortisation expense	4(b)	(0.4)	(6.1)	(6.5)
Carrying amount at the end of the financial year		11.6	39.1	50.7

(b) Management rights

The recoverable amount of the Highpoint Management Rights is determined based on a value in use calculation using cash flow projections as at 31 December 2013 based on financial budgets approved by management covering a five-year period. The discount rate applied to these asset-specific cash flow projections is 7.8% and the growth rate used to extrapolate the cashflows beyond the five year period is 3.8%.

13. PAYABLES

	Consolidated entity	
	31 Dec 13 \$M	31 Dec 12 \$M
Trade payables and accruals	122.7	144.4
Other payables	4.3	4.4
Distribution payable to stapled securityholders	174.6	-
Distribution payable to exchangeable securities securityholders	2.4	2.4
Interest payable	14.1	16.5
Security deposits payable	0.1	0.2
Total payables	318.2	167.9

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14. BORROWINGS

	Note	Consolidated entity	
		31 Dec 13 \$M	31 Dec 12 \$M
Current - unsecured			
Bank facilities	(a)(i)	125.0	-
Medium Term Notes	(b)	80.0	211.0
Total current borrowings - unsecured		205.0	211.0
Total current borrowings		205.0	211.0
Non-current - unsecured			
Bank facilities	(a)(i-x)	1,265.0	1,442.0
Medium Term Notes at amortised cost	(b)	330.0	330.0
Medium Term Notes at fair value	(b)	96.3	-
US Private Placement at fair value	(c)	252.8	-
CPI Indexed Bond	(d)	85.0	85.0
Total non-current borrowings - unsecured		2,029.1	1,857.0
Non-current - secured			
Bank facility - Somerton	(a)(xi)	76.3	75.6
Total non-current borrowings - secured		76.3	75.6
Total non-current borrowings		2,105.4	1,932.6
Total borrowings *		2,310.4	2,143.6

* Net of unamortised establishment costs

Financing facilities

A summary of borrowings and financing facilities included in the statement of financial position is provided below:

	Note	Consolidated entity			Maturity Date
		31 Dec 13			
		Used facility \$M	Facility limit \$M	Unused facility \$M	
Unsecured					
Bank facilities					
Bank bilateral	(a)(i)	125.0	125.0	-	27-May-14
Bank bilateral	(a)(i)	-	100.0	100.0	15-Sep-14
Bank bilateral	(a)(ii)	325.0	325.0	-	26-Oct-18
Bank bilateral	(a)(iii)	200.0	200.0	-	11-Mar-15
Bank bilateral	(a)(iv)	140.0	140.0	-	01-Apr-16
Bank bilateral	(a)(v)	300.0	300.0	-	30-Sep-17
Bank bilateral	(a)(vi)	-	75.0	75.0	30-Nov-16
Bank bilateral	(a)(vii)	-	75.0	75.0	26-Oct-17
Bank bilateral	(a)(viii)	150.0	150.0	-	10-Mar-15
Bank bilateral	(a)(ix)	150.0	150.0	-	11-Mar-15
Total bank facilities		1,390.0	1,640.0	250.0	
Issues in debt capital markets					
Medium Term Notes	(b)(i)	50.0	50.0	-	19-Feb-14
Medium Term Notes	(b)(ii)	30.0	30.0	-	24-Apr-14
Medium Term Notes	(b)(iii)	98.8	98.8	-	05-Feb-28
Medium Term Notes	(b)(iv)	250.0	250.0	-	24-Jan-19
Medium Term Notes	(b)(v)	50.0	50.0	-	16-Aug-22
Medium Term Notes	(b)(vi)	30.0	30.0	-	19-Nov-17
US Private Placement	(c)	145.9	145.9	-	19-Jun-25
US Private Placement	(c)	97.2	97.2	-	19-Jun-28
CPI Indexed Bonds	(d)	85.0	85.0	-	10-Dec-29
Total issues in debt capital markets		836.9	836.9	-	
Secured					
Bank facility - Somerton	(a)(xi)	76.5	82.7	6.2	31-Mar-16
Total borrowings *		2,303.4	2,559.6	256.2	
Cash and cash equivalents				278.7	
Total financing resources available at the end of the year				534.9	

* Excluding unamortised establishment costs and fair value adjustments. Foreign bonds converted at historical rate under cross currency swaps.

14. BORROWINGS (CONTINUED)

Comparative information and further details on the changes to GPT's borrowings and financing facilities as presented in Statement of Financial Position are provided below:

(a) Bank facilities – secured and unsecured

- i. During the year, GPT restructured an existing \$225.0 million bilateral facility by dividing it into a \$125.0 million bilateral facility maturing in May 2014 and a \$100.0 million bilateral facility maturing in September 2014 and repriced the margin and line fees on the restructured bilateral facilities. (31 Dec 12 drawn amount: \$225.0 million).
- ii. During the year, GPT restructured this bilateral facility from a floating rate bilateral facility to a fixed rate bilateral facility. (31 Dec 12 drawn amount: \$325.0 million).
- iii. During the year, GPT increased the facility limit by \$50.0 million from \$150.0 million to \$200.0 million, repriced the margin and line fee and extended the maturity date from March 2014 to March 2015. (31 Dec 12 drawn amount: \$150.0 million).
- iv. 31 Dec 12 drawn amount: \$140.0 million
- v. During the year, GPT entered into a new \$300.0 million bilateral facility with a maturity date of 30 September 2017.
- vi. During the year, GPT repriced the margin and line fee on this bilateral facility. (31 Dec 12 drawn amount: \$26.0 million).
- vii. During the year, GPT repriced the margin and line fee on this bilateral facility. (31 Dec 12 drawn amount: \$68.0 million).
- viii. During the year GPT extended the maturity date from 1 January 2014 to 10 March 2015 and repriced the margin and line fee. (31 Dec 12 drawn amount: \$150.0 million).
- ix. During the year, GPT exercised an option to commence this bilateral facility before the original forward start date of 11 December 2013, extended the maturity date to 11 March 2015 and repriced the margin and line fee.
- x. During the year, GPT repaid and cancelled a \$160.0 million bilateral facility maturing in April 2015 (31 Dec 12 drawn amount: \$160.0 million) and repaid and cancelled a \$200.0 million bilateral facility maturing in October 2015 (31 Dec 12 drawn amount: \$198.0 million).
- xi. During the year, the \$152.4 million facility limit (GPT 50% share: \$76.2 million) was increased to \$165.4 million (GPT 50% share: \$82.7 million) (31 Dec 12 drawn amount: \$76.0 million).

(b) Medium Term Notes

During the year, GPT issued and settled the following Medium Term Notes (MTNs) by way of new issue and/or tap of existing MTNs:

- i. \$50.0 million floating rate MTNs maturing in February 2014,
- ii. \$30.0 million floating rate MTNs maturing in April 2014; and
- iii. \$HKD 800.0m fixed rate MTN's maturing in February 2028.

There were no changes to the following MTNs outstanding as at 31 December 2013:

- iv. 31 Dec 12 drawn amount: \$250.0 million.
- v. 31 Dec 12 drawn amount: \$50.0 million.
- vi. 31 Dec 12 drawn amount: \$30.0 million.

During the year, GPT repaid \$211.0 million in MTN's on its maturity date of 22 August 2013. The principal value of \$212.0 million was netted with GPT's \$1.0 million holding in the MTN's.

(c) US Private Placement

During the year, GPT completed and settled the following US Private Placement (USPP):

- i. \$US 150.0 million fixed rate notes (3.6%) maturing in June 2025; and
- ii. \$US 100.0 million fixed rate notes (3.8%) maturing in June 2028.

(d) CPI Indexed Bonds

GPT issued a CPI coupon indexed bond in December 1999 with a current coupon of 9.00% per annum (2012: 8.76%) payable quarterly in arrears and indexed by the maximum CPI since September 1999. At 31 December 2013, the principal value is AUD \$85.0 million (2012: \$85.0 million). The CPI coupon indexed bonds mature on 10 December 2029. In December 2010, GPT entered into an interest rate derivative to swap from paying fixed rate plus CPI to paying fixed 5%. The CPI bonds still remain outstanding with the effect of the derivative being the removal of GPT's exposure to CPI growth and lowering of the fixed interest rate.

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14. BORROWINGS (CONTINUED)

(e) Forward start financing facilities

The table below provides information on GPT's forward start facilities. During the year, GPT exercised an option to commence a \$150.0 million bilateral facility before the original forward start date of 11 December 2013 as referred to in (a)(ix) and cancelled \$300.0 million in forward start facilities which were due to commence on 22 August 2013. Subsequent to the end of the year, GPT restructured forward starting facilities to push out the start date of Tranche A from 31 January 2014 to 1 April 2014 and shortened the maturity from 31 January 2018 to 1 April 2016 subject to an annual extension option. Similarly, Tranche B was restructured to start from 30 September 2014 and mature in 30 March 2019. Both the margin and the line fee were repriced on both tranches of the bilateral facility.

	Start date	Maturity date	Facility limit \$M
Unsecured			
Bank facilities			
Bank bilateral - Tranche A	31-Jan-14	31-Jan-18	100.0
Bank bilateral - Tranche B	31-Jul-14	31-Jul-18	100.0
Total forward start bank facilities			200.0

(f) Gearing Ratios

(i) Headline Gearing

At 31 December 2013, the percentage of debt to total tangible assets is 24.7% (2012: 23.1%) and the percentage on a net debt (net of cash and cash equivalents) basis is 22.3% (2012: 21.7%).

(ii) Look through Gearing

Look through gearing is calculated based on GPT's share of joint ventures and associates assets and liabilities. At 31 December 2013, the percentage of 'look through' debt to total assets is 25.7% (2012: 25.4%) and the percentage on a net debt (net of cash and cash equivalents) basis is 23.2% (2012: 23.9%).

(g) Debt Covenants

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

- a 50% maximum threshold limit on the percentage of GPT debt to total tangible assets.
- a minimum interest cover ratio of 2 times, being EBIT (Earnings before interest and taxes) divided by finance costs.

A breach of these covenants for individual facilities may trigger consequences ranging from rectifying and/or repricing to repayment of outstanding amounts. The Group performed a review of debt covenants as at 31 December 2013 and no breaches were identified.

The weighted average interest rate of borrowings as at 31 December 2013 is 5.0% (2012: 5.1%) (refer to note 26(b)(iv)).

15. PROVISIONS

	Consolidated entity		
	31 Dec 13	31 Dec 12	
	\$M	\$M	
Current provisions			
Employee benefits	7.3	6.7	
Other	6.6	7.3	
Total current provisions	13.9	14.0	
Non-current provisions			
Employee benefits	1.8	1.3	
Total non-current provisions	1.8	1.3	
	Employee benefits	Other	Total
	\$M	\$M	\$M
Year ended 31 December 2012			
Carrying amount at the beginning of the financial year	9.9	8.1	18.0
Arising during the year	6.6	0.8	7.4
Utilised during the year	(8.5)	(1.6)	(10.1)
Carrying amount at the end of the financial year	8.0	7.3	15.3
Year ended 31 December 2013			
Carrying amount at the beginning of the financial year	8.0	7.3	15.3
Arising during the year	8.2	1.8	10.0
Utilised during the year	(7.1)	(2.5)	(9.6)
Carrying amount at the end of the financial year	9.1	6.6	15.7

NOTES TO THE FINANCIAL STATEMENTS

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16. CONTRIBUTED EQUITY

	Note	GPT Stapled Securities Number	GPT \$M	Other Entities Stapled to GPT \$M	Total \$M
(i) Ordinary stapled securities					
1 Jan 2012		1,813,767,108	7,789.6	323.0	8,112.6
Jul-Dec 2012	(a)	(46,982,033)	(146.7)	(1.2)	(147.9)
31 Dec 2012		1,766,785,075	7,642.9	321.8	7,964.7
1 Jan 2013		1,766,785,075	7,642.9	321.8	7,964.7
18 Feb 2013	(b)	1,946,654	4.1	-	4.1
Jun-Sep 2013	(a)	(73,843,091)	(267.4)	(2.3)	(269.7)
31 Dec 2013		1,694,888,638	7,379.6	319.5	7,699.1
(ii) Exchangeable securities					
1 Jan 2012		2,500	240.6	-	240.6
31 Dec 2012		2,500	240.6	-	240.6
1 Jan 2013		2,500	240.6	-	240.6
31 Dec 2013	(c)	2,500	240.6	-	240.6
Total Contributed Equity			7,620.2	319.5	7,939.7

(a) On-market buy-back

On 10 May 2013, GPT announced the extension of the on-market buy-back for an additional 12 months until May 2014. During the year GPT has acquired 73.8 million GPT stapled securities for a total consideration of \$269.7 million.

(b) Securities issued

On 18 February 2013, GPT issued 1,946,654 securities to GPT employees under the 2010 Performance Rights Long Term Incentive Plan.

(c) Exchangeable Securities

On 27 November 2008, 2,500 Exchangeable Securities (ES) were issued to an affiliate of GIC Real Estate Pty Limited (GIC RE) at \$100,000 per exchangeable security. The ES are exchangeable into stapled securities at GIC RE's option subject to obtaining necessary approvals at an initial exchange price of \$3.883 per stapled security in accordance with the terms of the agreement. The ES offer discretionary distributions of 10% p.a and carry voting rights in GPT.

17. RESERVES

	Note	Consolidated entity	
		31 Dec 13 \$M	31 Dec 12 \$M
Foreign currency translation reserve	(a)	16.9	14.4
Cash flow hedge reserve	(b)	(5.9)	-
Treasury stock reserve	(C)	(0.1)	(0.3)
Employee incentive scheme reserve	(d)	23.2	20.5
Total reserves		34.1	34.6

Reconciliation

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

	Note	GPT \$M	Other Entities Stapled to GPT \$M	Total \$M
(a) Foreign currency translation reserve				
Balance at 1 January 2012		(17.5)	31.19	14.4
Net foreign exchange translation adjustments		-	-	-
Balance at 31 December 2012		(17.5)	31.9	14.4
Balance at 1 January 2013		(17.5)	31.9	14.4
Net foreign exchange translation adjustments		2.2	0.3	2.5
Balance at 31 December 2013		(15.3)	32.2	16.9
(b) Cash flow hedge reserve				
Balance at 1 January 2012		-	-	-
Changes in the fair value of cash flow hedges		-	-	-
Balance at 31 December 2012		-	-	-
Balance at 1 January 2013		-	-	-
Changes in the fair value of cash flow hedges		(5.9)	-	(5.9)
Balance at 31 December 2013		(5.9)	-	(5.9)
(c) Treasury stock reserve				
Balance at 1 January 2012		-	(0.6)	(0.6)
Deferred stapled security plan expense	21(b)	-	0.3	0.3
Balance at 31 December 2012		-	(0.3)	(0.3)
Balance at 1 January 2013		-	(0.3)	(0.3)
Deferred stapled security plan expense	21(b)	-	0.2	0.2
Balance at 31 December 2013		-	(0.1)	(0.1)
(d) Employee incentive scheme reserve				
Balance at 1 January 2012		2.3	9.8	12.1
Employee incentive schemes expense	21(a)	-	8.7	8.7
Purchase of securities		-	(0.3)	(0.3)
Balance at 31 December 2012		2.3	18.2	20.5
Balance at 1 January 2013		2.3	18.2	20.5
Employee incentive scheme expenses	21(a)	-	7.1	7.1
Issue of securities		-	(4.1)	(4.1)
Purchase of securities		-	(0.3)	(0.3)
Balance at 31 December 2013		2.3	20.9	23.2
Total balance at 31 December 2012		(15.2)	49.8	34.6
Total balance at 31 December 2013		(18.9)	53.0	34.1

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013 – THE GPT GROUP

17. 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 in the Statement of Comprehensive Income when the net investment in the foreign controlled entity is disposed.

Cash flow hedge reserve

The cash flow hedge reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income, as described in note 1(w). Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

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 21(b) for further details.

Employee incentive scheme reserve

The employee incentive scheme reserve is used to recognise the notional fair value of the implied option in respect of the securities issued under the Employee Incentive Scheme – General Scheme and performance rights issued under the GPT Group Stapled Security Rights Plan (refer to Performance Rights LTI Plan in this report), as described in note 21(a)(ii).

18. ACCUMULATED LOSSES

	Note	GPT \$M	Other Entities Stapled to GPT \$M	Total \$M
Consolidated entity				
Balance at 1 January 2012		(625.8)	(966.9)	(1,592.7)
Net profit / (loss) for the financial year		623.2	(28.7)	594.5
less: Distributions paid to ordinary stapled securityholders	3(a)	(340.5)	-	(340.5)
less: Distributions paid/payable to exchangeable securities securityholders	3(b)	(25.0)	-	(25.0)
Balance at 31 December 2012		(368.1)	(995.6)	(1,363.7)
Balance at 1 January 2013		(368.1)	(995.6)	(1,363.7)
Net profit / (loss) for the financial year		590.7	(19.2)	571.5
less: Distributions paid to ordinary stapled securityholders	3(a)	(441.8)	-	(441.8)
less: Distributions paid/payable to exchangeable securities securityholders	3(b)	(25.0)	-	(25.0)
Balance at 31 December 2013		(244.2)	(1,014.8)	(1,259.0)

19. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

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

Statement of Financial Position

	Parent entity	
	31 Dec 13	31 Dec 12
	\$M	\$M
ASSETS		
Total current assets	455.9	168.0
Total non-current assets	8,841.7	9,292.3
Total assets	9,297.6	9,460.3
LIABILITIES		
Total current liabilities	513.2	311.6
Total non-current liabilities	2,160.2	2,380.5
Total liabilities	2,673.4	2,692.1
Net assets	6,624.2	6,768.2
EQUITY		
Equity attributable to securityholders of the Trust (parent entity)		
Contributed equity	7,620.2	7,883.5
Reserves	(5.9)	-
Accumulated losses	(990.0)	(1,115.3)
Total equity of GPT Trust securityholders	6,624.2	6,768.2

As at 31 December 2013, the Parent entity had a deficiency of current net assets of 57.3m (2012: \$143.6m). This position is driven primarily by December half year distribution payable accrual. The December 2012 quarter distribution was declared post year end date. The Parent has access to undrawn financing facilities of \$250.0 million and forward start facilities of \$200.0 million as set out in note 14.

Statement of Financial Performance

	Parent entity	
	31 Dec 13	31 Dec 12
	\$M	\$M
Net profit for the year	591.9	523.3
Total comprehensive income for the year	591.9	523.3

(b) Contractual capital commitments

As at 31 December 2013, the parent entity had capital commitments principally relating to the purchase and development of investment properties. These commitments have been approved but not recognised as liabilities as the relevant assets have not yet been received:

	Parent entity	
	31 Dec 13	31 Dec 12
	\$M	\$M
Retail	23.1	11.2
Office	39.1	35.8
Logistics	-	4.8
Properties under development	189.7	3.9
Total capital expenditure commitments	251.9	55.7

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013 – THE GPT GROUP

20. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of Key Management Personnel

(i) Directors

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

Chairman - Non-Executive Director

Rob Ferguson

Executive Director

Michael Cameron

Non-Executive Directors

Brendan Crotty

Eileen Doyle

Eric Goodwin

Anne McDonald

Gene Tilbrook

(ii) Other key management personnel

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

James Coyne	General Counsel and Company Secretary
Matthew Faddy	Head of Asset Management
Mark Fookes	Chief Financial Officer
Nicholas Harris	Head of Funds Management
Carmel Hourigan	Chief Investment Officer
Anthony McNulty	Head of Development – Retail & Major Projects
Michael O'Brien	Group Executive – Corporate Development
John Thomas	Head of Development – Commercial & Industrial

(b) Key management personnel compensation

	Consolidated entity	
	31 Dec 13 \$'000	31 Dec 12 \$'000
Short term employee benefits	11,750.2	12,105.5
Post employment benefits	246.4	215.3
Long term incentive award accrual	5,327.7	4,335.8
Other long term benefits	250.0	65.3
Total key management personnel compensation	17,574.3	16,721.9

Information regarding individual Directors' and Senior Executives' remuneration is provided in the Remuneration Report on page 24 to 39 of the Directors' Report.

20. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(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 2012	Purchases/ (Sales)	Balance 31 Dec 2012	Purchases/ (Sales)	Balance 31 Dec 2013
Directors					
Rob Ferguson	204,082	-	204,082	-	204,082
Michael Cameron	470,991	66,103	537,094	342,966	880,060
Brendan Crotty	30,000	-	30,000	-	30,000
Eileen Doyle	1,600	-	1,600	19,050	20,650
Eric Goodwin	15,584	-	15,584	-	15,584
Anne McDonald	9,450	-	9,450	-	9,450
Gene Tilbrook	20,000	-	20,000	25,000	45,000
Senior Executives					
James Coyne	-	-	-	89,552	89,552
Matthew Faddy*	-	-	-	64,305	64,305
Mark Fookes	80,000	-	80,000	142,902	222,902
Nicholas Harris	1,035,000	-	1,035,000	116,227	1,151,227
Carmel Hourigan*	-	-	-	77,808	77,808
Anthony McNulty	-	-	-	78,024	78,024
Michael O'Brien	81,409	-	81,409	157,193	238,602
John Thomas	-	-	-	-	-

*Matthew Faddy and Carmel Hourigan had become KMP effective from 1 January 2012 and 8 November 2012 respectively.

(ii) Certain Senior Executives of The GPT Group were granted with performance rights under the GPT Group Stapled Securities Rights Plan (refer to note 21(a)(ii) for further detail). The table below sets out the number of performance rights issued to each of the key management personnel until 31 December 2013:

Director	Grant date	Vesting date	Exercise price \$	Granted	Lapsed	Balance 31 Dec 2013	Vested at 31 Dec 2013*
Michael Cameron	8 June 2011	31 December 2013	-	713,455	-	713,455	-
	8 May 2012	31 December 2014	-	693,537	-	693,537	-
	3 May 2013	31 December 2015	-	635,324	-	635,324	-
James Coyne	8 June 2011	31 December 2013	-	169,115	-	169,115	-
	8 May 2012	31 December 2014	-	153,056	-	153,056	-
	3 May 2013	31 December 2015	-	141,183	-	141,183	-
Matthew Faddy	8 June 2011	31 December 2013	-	122,873	-	122,873	-
	8 May 2012	31 December 2014	-	159,434	-	159,434	-
	3 May 2013	31 December 2015	-	155,301	-	155,301	-
Mark Fookes	8 June 2011	31 December 2013	-	273,051	-	273,051	-
	8 May 2012	31 December 2014	-	247,122	-	247,122	-
	3 May 2013	31 December 2015	-	218,834	-	218,834	-
Nicholas Harris	8 June 2011	31 December 2013	-	219,498	-	219,498	-
	8 May 2012	31 December 2014	-	231,179	-	231,179	-
	3 May 2013	31 December 2015	-	204,716	-	204,716	-
Carmel Hourigan	8 November 2012	From 1 September 2013 to 1 September 2014	-	155,617	-	77,809	77,808
	3 May 2013	31 December 2015	-	197,656	-	197,656	-
Anthony McNulty	8 June 2011	31 December 2013	-	193,778	-	193,778	-
	8 May 2012	31 December 2014	-	175,377	-	175,377	-
	3 May 2013	31 December 2015	-	169,420	-	169,420	-
Michael O'Brien	8 June 2011	31 December 2013	-	292,429	-	292,429	-
	8 May 2012	31 December 2014	-	264,660	-	264,660	-
	3 May 2013	31 December 2015	-	234,364	-	234,364	-
John Thomas	1 July 2012	31 December 2014	-	172,720	-	172,720	-
	3 May 2013	31 December 2015	-	183,538	-	183,538	-

*The vesting decision on the performance rights with 31 December 2013 vesting date will depend on the results of the performance conditions.

(d) Other transactions with key management personnel

During the year there have been no transactions with key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013 – THE GPT GROUP

21. 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 non-cash consideration.

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

The LTI Scheme is represented by the Performance Rights Plan approved at the 2009 Annual General Meeting (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 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 is (after the deduction of income tax) invested in GPT securities to be held for a minimum of 1 year.

(iii) The Long Term Incentive (LTI) Scheme

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

At the 2009 AGM 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 and
- (h) Volatility

The fair value of these Performance Rights granted during 2013 is \$2.675 per performance right (2012: \$2.34 per performance right). Total share based payment expense recognised during the year ended 31 December 2013 was \$10,011,430 (2012: \$8,612,295).

(b) Other Share-based Incentive Scheme

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:

	Number of GPT stapled securities issued during the year		Total number of GPT stapled securities issued	
	31 Dec 13	31 Dec 12	31 Dec 13	31 Dec 12
GPT stapled securities issued under the General Employee Security Ownership Plan	124,492	177,490	117,933	146,050
GPT stapled securities issued under the The GPT Group Deferred Stapled Security Plan	-	-	404,888	406,721

	Number of GPT share rights issued during the year		Total number of GPT share rights issued	
	31 Dec 13	31 Dec 12	31 Dec 13	31 Dec 12
GPT performance rights issued under GPT Group Stapled Securities Rights Plan	4,164,881	4,416,723	11,718,726	11,207,387

22. RELATED PARTY TRANSACTIONS

(a) Ultimate parent

General Property Trust is the ultimate parent entity.

(b) Controlled entities, joint ventures and associates

Equity interests in joint venture entities and associates are set out in note 10. 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 and other transactions with key management personnel are included in note 20.

Transactions with related parties

	Consolidated entity	
	31 Dec 13	31 Dec 12
	\$M	\$M
Transactions with related parties other than associates and joint ventures		
Expenses		
Contributions to superannuation funds on behalf of employees	(4.8)	(3.5)
Transactions with associates and joint ventures		
Revenues		
Responsible Entity fees from associates	30.9	27.0
Property management fees	11.8	12.4
Development management fees from associates	6.8	7.8
Management fees from associates	3.9	3.0
Distributions received/receivable from joint ventures	52.6	57.9
Distributions received/receivable from associates	74.9	75.8
Payroll costs recharged to associate	5.5	4.8
Other transactions		
Loans advanced to joint ventures	(3.1)	(6.1)
Loan repayments from joint ventures	1.0	8.5
Decrease in units in joint ventures	131.1	-
Increase in units in joint ventures	(4.7)	(16.6)
Increase in units in associates	(49.7)	(100.2)
Properties sold to associates	-	552.2
Capital expenditures paid on behalf of associates	2.6	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013 – THE GPT GROUP

23. NOTES TO THE STATEMENT OF CASHFLOW

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

	Consolidated entity	
	31 Dec 13 \$M	31 Dec 12 \$M
Net profit for the year	571.5	594.5
Fair value adjustments to investment properties	(73.8)	(175.1)
Share of after tax profit of equity accounted investments (net of distributions)	(42.5)	(38.7)
Fair value adjustments to derivatives	(30.9)	39.9
Net foreign exchange loss	55.3	0.5
Fair value adjustments to borrowings	(44.7)	-
Impairment expense	-	(0.2)
Fair value adjustments of unlisted equity investments	(0.6)	-
Net loss on disposal of assets	2.6	(2.6)
Depreciation and amortisation	9.1	7.1
Non-cash employee benefits - share based payments	7.3	9.0
Non-cash revenue adjustments	8.1	14.8
Non-cash (income)/expense adjustments	(0.9)	0.4
Interest capitalised	(3.0)	(8.8)
Impairment of trade receivables	0.9	0.6
Change in operating assets and liabilities:		
Increase in operating assets	(7.5)	(7.8)
Decrease in operating liabilities	(25.4)	(13.2)
Net cash inflows from operating activities	425.5	420.4

(b) Reconciliation of cash

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

	31 Dec 13 \$M	31 Dec 12 \$M
Cash at bank and on hand	278.7	159.9
Total cash and cash equivalents at the end of financial year	278.7	159.9

(c) Non-cash financing and investing activities

GPT participated in the Distribution Reinvestment Plans of joint ventures and associates. These non-cash transactions are included in the investment in equity accounted investments of the Consolidated Statement of Cashflow.

Other than above, there are no non-cash financing and investing activities for the year ended 31 December 2013.

24. CONTINGENT ASSETS AND LIABILITIES

Highpoint Shopping Centre

Highpoint Property Group has the right to put its 33.33% interest, or a part thereof (but not less than 8.33%), in Highpoint Shopping Centre and the adjacent Maribyrnong Homemaker City Centre to the GPT Wholesale Shopping Centre Fund (GWSCF). GWSCF already has a 50% interest in the property. The option, which was put in place at the time of GPT's acquisition of an interest in the centre in 2006, passed to GWSCF with the creation of the fund in March 2007. The option is exercisable during a 30 day window each year commencing on 1 July, although notice of the intent to put is required to be given by the Highpoint Property Group by 31 March each year. The interest would be sold to GWSCF and the sale price would be determined by an independent market valuation process. If GWSCF does not acquire the interest and another party is not nominated to acquire it, the GPT Group would be required to do so. The board of the responsible entity of GWSCF would determine whether GWSCF acquires a further interest in Highpoint Shopping Centre and the adjacent Maribyrnong Homemaker City Centre under the put option.

The board of the responsible entity of GWSCF is independent from the board of the GPT Group. This put option expires in 2016. No notice of intent to exercise the put option was received by the required date for the current financial year's exercise period.

CPA bid

Under pre-bid agreements with varying investors in CPA, these investors have the right to put 7.97% of units in CPA to the GPT Group. The put rights are for 187,095,293 units at \$1.19 per unit. The put rights will expire on 24 February 2014 and are not expected to be exercised due to a higher price offer to CPA investors.

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

25. COMMITMENTS

(a) Capital expenditure commitments

At 31 December 2013, GPT has commitments principally relating to the purchase and development of investment properties which have been approved but not recognised as liabilities in the Statement of Financial Position as set out below:

	Consolidated entity	
	31 Dec 13 \$M	31 Dec 12 \$M
Retail	25.8	11.6
Office	47.5	38.5
Logistics	0.1	4.8
Properties under development	216.2	61.4
Total capital expenditure commitments	289.6	116.3

(b) Operating lease commitments

At 31 December 2013, future minimum rentals payable under non-cancellable operating leases are as follows:

Due within one year	2.6	2.2
Due between one and five years	9.8	9.1
Over five years	5.8	6.7
Total operating lease commitments	18.2	18.0

(c) Commitments relating to associate and joint venture investments

GPT's share of commitments relating to associate and joint venture investments has been included in note 10(c).

26. CAPITAL AND FINANCIAL RISK MANAGEMENT DISCLOSURES

(a) Capital risk management

GPT'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 management 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 and risk management 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 and risk management policy applies to the Trust and all controlled entities in the GPT Group.

To manage capital and financial risks GPT uses a mix of equity, bank facilities, debt capital markets and derivative financial instruments.

(i) Capital and interest expense risk management

GPT'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.

Capital and interest expense risk management is monitored in two main ways:

- Statement of financial position management – fundamentally concerned with the capital mix of equity and debt and GPT maintaining gearing levels in line with its desired "A category" investment grade credit rating. GPT is able to vary equity in the capital mix by issuing new stapled securities, security buyback, activating the DRP, adjusting the amount of distributions paid to stapled security holders or selling assets to reduce borrowings.
- Statement of comprehensive income management – fundamentally concerned with supporting the delivery of financial targets by protecting GPT's exposure to interest rate volatility through the use of interest rate derivatives and fixed rate borrowings, which provide GPT with a known interest expense.

(ii) Capital structure, financial policy and credit rating impact

GPT will manage gearing within a range of 25% to 35% (based on debt to total tangible assets). The policy includes flexibility to increase gearing beyond 30% if required, provided a reduction back to 30% or below is achieved within a reasonable timeframe.

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

(b) Financial risk management

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

26. CAPITAL AND FINANCIAL RISK MANAGEMENT DISCLOSURES (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a contractual agreement, resulting in a financial loss to GPT. The GPT consolidated entity has exposure to credit risk on all financial assets included on their statement of financial position

GPT manages this risk by:

- establishing credit limits for customers and financial institutions to ensure that GPT only trades and invests with approved counterparties to enable it to manage its exposure to individual entities;
- investing and transacting derivatives with multiple counterparties that have a minimum long term credit rating of A- from S&P, or equivalent if an S&P rating is not available. Transactions with financial institutions are therefore spread amongst the approved counterparties to minimise GPT's exposure to any one counterparty. As a result, there is no significant concentration of credit risk;
- providing loans as an investment into joint ventures, associates and third parties where it is comfortable with the underlying property exposure within that entity;
- regularly monitoring loans and receivables balances on an ongoing basis;
- regularly monitoring the performance of its associates, joint ventures and third parties on an ongoing basis; and
- obtaining collateral as security (where appropriate).

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

The maximum exposure to credit risk as at 31 December 2013 is the carrying amounts of financial assets recognised on the statement of financial position of the consolidated entity.

The table below shows the ageing analysis of loans and receivables of the consolidated entity.

Consolidated entity

	31 December 2013						31 December 2012						
	Not Due	0-30 days	31-60 days	61-90 days	90+ days	Total	Not Due	0-30 days	31-60 days	61-90 days	90+ days	Total	
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	
Current Receivables	-	83.5	1.1	(0.3)	5.0	89.3	Current Receivables	-	65.6	1.2	0.1	5.9	72.8
Impairment of receivables	-	-	-	-	(0.7)	(0.7)	Impairment of receivables	-	-	-	-	(1.1)	(1.1)
Non-current loans and receivables ¹	245.2	-	-	-	-	245.2	Non-current loans and receivables ¹	176.8	-	-	-	-	176.8
Impairment of receivables	(88.0)	-	-	-	-	(88.0)	Impairment of receivables	(24.8)	-	-	-	-	(24.8)
Total loans and receivables	157.2	83.5	1.1	(0.3)	4.3	245.8	Total loans and receivables	152.0	65.6	1.2	0.1	4.8	223.7

¹ Includes \$147.2 million of deferred consideration from the Indigenous Land Corporation with respect to the sale of Ayers Rock Resort. GPT has been provided with security guaranteeing the deferred payment and therefore the receivable is not considered to pose a credit risk.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013 – THE GPT GROUP

26. CAPITAL AND FINANCIAL RISK MANAGEMENT DISCLOSURES (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk

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

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

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities (refer to note 14), the ability to close out market positions, and the option to raise funds through the issue of new stapled securities.

GPT's main liquidity risk besides meeting daily working capital requirements is its ability to refinance its current borrowings. The table below shows an analysis of the undiscounted contractual maturities of liabilities and capital expenditure commitments which forms part of GPT's assessment of liquidity risk.

Consolidated entity

	31 December 2013					31 December 2012				
	1 year or less	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years	Total	1 year or less	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Liabilities										
Non-derivatives										
Payables	318.2	-	-	-	318.2	167.9	-	-	-	167.9
Borrowings	205.0	500.0	871.5	726.9	2,303.4	211.0	525.0	698.0	710.0	2,144.0
Projected interest cost on borrowings ¹	101.8	90.2	227.2	333.5	752.7	102.8	84.9	178.7	166.1	532.5
Capital commitments ²	266.4	23.2	-	-	289.6	92.9	21.5	1.9	-	116.3
	891.4	613.4	1,098.7	1,060.4	3,663.9	574.6	631.4	878.6	876.1	2,960.7
Derivatives										
Projected interest cost on derivative liabilities ^{1,3}	18.6	11.3	7.5	-	37.4	37.9	33.1	61.9	22.2	155.1
	18.6	11.3	7.5	-	37.4	37.9	33.1	61.9	22.2	155.1
Total liabilities	910.0	624.7	1,106.2	1,060.4	3,701.3	612.5	664.5	940.5	898.3	3,115.8
Less cash and cash equivalents	278.7	-	-	-	278.7	159.9	-	-	-	159.9
Total liquidity exposure	631.3	624.7	1,106.2	1,060.4	3,422.6	452.6	664.5	940.5	898.3	2,955.9
Projected interest income on derivative assets	13.8	12.1	40.7	75.7	142.3	34.0	25.4	55.4	73.5	188.3
Net liquidity exposure	617.5	612.6	1,065.5	984.7	3,280.3	418.6	639.1	885.1	824.8	2,767.6

1 Projection is based on the likely outcome of contracts given the interest rates, margins, forecast exchange rates and interest rate forward curves as at 31 December 2013 and 31 December 2012 up until the contractual maturity of the contract. The projection is based on future non-discounted cash flows and does not ascribe any value to optionality on any instrument which may be included in the current market values shown in note 8. Projected interest on foreign currency borrowings is shown after the impact of associated hedging.

2 Excluding GPT's share of capital commitments from investments in associates and joint ventures.

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

GPT treasury and risk management policy requires debt maturity concentration risk to be minimised as follows:

- Maximum \$1 billion maturing debt in forward rolling twelve month periods;
- Maximum \$500 million maturing debt in any calendar quarter; and
- Minimum weighted average tenor target of four years.

As at 31 December 2013, GPT complies with the above treasury and risk management policy requirements.

26. CAPITAL AND FINANCIAL RISK MANAGEMENT DISCLOSURES (CONTINUED)

(b) Financial risk management (continued)

(iii) 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 GPT’s credit margins and interest cost. Refinancing risk arises when GPT is required to obtain debt to fund existing and new debt positions.

GPT is exposed to refinancing risks arising from the availability of finance as well as the interest rates and credit margins at which financing is available. GPT manages this risk by spreading sources and maturities of borrowings in order to minimise debt concentration risk, allow averaging of credit margins over time and reduce refinance amounts.

The GPT treasury and risk management policy further enhances refinancing risk by:

- applying standards to all GPT borrowing facilities, in order to control GPT’s debt obligations, including the risk of cross default. The objective of this policy is to maximise GPT borrowing capacity from a variety of sources with the least amount of borrowing restrictions in terms of covenants and at the minimum cost; and
- maintaining a minimum liquidity buffer of \$100 million in surplus committed facilities and cash in the forward rolling twelve month period.

As at 31 December 2013, GPT’s exposure to refinancing risk can be monitored by the spreading of its contractual maturities on borrowings in the liquidity risk table above (refer to note 26(b)(ii)).

(iv) 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.

(1) Interest rate risk – borrowings

GPT’s primary interest rate risk arises from borrowings. Borrowings issued at floating rates expose GPT to cash flow interest rate risk.

GPT manages the cash flow effect of interest rate risk by entering into interest rate swaps that are used to convert floating interest rate borrowings to fixed interest rates. Such interest rate swaps are entered into with the objective of hedging the risk of interest rate fluctuations in respect of underlying borrowings. Under the interest rate swaps, GPT agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to an agreed notional principal.

Some of GPT’s interest rate swaps have embedded options, such as callable options. The options lower GPT’s cost of borrowings in exchange for some risk of the interest rate swap ceasing to be a hedge.

Interest rate swap contracts have been recorded in the statement of financial position at their fair value in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. The requirements under Australian accounting standards in respect of documentation, designation and effectiveness requirements for hedge accounting cannot be met in all circumstances, as a result GPT has elected to apply hedge accounting to cross- currency swaps only. For all other interest rate swaps, fair value movements are recorded through the statement of comprehensive income even though an economic hedge exists. Refer to accounting policy at note 1(w).

The following table provides a summary of GPT’s gross interest rate risk exposure as at 31 December 2013 on interest bearing borrowings together with the net effect of interest rate risk management transactions which have been entered into to manage these exposures.

Consolidated entity

	Gross exposure ¹ (before the effect of derivatives)		Net exposure ¹ (after the effect of derivatives)	
	2013 \$M	2012 \$M	2013 \$M	2012 \$M
Fixed rate interest-bearing borrowings	1,051.9	584.0	1,650.0	1,419.0
Floating rate interest-bearing borrowings	1,251.5	1,560.0	653.4	725.0
	2,303.4	2,144.0	2,303.4	2,144.0
Average Rate (%)			5.0%	5.1%

1 Excluding unamortised establishment costs and fair value adjustments. Foreign bonds converted at historical rate under cross-currency swaps.

The average rate depicted in the table above represents the balance date cost of funds. As at 31 December 2013, the fair value of interest rate derivatives were an asset of \$132.7 million (2012: \$140.8 million) and a liability of \$62.7 million (2012: \$140.2 million) as disclosed in note 8. For the year ended 31 December 2013, the gain in the statement of comprehensive income from the fair value movements of derivatives is \$30.9 million (2012: loss \$39.9 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013 – THE GPT GROUP

26. CAPITAL AND FINANCIAL RISK MANAGEMENT DISCLOSURES (CONTINUED)

(b) Financial risk management (continued)

(iv) Interest rate risk (continued)

(2) Interest rate risk – sensitivity analysis

Sensitivity on interest expense and interest revenue

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

Sensitivity on changes in fair value of interest rate derivatives and borrowings

The impact of changes in the fair value of interest rate swaps for a 1% increase or decrease in market interest rates on the statement of comprehensive income is shown below. The sensitivity on the fair value arises from the impact that changes in market rates will have on the mark-to-market valuation of interest rate derivatives and borrowings measured at fair value. The fair value of interest rate swaps and borrowings is calculated as the present value of estimated future cash flows for each instrument, based on a forward market interest rate curve.

Gains or losses arising from changes in the fair value are reflected in the statement of comprehensive income, except where hedge accounting applies to the cash flow hedge component of cross-currency swaps, where the effective portion of changes in fair value is recognised in the statement of other comprehensive income.

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

Consolidated entity

	2013 (+1%) \$M	2013 (-1%) \$M	2012 (+1%) \$M	2012 (-1%) \$M
Impact on statement of comprehensive income				
Impact on interest revenue increase / (decrease)	0.3	(0.3)	0.5	(0.5)
Impact on interest expense (increase) / decrease ¹	(12.5)	12.5	(15.6)	15.6
Impact on change in fair value of interest rate derivatives and borrowings gain/(loss)	38.8	(45.9)	23.5	(18.8)
	26.6	(33.7)	8.4	(3.7)
Impact on statement of other comprehensive income				
Impact on change in fair value of interest rate derivatives and borrowings gain/(loss)	0.5	3.3	-	-
	0.5	3.3	-	-

¹ Sensitivity based on gross borrowings exposure before the effect of derivatives.

(v) 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. GPT's foreign exchange risk arises primarily from:

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

(1) Foreign currency assets and liabilities

The following table shows the Australian dollar equivalents of amounts within GPT's statement of financial position which are denominated in foreign currencies.

Consolidated entity

	Euros		United States Dollars		Hong Kong Dollars	
	2013 A\$M	2012 A\$M	2013 A\$M	2012 A\$M	2013 A\$M	2012 A\$M
Assets						
Cash and cash equivalents	1.5	1.1	0.2	0.4	-	-
Interests in equity accounted investments	-	-	0.2	0.1	-	-
Interests in unlisted investments	-	-	4.4	3.9	-	-
Derivative financial instruments	-	-	8.2	-	2.3	-
Loans and receivables	11.4	9.9	-	-	-	-
	12.9	11.0	13.0	4.4	2.3	-
Liabilities						
Other liabilities	0.3	0.3	0.1	5.0	-	-
Borrowings at fair value ¹	-	-	254.6	-	96.8	-
	0.3	0.3	254.7	5.0	96.8	-

¹ Excluding unamortised establishment costs.

26. CAPITAL AND FINANCIAL RISK MANAGEMENT DISCLOSURES (CONTINUED)

(b) Financial risk management (continued)

(v) Foreign exchange risk (continued)

(2) Hedging foreign currency fluctuations

The most significant foreign exchange risk is associated with borrowings denominated in foreign currencies. In the absence of offshore assets in foreign currency that naturally hedge borrowings denominated in foreign currency, GPT minimises foreign exchange risk with cross-currency swaps which converts the foreign currency exposure into an Australian dollar exposure, therefore management deems sensitivity to foreign exchange risk insignificant.

(vi) Fair value measurements of financial instruments

GPT measures and recognises the following financial assets and liabilities at fair value on a recurring basis:

- Financial assets and liabilities at fair value through profit or loss
- Derivative financial instruments
- Borrowings (hedge accounted)

(1) Fair value hierarchy

(a) Recognised fair value measurements

GPT has adopted the classification of fair value measurements into the following hierarchy as required by AASB 13 *Fair Value Measurement* and AASB 7 *Financial Instruments: Disclosures*:

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

The following table presents the consolidated entity's assets and liabilities measured and recognised at fair value as at 31 December 2013 and 31 December 2012.

Consolidated entity

	31 December 2013				31 December 2012			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Recurring fair value adjustments								
Financial assets								
Unlisted equity securities	-	-	4.5	4.5	-	-	3.9	3.9
Derivative assets								
Interest rate swaps	-	122.2	-	122.2	-	137.9	-	137.9
Cross-currency interest rate swaps	-	10.5	-	10.5	-	-	-	-
Interest rate options	-	-	-	-	-	2.9	-	2.9
Total financial assets	-	132.7	4.5	137.2	-	140.8	3.9	144.7
Financial liabilities								
Derivative liabilities								
Interest rate swaps	-	(35.7)	-	(35.7)	-	(50.1)	-	(50.1)
Interest rate options	-	(6.4)	(20.6)	(27.0)	-	(2.9)	(87.2)	(90.1)
Borrowings at fair value ¹	-	(351.4)	-	(351.4)	-	-	-	-
Total financial liabilities	-	(393.5)	(20.6)	(414.1)	-	(53.0)	(87.2)	(140.2)

1 Excluding unamortised establishment costs

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. For transfers in and out of level 3 see note 26 (b)(vi)(3).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013 – THE GPT GROUP

26. CAPITAL AND FINANCIAL RISK MANAGEMENT DISCLOSURES (CONTINUED)

(b) Financial risk management (continued)

(vi) Fair value measurements of financial instruments (continued)

(1) Fair value hierarchy (continued)

(b) Disclosed fair values

Unlisted equity securities classified as held for trading are not quoted in an active market (level 3) and are disclosed in the statement of financial position within other assets.

The fair value of derivative financial instruments (level 2 and level 3) is disclosed in the balance sheet. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature.

The following table presents the carrying amounts and fair value of interest-bearing borrowings at 31 December 2013 and 31 December 2012. The fair value of fixed rate interest-bearing borrowings is estimated by using quoted prices in active markets or by discounting the future contractual cash flows at the current market interest rate curve where quoted prices are not available. The carrying amount of floating rate interest-bearing borrowings approximates the fair value.

Consolidated entity

	Carrying amount 2013 \$M	Fair value 2013 \$M	Carrying amount 2012 \$M	Fair value 2012 \$M
Bank facilities	1,466.6	1,462.1	1,518.0	1,518.0
Medium Term Notes	506.7	518.2	541.0	555.0
US Private Placement	254.6	254.6	-	-
CPI Indexed Bonds	85.0	94.2	85.0	102.2
Total interest-bearing borrowings¹	2,312.9	2,329.1	2,144.0	2,175.2

¹ Excluding unamortised establishment costs.

(2) Valuation techniques used to derive level 2 and level 3 fair values

Recurring fair value measurements

GPT holds no level 1 derivatives. Level 2 derivatives held by GPT at 31 December 2013 include Float to Float swaps, Fixed to Float swaps, other interest rate derivatives, Cross-currency swaps and Vanilla Callables. Level 3 derivatives held by GPT at 31 December 2013 include CPI year on year derivatives only.

The fair value of the derivatives is determined internally using a generally accepted pricing model based on a discounted cash flow analysis using quoted market inputs (interest rates, basis, CPI, volatility) adjusted for specific features of the instruments and applied debit or credit value adjustments based on GPT or the derivative counterparties current credit worthiness.

Credit value adjustments: these are applied to mark-to-market assets based on that counterparty's credit risk using the observable credit default swaps curve as a benchmark for credit risk.

Debit value adjustments: these are applied to mark-to-market liabilities based on GPT's credit risk using GPT's credit default swaps curve as a benchmark for credit risk.

The fair value of held for trading unlisted equity securities is based on recent arm's length transactions in non-active markets.

26. CAPITAL AND FINANCIAL RISK MANAGEMENT DISCLOSURES (CONTINUED)

(b) Financial risk management (continued)

(vi) Fair value measurements of financial instruments (continued)

(3) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the years 31 December 2013 and 31 December 2012 for recurring fair value measurements. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Consolidated entity

	Unlisted equity securities \$M	Derivative assets \$M	Derivative liabilities \$M	Total \$M
Opening balance 1 January 2012	-	0.3	(82.5)	(82.2)
Fair value movements in other comprehensive income				
- Still held	-	-	(14.0)	(14.0)
- No longer held	-	-	(5.5)	(5.5)
Transfers out of Level 3	-	(0.3)	-	(0.3)
Transfers into Level 3	3.9	-	-	3.9
Terminations	-	-	14.8	14.8
Closing balance 31 December 2012	3.9	-	(87.2)	(83.3)
Opening balance 1 January 2013	3.9	-	(87.2)	(83.3)
Fair value movements in other comprehensive income				
- Still held	0.6	-	11.8	12.4
- No longer held	-	-	(2.0)	(2.0)
Terminations	-	-	47.2	47.2
Transfers out of Level 3	-	-	9.6	9.6
Closing balance 31 December 2013	4.5	-	(20.6)	(16.1)

Sensitivity on changes in fair value of level 3 financial instruments

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

Consolidated entity

		2013 \$M	2012 \$M
Fair value of Level 3 unlisted equity securities		4.5	3.9
	1% Increase in price per security gain / (loss)	0.5	0.4
	1% Decrease in price per security (loss) / gain	(0.5)	(0.4)
Fair value of Level 3 derivatives		(20.6)	(87.2)
	1% Increase in price per security gain / (loss)	8.4	48.2
	1% Decrease in price per security (loss) / gain	(8.8)	(46.1)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013 – THE GPT GROUP

26. CAPITAL AND FINANCIAL RISK MANAGEMENT DISCLOSURES (CONTINUED)

(b) Financial risk management (continued)

(vii) Offsetting financial assets and financial liabilities

Derivative financial assets and liabilities are not offset in the balance sheet. Agreements with derivative counterparties are based on the ISDA Master Agreement. Under the terms of these arrangements, where certain credit events occur (such as default), there is a right to set-off the position owing/receivable to a single counterparty to a net position outstanding and all outstanding derivatives with that counterparty are terminated. As GPT does not presently have a legally enforceable right to set-off, these amounts have not been offset in the balance sheet, however, has been presented separately in the table below:

Consolidated entity

	31 December 2013			31 December 2012		
	Gross amounts of financial instruments	Amounts subject to set-off	Net amount post set off	Gross amounts of financial instruments	Amounts subject to set-off	Net amount post set off
	\$M	\$M	\$M	\$M	\$M	\$M
Derivative assets	132.7	38.8	93.9	140.8	38.4	102.4
Derivative liabilities	(62.7)	(38.8)	(23.9)	(140.2)	(38.4)	(101.8)
	70.0	-	70.0	0.6	-	0.6

27. AUDITOR'S REMUNERATION

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

	Consolidated entity	
	31 Dec 13 \$'000	31 Dec 12 \$'000
Audit services		
PricewaterhouseCoopers Australia		
Statutory audit and review of financial reports	994.0	1,229.3
Total remuneration for audit services	994.0	1,229.3
Other assurance services		
PricewaterhouseCoopers Australia		
Regulatory and contractually required audits	207.9	228.1
Total remuneration for other assurance services	207.9	228.1
Total remuneration for audit and assurance services	1,201.9	1,457.4
Non audit related services		
PricewaterhouseCoopers Australia		
Other Services	161.0	197.6
Affiliates of PricewaterhouseCoopers Australia including overseas firms		
Taxation services	-	12.0
Total remuneration for non audit related services	161.0	209.6
Total auditor's remuneration	1,362.9	1,667.0

28. EARNINGS PER STAPLED SECURITY

	Notes	Consolidated entity	
		31 Dec 13 cents	31 Dec 12 cents
(a) Attributable to ordinary securityholders of the Trust			
Basic and diluted earnings per security - profit from continuing operations		31.6	32.4
Basic and diluted earnings per security - profit from discontinued operations		0.9	1.2
Total basic and diluted earnings per security attributable to ordinary securityholders of the Trust		32.5	33.6
(b) Attributable to ordinary stapled securityholders of The GPT Group			
Basic earnings per security - profit from continuing operations		30.8	30.8
Basic earnings per security - profit from discontinued operations		0.7	1.2
Total basic earnings per security attributable to ordinary stapled securityholders of The GPT Group		31.5	32.0

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

	31 Dec 13 \$M	31 Dec 12 \$M
(c) Reconciliation of earnings used in calculating earnings per ordinary stapled security		
Net profit from continuing operations attributable to the securityholders of the Trust	574.4	602.4
Net profit from discontinued operations attributable to the securityholders of the Trust	16.3	20.8
	590.7	623.2
Less: distribution to the holders of Exchangeable Securities *	(25.0)	(25.0)
Basic and diluted earnings of the Trust	565.7	598.2
Add: Net loss from continuing operations attributable to the securityholders of other stapled entities	(14.5)	(28.9)
Add: Net (loss) / profit from discontinued operations attributable to the securityholders of other stapled entities	(4.7)	0.2
Basic and diluted earnings of the Company	(19.2)	(28.7)
Basic and diluted earnings of The GPT Group	546.5	569.5
	No. of securities millions	No. of securities millions
	31 Dec 13	31 Dec 12

(d) Weighted average number of ordinary stapled securities

Weighted average number of ordinary stapled securities used as the denominator in calculating:

Basic earnings per ordinary stapled security - Trust and The Group		1,738.0	1,780.6
Adjustments for calculation of diluted earnings per security:			
Performance rights (weighted average basis)	(e)	1.4	1.9
Weighted average number of ordinary stapled securities and potential ordinary stapled securities used as the denominator in calculating diluted earnings per ordinary stapled security		1,739.4	1,782.5

* These securities are not considered dilutive as the distribution per exchangeable security is higher than the basic EPS per stapled security. Refer to note 16(c) for further details on the Exchangeable Securities

(e) Performance Rights

4,164,881 Performance Rights (2012: 4,416,723) were granted to certain Senior Executives under the Stapled Security Rights Plans during 2013. Cumulatively, 11,718,726 Performance Rights relating to the existing plans have been issued up until 31 December 2013. However, only 1,384,807 Performance Rights are considered as dilutive. As such, only 1,384,807 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 security.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013 – THE GPT GROUP

29. NET TANGIBLE ASSET BACKING

	Consolidated entity	
	31 Dec 13	31 Dec 12
	\$	\$
Net tangible asset backing per stapled security	3.79	3.73

Net tangible asset backing per security is calculated by dividing the sum of net assets less intangible assets by the total number of potential stapled securities, assuming the conversion of the exchangeable securities at an exchange price of \$3.883 (2012: \$3.883).

30. EVENTS SUBSEQUENT TO REPORTING DATE

Post 31 December 2013 and up to the date of this report, the Group has bought back 11.1 million ordinary stapled securities for a total consideration of \$39.9 million.

Other than above, the Directors are not aware of any matter or circumstance occurring since 31 December 2013 that has significantly or may significantly affect the operations of GPT, the results of those operations or the state of affairs of GPT in the subsequent financial years.

In the directors of the Responsible Entity's opinion:

- (a) the financial report and notes set out on pages 42 to 110 are in accordance with the *Corporations Act 2001*, including:
- complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - giving a true and fair view of the GPT Group's financial position as at 31 December 2013 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the GPT Group 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 as required by Section 295A of the *Corporations Act 2001*.

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



Rob Ferguson
Chairman
GPT RE Limited

Sydney
12 February 2014



Michael Cameron
Chief Executive Officer and Managing Director



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

Report on the financial report

We have audited the accompanying financial report of General Property Trust (the Trust), which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Trust and its controlled entities (the consolidated entity). The consolidated entity comprises both the Trust and the entities it controlled at year's end or from time to time during the financial year, including GPT Management Holdings Limited and its controlled entities.

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

The directors of the responsible entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the directors of the responsible entity 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 standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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

Independence

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

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Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
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Auditor's opinion

In our opinion:

- (a) the financial report of General Property Trust is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 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*.
- (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 24 to 39 of the directors' report for the year ended 31 December 2013. The directors of the responsible entity are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of General Property Trust for the year ended 31 December 2013 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

A handwritten signature in dark ink, appearing to read 'Matthew Lunn', is written over a faint horizontal line.

Matthew Lunn
Partner

Sydney
12 February 2014

ANNUAL FINANCIAL REPORT

For the year ended 31 December 2013 – GPT MANAGEMENT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

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This concise 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 concise 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.

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 2013. The consolidated entity forms part of the stapled entity, the GPT Group (GPT or the Group). The Company is stapled to the General Property Trust and the GPT 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 Level 51, MLC Centre, 19 Martin Place, Sydney NSW 2000.

1. OPERATING AND FINANCIAL REVIEW

1.1 About GPT Management Holdings Limited and its Controlled Entities

The consolidated entity actively manages funds holding income-producing retail, office and logistics assets, and undertakes development of properties, management and administration of the General Property Trust and property management.

The consolidated entity forms part of the GPT Group which has been listed on the Australian Securities Exchange (ASX) since 1971. GPT is today one of Australia's largest diversified listed property groups with a market capitalisation of approximately \$6.2 billion. GPT is one of the top 50 listed stocks on the ASX by market capitalisation.

GPT has significant end to end capability within its business across all three sectors, supporting the performance of its \$15.7 billion portfolio of assets under management. Core to the business is the capital allocation process of the portfolio. This is enhanced through development and active asset management. The business is optimised through an efficient support team ensuring GPT applies a frugal approach, with strong capital management and a fortress balance sheet.

1.2 Strategic Plan

The consolidated entity's strategic plan is part of the GPT Group's strategic plan, as set out below.

Over the past year GPT has undertaken an extensive review of its strategy, with a focus on leveraging its capabilities and building on the strong position the organisation has achieved. This included an examination of the trends impacting the property sector together with seeking external insights. The results of this review were announced to the market on 28 October 2013.

The three key outcomes of the strategic review are:

- Elevating Total Return to be the primary performance measure across the business;
- Significantly expanding Funds Under Management (FUM) by \$10 billion; and
- Continuing a frugal approach to managing the business and maintaining a fortress balance sheet.

Driven by Total Return

GPT's primary financial metric is Total Return at the Group and at an asset level. Total Return at the group level is calculated as the distributions paid or payable plus the change in the value of the net tangible assets divided by the opening NTA per security. In order to embrace this measure, from 2014 onwards, Short Term Incentives for staff are based 100% on achieving Total Return targets.

GPT's core portfolio strategy is to remain diversified. An important finding of the strategic review was that there is no compelling evidence to suggest that one sector will outperform another in the long term. This supports diversification rather than a shift to single sector specialisation and points to a need to be more flexible and tactical in the approach to sector weightings, with investment decisions being led by business intelligence insights and the quality of the asset stock selection.

The key to success for GPT is ensuring that capital is allocated in the most effective manner. Continuing to build strong skills in capital allocation will provide a unique competitive advantage driving outperformance.

\$10 Billion Increase in Funds under Management

Growth in Funds under Management of \$10 billion will enable GPT to increase active earnings from 3% to 10% for the Group. This will come from increasing the size of the existing funds, with a logistics fund and a metropolitan office fund planned to be launched in 2014.

The rationale for increasing GPT's exposure to Funds Management activities is based on driving total returns whilst keeping the cost of capital low. GPT is well positioned to execute on this strategy given its success to date in funds management, with \$7.1 billion of funds currently under management, the two best performing funds in the office and retail core wholesale sectors and having raised \$2.5 billion of equity capital since 2010. This positions GPT strongly to take advantage of the large and growing demand for real estate assets and investment products in Australia from both domestic and offshore capital sources.

Frugal Approach and Fortress Balance Sheet

A frugal approach will enable GPT to target a Management Expense Ratio (MER), calculated as management expenses as a percentage of assets under management, of less than 45 basis points, one of the lowest amongst its peers. GPT will also continue to maintain a fortress balance sheet, with low gearing and significant capacity giving the Group flexibility to execute on investment opportunities as they arise.

1. OPERATING AND FINANCIAL REVIEW (CONTINUED)

1.2 Strategic Plan (continued)

The Journey Ahead

GPT's journey ahead sets out a pathway to activate and harvest the benefits from this strategy which is set out in four key stages:

- Growth platforms established:** This stage has already been completed with the establishment of the growth platforms of Funds Management, development and new profit sources. GPT has also embedded a capital allocation culture within the business and has a fortress balance sheet in place;
- Strategy activation:** GPT is currently focused on activating the key measures outlined in the strategy, including targeting \$10 billion growth in FUM and implementing a flexible development model, customer centric approach and strategic business intelligence capability. Underpinning these activities will be an ongoing frugal approach with a target MER of less than 45 basis points;
- Harvest benefits:** The third stage in the journey is focused on harvesting the benefits from the strategy. These benefits include increased active earnings, the production of significant product for balance sheet and funds, deriving income streams from property solutions and undertaking opportunistic activity where appropriate. Together all of these activities should lead to outperformance.
- Embedded premium:** The final stage in the journey is focused on seeing the benefits of the strategy embedded in the value of the business. This includes demonstrated organic growth, a low cost of capital and the value of the Fund Management business being included in NAV which should lead to a price premium. GPT will have also identified further growth platforms to support the next stage in its strategic journey.

The foundation of all the above stages in GPT's strategy journey is the underlying principle of being driven by total return with a target of greater than 9%.

1.3 Review of Operations

The consolidated entity's financial performance for the year ended 31 December 2013 is summarised below and should be read in conjunction with the financial statements of the GPT Group.

The net loss after tax for the year ended 31 December 2013 is \$5.0 million (Dec 2012: loss of \$8.6 million).

	Consolidated entity		
	2013 \$'000	2012 \$'000	Change %
Fund management fees	58,481	70,339	(17%)
Property management fees	34,076	30,668	11%
Development management fees	15,379	19,715	(22%)
Other income	15,600	11,090	41%
Expenses	(119,074)	(136,399)	(13%)
Profit / (loss) from continuing operations before income tax expense	4,462	(4,587)	(197%)
Income tax expense	(4,682)	(2,889)	62%
Loss after income tax expense for continuing operations	(220)	(7,476)	(97%)
Loss from discontinued operations	(4,749)	(1,118)	325%
Net loss for the year	(4,969)	(8,594)	(42%)

The decrease in loss after tax compared with December 2012 is largely as a result of an increase in the revaluation of financial liabilities, increased property management fees due to the internalisation of nine office assets during the year, delivery of lower overall expenses via ongoing expense discipline and lower finance costs.

Commentary on the financial performance and operational highlights are set out below.

Funds management

Responsible entity fees earned from GPT have decreased in 2013 due to efficiencies and cost savings in the consolidated entity, resulting in lower fees charged to GPT.

GWSCF's assets under management grew \$24.0 million in 2013 despite the sale of Carlingford Court for \$177.0 million in December 2013, (excluding the sale, assets under management would have grown \$201.0 million in 2013). The management fee earned on GWSCF increased by \$2.2 million in 2013 due to a higher asset base as result of 2012 Casuarina Square and Westfield Woden acquisitions, strong upward revaluations and continuation of development spend during the year.

GWOF's assets under management continue to grow strongly, up \$471.0 million in 2013. The management fee earned on GWOF increased by \$1.7 million in 2013 due to the 8 Exhibition Street acquisition, strong upward revaluations across the portfolio, completion of the Liberty Place - 161 Castlereagh Street development investment and continuation of the 150 Collins Street development investment.

1. OPERATING AND FINANCIAL REVIEW (CONTINUED)

1.3 Review of Operations (continued)

Asset management

During the year, the consolidated entity internalised the property management function of the MLC Centre in Sydney and eight assets held by GWOF. The property management function of these assets had been previously outsourced to Jones Lang LaSalle (JLL). The internalisation was undertaken to reinforce GPT's core business strategy to own and actively manage quality Australian property assets, as well as delivering great customer experiences and performance outcomes.

As a result, property management fees have increased to \$34.1 million (2012: \$30.7 million).

Development management

Retail & Major Projects

The Retail & Major Projects (RMP) Development team is responsible for identifying, master planning and delivering development investment opportunities for GPT, the Wholesale Funds and third party owners. These development investment opportunities are primarily sourced from the existing asset bases of either GPT or the Wholesale Funds. The team earn development management fees for providing these services.

During 2013, the RMP development team delivered \$700.0 million of completed developments, being Highpoint Shopping Centre in Melbourne and 161 Castlereagh Street in Sydney's CBD. The team is currently delivering a further \$400.0 million of developments that are scheduled for completion in 2014, being Wollongong Central and 150 Collins Street in Melbourne's CBD.

Logistics

The Logistics Development team is responsible for identifying and delivering Logistics development investment opportunities for GPT. During 2013 the Logistics Development team commenced three pre-lease developments at Erskine Park with an end value of \$230.0 million, signed a Heads of Agreement and commenced the \$73.0 million next stage of the Sydney Olympic Park development (3 Murray Rose), entered into a Joint Venture which acquired a site at Chullora and progressed the existing Toll NQX development.

The development management fees have decreased to \$15.4 million (2012: \$19.7 million) primarily due to a reduction in headcount following the restructure of the Group in 2012, the restructure also resulted in a decrease in the corporate overhead and an increase in day rates.

Other Income

Other Income has increased by \$4.5 million in 2013 due to the revaluation of financial arrangements required under accounting standards. This is due to an increase in loans in 2013.

Expenses

The consolidated entity continues to focus on operational efficiency with expenses declining by 13% to \$119.1 million (2012: \$136.4 million). The primary drivers for the decrease include GPT restructure in 2012 and optimisation initiatives on system and process improvements.

Non-Core Operations

Hotel/Tourism Portfolio

The consolidated entity has substantially completed its exit from the Hotel/Tourism portfolio.

Funds Management – Europe

On 17 May 2013, GPT completed the divestment of the 38.04% interest in DAF.

US Seniors Housing

The consolidated entity has substantially completed its exit from the US Seniors Housing portfolio, the investment in B-VII Operations Holding Co LLC remains but is in the process of being wound up.

1. OPERATING AND FINANCIAL REVIEW (CONTINUED)

1.4 Financial Position

	Consolidated entity		
	31 Dec 13 \$'000	31 Dec 12 \$'000	Change %
Total Current Assets	42,124	47,655	(12%)
Total Non-current Assets	108,067	112,445	(4%)
Total Assets	150,191	160,100	(6%)
Total Current Liabilities	43,311	49,948	(13%)
Total Non-current Liabilities	9,640	8,923	8%
Total Liabilities	52,951	58,871	(10%)
Net Assets	97,240	101,229	(4%)

Assets have decreased primarily due to a decrease in the deferred tax asset from the utilisation of tax losses and related party receivables due to the timing of transactions.

Liabilities have decreased primarily due to a decrease in people cost and operating accruals.

Capital Management

The consolidated entity has non-current, unsecured, related party borrowings from GPT Trust and its subsidiaries. Under Australian Accounting standards, these loans have been revalued to nil (Dec 2012: nil) based on a forecast cash flow for amounts payable.

Cash flows

The cash balance at December 2013 increased to \$22.1 million (Dec 2012: \$20.0 million).

Operating Activities

The cash flow from operating activities remains strong and is higher than 2012 primarily due to lower net loss for the year. Higher operating cashflow is also consistent with the 2012 restructure and optimisation initiatives. The following table shows the reconciliation from net loss to the cash flow from operating activities:

	Consolidated entity		
	31 Dec 13 \$'000	31 Dec 12 \$'000	Change %
Net loss for the year	(4,969)	(8,594)	(42%)
Add back: non-cash expenses included in net profit	38,437	43,351	(11%)
Less: non-cash revenue items	(15,754)	(14,734)	7%
Timing difference	(1,757)	(9,147)	(81%)
Cash flow from operating activities	15,957	10,876	47%

Investing activities

There has been higher cash outflow from investing activities in 2013 due to payments for property, plant and equipment and intangible assets including the Victorian State Office fitout and software purchases.

Financing activities

There has been higher cash outflow from investing activities in 2013 due to buy-back activity.

Equity – on market buy back

GPT recommenced the security buyback on 11 June 2013. Since this date and until the end of 2013, GPT has acquired 73.8 million GPT stapled securities at an average price of \$3.653 per security and for a total cost of \$269.7 million of which the Company's share is \$2.3 million.

Since July 2011 to the end of 2013, GPT has bought back 162.6 million securities, representing 8.8% of issued capital, at an average price of \$3.349. This has resulted in \$604.2 million of NTA being bought back for \$544.4 million, creating \$59.8 million of value for the group.

Dividends

The Directors have not declared any dividends for the year ended 31 December 2013 (Dec 2012: nil).

1. OPERATING AND FINANCIAL REVIEW (CONTINUED)

1.5 Prospects

The consolidated entity's prospects are incorporated with those of the GPT Group. The GPT Group prospects relevant to the consolidated entity are set out below:

Group

GPT will be focused on activating the strategy announced to the market on 28 October 2013. This includes:

- Embedding the Total Return metric across the business as the primary measure of financial performance with a target of greater than 9%.
- Growing the funds management business through its existing platform and the launch of new funds.
- Adopting a customer centric approach in providing property solutions to customers.
- Implementing a strategic business intelligence capability to support the capital allocation process.
- Targeting a Management Expense Ratio of less than 45 basis points.

Asset management

In 2014, the asset management team will continue working on the three pillar approaches which are customer centric focus on delivering great customer experience, extracting new revenue streams from a focus on providing property solutions and generating additional recurring earnings, and finally delivering excellence by aiming to generate efficiencies in operations and becoming more productive and profitable.

Development Management

In 2014, the RMP development team will continue to focus on the delivery of the Wollongong Central and 150 Collins Street projects in addition to progressing a number of opportunities that are currently in the master planning phase. The Logistics development team will focus on delivering the projects at Erskine Park, Murray Rose, Chullora and Toll NQX while actively looking for new acquisitions and opportunities to activate the existing land bank.

Funds management

GPT's longer term target is to increase active earnings from 3% to 10% from Funds Management. In 2014, GPT will continue to grow the Funds Management business. This growth will be a combination of growing existing funds and launching new funds. The existing funds management team will continue to actively manage their existing portfolios, with new acquisitions based on meeting the relevant investment objectives of the respective Fund.

Significant progress in this strategic initiative was achieved following GPT's bid for Commonwealth Property Office Fund. On 6 January 2014 GPT Wholesale Office Fund and GPT Wholesale Shopping Centre Fund entered into Memoranda of Understanding with an intention to acquire \$679.0 million of office and \$505.0 million of retail assets respectively.

1. OPERATING AND FINANCIAL REVIEW (CONTINUED)

1.6 Risks

The consolidated entity's risk management approach incorporates culture, people, processes and systems to enable the consolidated entity to realise potential opportunities whilst managing adverse effects. The consolidated entity recognises the requirement for effective risk management as a core capability and consequently all employees are expected to be managers of risk. The consolidated entity's approach is consistent with AS/NZS ISO 31000:2009: Risk Management.

The consolidated entity recognises that:

- Investor value is driven by taking considered risks
- Effective risk management is fundamental to achieving strategic and operational objectives
- By understanding and efficiently managing risk the business can create and protect value and provide greater certainty and confidence for investors, employees, business partners and the communities in which the consolidated entity operates.

The key components of this approach include:

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

The table below shows the key inherent risks faced by the consolidated entity and the processes by which the consolidated entity uses to manage them:

Level	Risk Description	Strategic Impact	Mitigation
Operational performance	Investments do not perform in line with forecast	<ul style="list-style-type: none"> • Management fees are lower than target 	<ul style="list-style-type: none"> • Formalised deal management process • Active asset management including regular forecasting and monitoring of performance • High quality property portfolio • Development program to enhance asset returns
	Expenses are not controlled and kept in line with forecast	<ul style="list-style-type: none"> • Expenses are higher than target 	<ul style="list-style-type: none"> • Regular forecasting and monitoring of expenses
Strategic Funds management	Insufficient quality product or detrimental market conditions negatively impact the ability to finance and grow existing funds in line with strategy	<ul style="list-style-type: none"> • Unable to grow by \$10 billion in FUM • Management fees are lower than target 	<ul style="list-style-type: none"> • Strategy communicates multiple pathways to successful growth in FUM
Capital management	Availability of long term funding	<ul style="list-style-type: none"> • Limits ability to meet debt maturities • Constrains future growth • Limits ability to execute strategy 	<ul style="list-style-type: none"> • Access to related party funding
Health and safety	Risk of incidents, causing injury to employees and contractors	<ul style="list-style-type: none"> • Criminal/civic proceedings and resultant reputation damage • Financial impact of remediation and restoration 	<ul style="list-style-type: none"> • Formalised Health and Safety management system including policies and procedures for managing safety • Training and education of staff and contractors
People	Inability to attract, retain and develop the right people	<ul style="list-style-type: none"> • Limits the ability to deliver the business objectives 	<ul style="list-style-type: none"> • Competitive remuneration • Structured development planning • Succession planning and talent management

2. ENVIRONMENTAL REGULATION

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

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

The EEO Act 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 2012 to 30 June 2013 period to ensure that the Energy Efficiency Opportunities data was made available in a public report on the GPT website by the required date of 31 December 2013.

The NGER Act requires GPT to report its annual greenhouse gas emissions and energy use. The measurement period for GPT is 1 July 2012 to 30 June 2013. GPT has implemented systems and processes for the collection and calculation of the data required which enabled submission of its report to the Department of Climate Change and Energy Efficiency within the legislative deadline of 31 October 2013.

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

3. EVENTS SUBSEQUENT TO REPORTING DATE

Post 31 December 2013 and up to the date of this report, the Group has bought back 11.1 million ordinary stapled securities.

Other than the above, the Directors are not aware of any matter or circumstance occurring since 31 December 2013 that has significantly or may significantly affect the operations of GPT, the results of those operations or the state of affairs of GPT in the subsequent financial years.

4. DIRECTORS AND SECRETARY

4.1 Directors

(i) Chairman - Non-Executive Director

Rob Ferguson

(ii) Chief Executive Officer and Managing Director

Michael Cameron

(iii) Non-Executive Directors

Brendan Crotty

Eileen Doyle

Eric Goodwin

Anne McDonald

Gene Tilbrook

4.2 Information on Directors

Rob Ferguson – Chairman

Mr Ferguson joined the Board on 25 May 2009.

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 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.

Mr Ferguson was Managing Director and Chief Executive of Bankers Trust for 15 years and was an independent Non-Executive Director of Westfield for 10 years.

Mr Ferguson is a member of the Nomination and Remuneration Committee.

4. DIRECTORS AND SECRETARY (CONTINUED)

4.2 Information on Directors (continued)

Michael Cameron – Chief Executive Officer and Managing Director

Mr Cameron joined The GPT Group as CEO and Managing Director on 1 May 2009.

He has over 30 years' experience in Finance and Business, including 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.

More recently Michael was Group Chief Financial Officer then Group Executive of the Retail Bank Division for the Commonwealth Bank of Australia, and Chief Financial Officer of St George Bank.

Mr Cameron is a Non-Executive Director of the Great Barrier Reef Foundation and a Non-Executive Director of Suncorp Group Limited and its regulated entities.

Brendan Crotty

Mr Crotty was appointed to the Board on 22 December 2009.

Mr Crotty brings extensive property industry experience to the Board, including 17 years as Managing Director of Australand until his retirement in 2007. Brendan is currently a director of Brickworks Limited and a privately owned major Victorian based land development and housing company, as well as being Chairman of the Western Sydney Parklands Trust and CloudFX Group Holdings Pte Ltd (incorporated in Singapore). He is also a director of the Barangaroo Delivery Authority.

Mr Crotty is a member of the Audit and Risk Management 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 Hunter Valley Research Foundation (Chairman), CSIRO (Deputy Chairman), Bradken Limited, Boral Limited and Newcastle Port Corporation.

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

Eric Goodwin

Mr Goodwin was appointed to the Board in November 2005.

Mr Goodwin has experience in design, construction, project management, general management and funds management. His experience includes fund management of the MLC Property Portfolio 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 Duet Group (Chair of Duet Finance Limited and Duet Finance Trust).

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

Anne McDonald

Ms McDonald was appointed to the Board on 2 August 2006. Ms McDonald is a chartered accountant and was previously a partner of Ernst & Young for 15 years specialising as a company auditor and advising multinational and local companies on governance, risk management and accounting issues.

Ms McDonald is currently a Non-Executive Director of Spark Infrastructure Group and Specialty Fashion Group. She is also a Non-Executive Director of Westpac's Life and General Insurance businesses and Sydney Water. Ms McDonald provides an advisory role to the Norton Rose Australian Partnership Council.

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

Gene Tilbrook

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

Mr Tilbrook brings extensive experience in finance, corporate strategy, investments and capital management.

Mr Tilbrook is a Non-Executive Director of Fletcher Building Ltd, Aurizon Holdings Limited and Orica Limited.

Mr Tilbrook is a councillor of the Australian Institute of Company Directors (WA Division) and Curtin University; and a member of the board of the Bell Shakespeare Company.

Mr Tilbrook is Chair of the Nomination and Remuneration Committee.

4. DIRECTORS AND SECRETARY (CONTINUED)

4.3 Information on secretary

James Coyne – General Counsel and 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. His previous experience includes company secretarial and legal roles in construction, infrastructure, and the real estate funds management industry (listed and unlisted).

4.4 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 Management 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	18	18	-	-	6	6	-	-
Michael Cameron	18	18	-	-	-	-	-	-
Brendan Crotty	18	18	5	5	-	-	3	4
Eileen Doyle	18	18	-	-	6	6	4	4
Eric Goodwin	18	18	5	5	-	-	4	4
Anne McDonald	18	18	5	5	-	-	-	-
Gene Tilbrook	17	18	-	-	6	6	-	-

4.5 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	880,060 Stapled Securities 2,042,316 Performance Rights
Brendan Crotty	30,000
Eileen Doyle	20,650
Eric Goodwin	15,584
Anne McDonald	9,450
Gene Tilbrook	45,000

4.6 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 2013 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)
Michael Cameron	Suncorp Group Limited (since 2012)
Brendan Crotty	Brickworks Limited (since 2008)
Eileen Doyle	Boral Limited (since 2010) Bradken Limited (since 2011)
Eric Goodwin	DUET Group (since 2004)
Anne McDonald	Speciality Fashion Group Limited (since 2007) Spark Infrastructure Group (since 2009)
Gene Tilbrook	Transpacific Industries Group Limited (from 2009 to 2013) Fletcher Buildings Limited (since 2009) Aurizon Holdings Limited (since 2010) Orica Limited (since 2013)

5. 2013 REMUNERATION REPORT

5.1 Remuneration in Brief

The remuneration report below is for the Group. As the Directors and Senior Executives of the Group 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 2013 Remuneration in Brief, outlines the key remuneration decisions taken by GPT during the year, and shows the actual value of remuneration paid to those GPT executives who – along with the Non-Executive Directors - comprise the key management personnel (KMP). The full Remuneration Report for 2013, starting on page 127, provides more detail regarding the remuneration strategy, structures, decisions and outcomes at GPT in 2013 in accordance with statutory obligations and IFRS accounting standards.

Key remuneration drivers and actions in 2013

In 2013, the Nomination & Remuneration Committee (the Committee) continued to increase alignment of executive remuneration with investors' interests within a conservative framework. The Committee 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 described in greater detail in the remainder of the Remuneration Report

Base (Fixed) Pay

The Committee maintained a prudent approach to executive remuneration, the growth of which continued to be moderate. In the annual review of employee base salaries in December 2012, the Committee:

- implemented a modest review of base pay, effective 1 January 2013, averaging 2.23%; and
- maintained the freeze on Non-Executive Director fees in 2013 for the 6th successive year.

In addition, the Committee determined that the increase in compulsory superannuation guarantee contributions from 9 to 9.25% effective 1 July 2013 would be absorbed within employee base (fixed) pay packages.

Short Term Incentives

The Committee continued to 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 2013, actual STI's received by management were below their Target level of opportunity.

During calendar year 2013 the Committee implemented changes to the STI arrangements to:

- increase the STI performance targets for 2013 within our prevailing risk appetite; and
- reduce the level of STI funding across the range of performance benchmarks, while retaining a potential stretch STI for commensurate performance.

Looking to 2014, the Committee and management have further refined the approach to STI and are implementing:

- a new measure of Group performance for STI focussed on Total Return, in line with Group strategy;
- a minimum shareholding requirement for the Leadership Team and Board to increase alignment with investors;
- for senior executives, a mandatory deferral of a portion of STI into future vesting equity, to increase alignment with investors and encourage retention;
- a clawback policy to ensure that executive rewards can be adjusted in the event there are material misstatements or omissions in financial results that lead to unfair benefits; and
- a review of the level of STI participation across the Group and the quantum of STI funding at benchmarks to drive performance outcomes.

These changes to the STI framework will be described in more detail in the 2014 Remuneration Report.

5. 2013 REMUNERATION REPORT (CONTINUED)

5.1 Remuneration in Brief (continued)

Long Term Incentives

The Board sought and received approval from GPT security holders at the 2013 Annual General Meeting to continue the existing Performance Rights based long-term incentive (LTI) scheme, which was simplified to focus on two 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 Committee; and
- **Total Return (TR)** - Total Return is defined as the sum of the change in Net Tangible Assets (NTA) excluding movements in GPT's equity base arising from capital raisings or capital returns, plus distributions over the Performance Period, divided by the NTA at the beginning of the Performance Period.

The Committee also increased the size of the comparator group of companies for the purposes of assessing GPT's Relative TSR performance.

The 2011 LTI, covering GPT's performance for the three calendar years of 2011-2013, concluded at the end of 2013. The Group's performance exceeded the threshold performance hurdles on two of the three performance measures, leading to the delivery of LTI awards to participants in the form of GPT stapled securities. The Committee believes that achievement of this ownership position by participants further strengthens their alignment with investors.

Employee Ownership

The Committee 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 and any applicable compulsory superannuation - invested in GPT securities to be held for a minimum of 1 year. Under the plan, 294 GPT employees received 124,492 GPT securities in 2013.

External environment

In both the setting and review of remuneration arrangements, GPT has regard to the external environment, and monitors the tax, regulatory and governance activities impacting remuneration. In 2013, the Committee sought external advice on market practice, prevailing regulatory and governance standards, and drafting of incentive plan documentation from Ernst & Young and Johnson Partners. The total of fees paid to these two groups in relation to this work was as follows:

- Ernst & Young: \$130,192
- Johnson Partners: \$ 36,000

The Committee did not receive any Remuneration Recommendations from Remuneration Consultants as defined under the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011*.

2013 Remuneration outcomes and GPT security ownership positions for GPT's KMP

The disclosed remuneration of GPT's KMP in the Remuneration Report on page 136 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, some or all of which have not vested (and may never vest) as they are dependent on their applicable performance measures being met.

GPT has chosen to include in the Remuneration in Brief the following table (Table 1) which discloses the Cash and Other Benefits received by GPT's KMP, as distinct from the accounting expense. As a result, it does not align to Australian Accounting Standards as it is on a cash basis; Table 13 on page 136 details the statutory IFRS accounting balances.

For ease of reference, Table 1 also includes an outline of the cumulative, current and potential GPT security ownership position of each executive, effective 31 December 2013.

5. 2013 REMUNERATION REPORT (CONTINUED)

5.1 Remuneration in Brief (continued)

2013 Remuneration outcomes and GPT security ownership positions for GPT's KMP (continued)

Table 1 – Cash and Other Benefits received by GPT's KMP

Senior Executives	Position	Cash & Other Benefits Actually Received by Executives in 2013					Current GPT Security Ownership at 31/12/13		GPT Performance Rights that Lapsed in 2013	Future GPT Securities Subject to Performance at 31/12/13
		Base (Fixed) Pay	STI	LTI ¹	Other ²	Total	Previously Vested GPT Security Holding ³	GPT Securities that Vested in 2014 ⁴	2011 LTI Performance Rights that Lapsed ⁵	Unvested GPT Securities & Performance Rights ⁶
		\$'000	\$'000	\$'000	\$'000	\$'000	# of securities	# of securities	# of rights	# of securities & rights
Michael Cameron	Chief Executive Officer and Managing Director	1,500.0	1,000.0	1,382.2	10.0	3,892.2	557,043	589,614	326,286	1,449,434
James Coyne	General Counsel / Company Secretary	500.0	165.0	327.6	3.8	996.4	89,552	91,773	77,342	294,239
Matthew Faddy	Head of Asset Management	550.0	300.0	238.0	4.1	1,092.1	64,305	66,679	56,194	314,735
Mark Fookes	Chief Financial Officer	775.0	430.0	529.0	20.3	1,754.3	142,902	148,176	124,875	465,956
Nicholas Harris	Head of Funds Management	725.0	250.0	425.2	3.7	1,403.9	116,227	119,114	100,384	435,895
Carmel Hourigan	Chief Investment Officer	712.5	480.0	-	1.7	1,194.2	-	77,808	-	435,538
Anthony McNulty	Head of Development Retail and Major Projects	600.0	250.0	375.4	3.6	1,229.0	78,024	105,157	88,621	344,797
Michael O'Brien	Group Executive Corporate Development	830.0	200.0	566.5	4.8	1,601.3	234,102	158,692	133,737	499,024
John Thomas	Head of Development Commercial and Industrial	650.0	480.0	-	2.7	1,132.7	-	-	-	356,258

1 For the purposes of recording a value in Table 1 for LTI, the number of GPT Group performance rights that vested under the 2011 LTI for each participant have been valued using GPT's fourth quarter 2013 volume weighted average security price (VWAP) of \$3.57. This differs from the IFRS approach as used in Table 13, which has accounting valuations and accruals for multiple on foot LTI plans against future LTI outcomes that may not be realised. More details about the 2011 LTI and GPT's performance against the various performance measures are set out in Tables 9 and 10.

2 Other includes the value of sign on rights from 2012 that vested in 2013 (Carmel Hourigan), a service award (Mark Fookes), 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 vested GPT securities held by individuals as a result of their employment that vested prior to 2013. This excludes GPT securities bought privately by the individual.

4 GPT Securities that Vested in 2013 represent the actual number of GPT securities that have vested to the individual in 2013. For all individuals (excluding Carmel Hourigan) where a number is recorded, this figure represents GPT securities that vested as a result of GPT's performance in the 2011 LTI covering the performance period 2011-2013.

For Carmel Hourigan specifically, the figure comprises 77,808 Performance Rights from her sign on package at the commencement of her employment on 8 November 2012 that vested on 1 September 2013.

For Michael Cameron specifically, the figure comprises:

- 387,169 Performance Rights that vested under the 2011 LTI;
- 81,872 deferred securities from his 2009 STI that vested on 31 March 2013; and
- 120,573 deferred securities from his 2010 STI that vested on 31 March 2013.

5 2011 LTI Performance Rights that Lapsed sets out the number of performance rights that were awarded to a participant in the 2011 LTI that did not vest at the end of the 2011-2013 performance period, and as a result, lapsed.

6 Unvested GPT Securities and Performance Rights is the total of unvested GPT securities and Performance Rights granted over the years that are currently on foot and excludes any GPT securities or Performance Rights that may have lapsed up to 31 December 2013. This number comprises sign on rights that are yet to vest (Carmel Hourigan), 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.

5. 2013 REMUNERATION REPORT (CONTINUED)

5.2 Remuneration Report

Introduction

The Board presents the Remuneration Report for GPT for the year ended 31 December 2013, which forms part of the Directors Report and has been prepared in accordance with section 300A of the *Corporations Act 2001* for the Group for the year ended 31 December 2013.

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). The data provided in the Remuneration Report was audited as required under section 308(3C) of the *Corporations Act*.

In 2013 the Nomination & Remuneration Committee (the Committee) comprised 3 Non-Executive Directors:

- Gene Tilbrook (Chairman)
- 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 both individually and the GPT Board collectively;
- remuneration policies for Directors and Committee members;
- remuneration amounts for Directors from within the overall Directors fee cap approved by security holders;
- remuneration policy for the CEO and employees;
- incentive plans for the CEO and employees; 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).

Key Issues and Changes made in 2013

Remuneration Outcomes aligned to GPT's Performance

In 2013 GPT continued to resolutely pursue the Group's articulated strategy of owning and actively managing quality Australian property assets. Market conditions remained cautious and growth in executive pay levels continued to be moderate. Against that background the Committee continued to exercise caution with regard to executive remuneration. The main areas of activity in 2013 are outlined in Table 2, below:

Table 2 – Main areas of activity in 2013

Activity	Who is affected?	Explanation
Maintain restraint on executive salaries	Leadership Team and other employees	Base remuneration increases for 2013 were capped at an average 2.23% across the business.
Freeze on Directors' fees	Non-Executive Directors	There were no increases in fees in 2013 for Non-Executive Directors for the 6th successive year.
Absorbed the increase in compulsory superannuation contributions	All employees	The Committee determined that the increase in compulsory superannuation guarantee contributions from 9 to 9.25% effective 1 July 2013 would be absorbed within employee base (fixed) pay packages. This approach will continue to be applied in the coming years in line with the schedule of superannuation guarantee contribution increases announced.
Increased the STI performance targets	All employees	The 2013 STI targets were set at higher levels than in 2012 to ensure that rewards to employees were delivered as a result of achieving performance outcomes that were sufficiently challenging. Details on the 2013 STI targets are set out in Table 6 on page 131.
Reduced overall STI funding levels at benchmarks	All employees	The Committee introduced an STI funding model that reduced the overall potential STI pool at benchmarks; by infusing greater scarcity into STI funding the Committee and management believe better performance outcomes can be achieved as it requires a more merit based differentiation of rewards. While the GPT performance outcome in 2013 was higher than 2012, table 13 on page 136 shows that aggregate employee STI amounts were generally lower.
Refined 2013 LTI Performance Measures	Leadership Team and other participating executives	To better align with GPT's articulated financial performance objectives, the number of performance measures in the 2013 LTI was reduced from three to two, being Total Return and Relative TSR. At the same time, the size of the comparator Group for the purposes of measuring GPT's Relative TSR was increased. These changes were approved by security holders at the Annual General Meeting in May 2013.
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 and compulsory superannuation) invested in GPT securities to be held for a minimum of 1 year. Under the plan, 294 GPT employees received 124,492 GPT securities in 2013.

5. 2013 REMUNERATION REPORT (CONTINUED)

5.2 Remuneration Report (continued)

Key Issues and Changes made in 2013 (continued)

Initiatives to improve remuneration alignment in 2014 and beyond

The Committee was also active in 2013 to put in place changes that will continue to evolve and strengthen the platform. As a result, the following adjustments to the remuneration platform are being implemented in 2014:

- **New STI Group Financial focussed on Total Return** – GPT will have a new measure of Group performance for STI, focussed on Total Return in line with Group strategy;
- **Minimum Shareholding Requirement** – A minimum shareholding requirement for the Leadership Team and Board will be introduced in 2014. The CEO will be required to hold GPT securities of a value equivalent to 150% of their base (fixed) pay, while the Leadership Team members and the Non-Executive Directors will be required to hold GPT securities of a value equivalent to 100% of their base (fixed) pay or Main Board fee (as applicable). A period of three years - starting 1 January 2014 - has been set to achieve this level of security holding;
- **Mandatory deferral of STI to vesting Equity** – KMP and senior executives who participate in the LTI will be required to receive their STI in the form of a combination of 50% cash and 50% GPT securities, with the securities vesting in equal parts at the end of 1 and 2 years;
- **Introduction of a Clawback Policy** - KMP and senior executives who participate in the STI and LTI plans will be subject to a clawback policy whereby the Board has the discretion to recover remuneration paid or as yet unvested from executives in the event there has been a material misstatement or omission in financial statements, or any other circumstances where the Board is of the view that recipients have received an unfair benefit; and
- **Further Review of STI Quantum and Participation** – The Committee has worked with management to review the quantum of funding for STI with the objective of achieving a more optimal share of incremental revenue between investors and employees. As a result, in 2014 STI participation will only be available to those employees who, as a result their role, have the most ability to meaningfully influence the financial performance of the business. The effect of this decision is to remove approximately 80% of employees from STI participation, with these individuals receiving a one-off adjustment to their base (fixed) pay.

These changes to the STI framework will be outlined in more detail in the 2014 Remuneration Report.

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 2013, Mr Cameron's remuneration mix was as follows: Base (Fixed) Pay: \$1,500,000, being a 3.45% increase on 2012. STI: \$0 to \$1,875,000 based on performance and paid in cash (ie 0% to 125% of base pay). Further details on STI terms are set out on pages 131 and 132. LTI: \$0 to \$2,250,000 based on performance and continued service and delivered in GPT stapled securities (ie 0% to 150% of base pay). Further details on LTI terms (including performance measures) are set out on pages 132, 133 and 134.
External Directorships	Under GPT policy Mr Cameron is eligible to take up one external Directorship. In 2012 Mr Cameron joined the Suncorp Group Board. All Board fees received by Mr Cameron associated with this appointment are paid to GPT.
Contract duration	A rolling 12 month contract.
Termination entitlements	Termination entitlements vary depending on the circumstances, however any severance payment is capped at 12 months of base (fixed) pay.

5. 2013 REMUNERATION REPORT (CONTINUED)

5.2 Remuneration Report (continued)

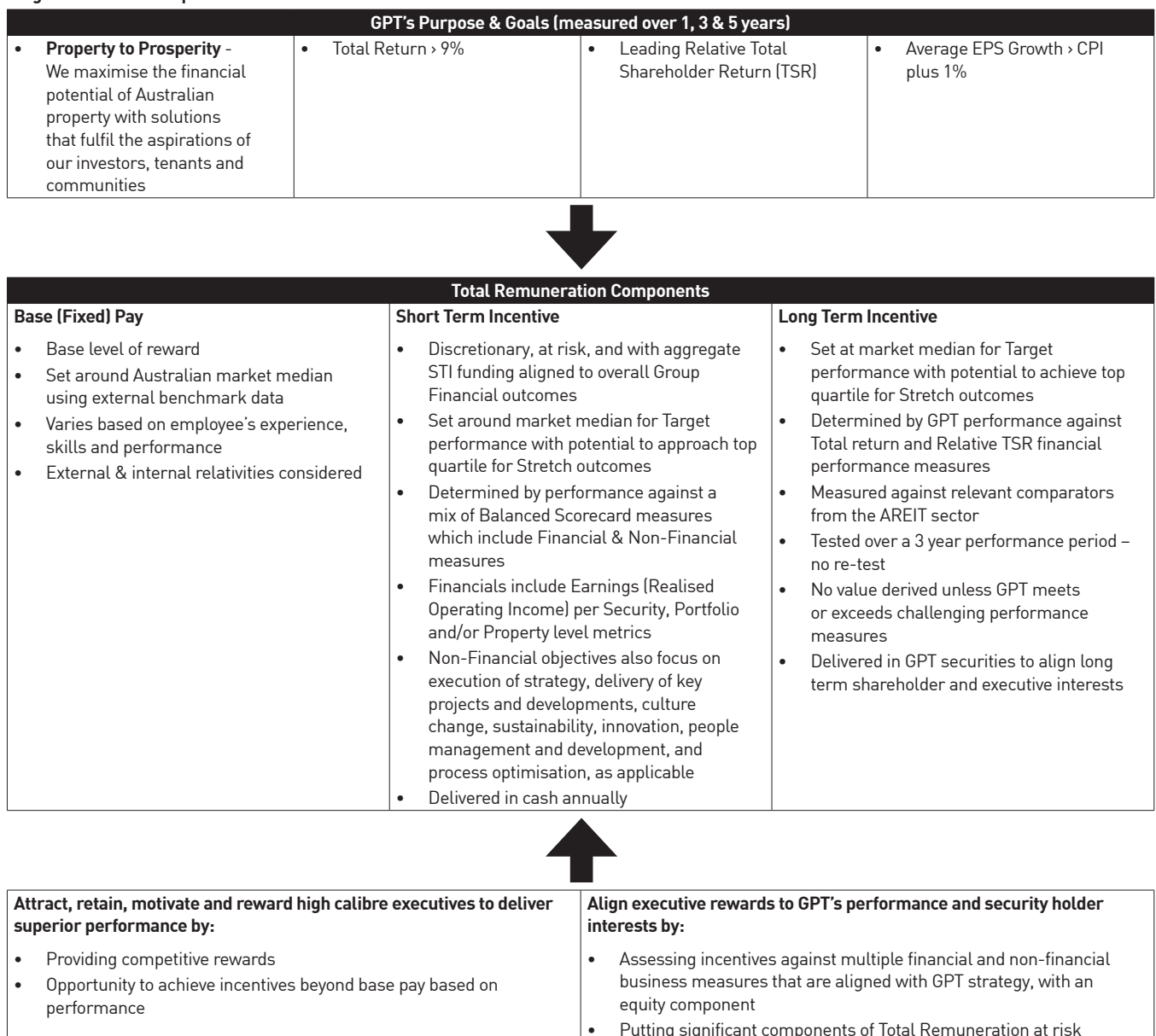
GPT's Remuneration Strategy

Alignment of GPT's Remuneration Strategy and Business Strategy

The Committee is conscious of the need to set a remuneration strategy that supports and encourages 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 Committee is confident that its remuneration strategy focuses GPT employees on delivering sustainable, superior shareholder returns in line with the Group's strategic intent.

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

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



5. 2013 REMUNERATION REPORT (CONTINUED)

5.2 Remuneration Report (continued)

GPT's Remuneration Strategy (continued)

Total Remuneration Mix

As depicted in Diagram 1 on the previous page, the remuneration structure at GPT is a mixture of Base (fixed) pay and (for eligible employees) variable or "at risk" Short Term Incentive (STI) and Long Term Incentive (LTI) components.

The Total Remuneration mix of components for those executives with ongoing employment at the end of 2013 is set out in Table 4, below:

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

Senior Executives	Position	Fixed Remuneration	Variable or "At Risk" Remuneration ¹	
		Base Pay	STI	LTI
Michael Cameron	Chief Executive Officer and Managing Director	36%	36%	28%
James Coyne	General Counsel / Company Secretary	50%	25%	25%
Matthew Faddy	Head of Asset Management	43%	35%	22%
Mark Fookes	Chief Financial Officer	43%	35%	22%
Nicholas Harris	Head of Funds Management	43%	35%	22%
Carmel Hourigan	Chief Investment Officer	43%	35%	22%
Anthony McNulty	Head of Development Retail and Major Projects	43%	35%	22%
Michael O'Brien	Group Executive Corporate Development	43%	35%	22%
John Thomas	Head of Development Commercial and Industrial	40%	40%	20%

¹ The percentage of each component of Total Remuneration is calculated with reference to "Target" performance outcomes in both STI and LTI rather than maximum "Stretch" level outcomes – 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 guarantee contributions, 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 annually by Ernst & Young, much of it focussed on publicly available data from annual reports. In 2013, the Committee also sought market data on the Leadership Team from Johnson Partners. More broadly, the business relies on benchmarking relevant to the property sector including the Aon Hewitt Property Report. For more specialist functional roles management will source multiple benchmarks from relevant recruitment agencies and other informed sources.

5. 2013 REMUNERATION REPORT (CONTINUED)

5.2 Remuneration Report (continued)

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 4 months service at the end of the applicable calendar year are eligible – subject to performance – to receive an STI.														
Why does the Committee 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 Committee 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 established Targets.														
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 potential 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 2013 the main Group Financial performance measure was Earnings (Realised Operating Income) per Security growth (EPS) and based on Committee discretion of: Threshold: 25.10cps (3.5% growth on the 2012 result) Target: 25.69cps (6% growth on the 2012 result) Stretch: 26.30cps (8.5% growth on the 2012 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>80%</td> <td>20%</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	80%	20%	Executives	60%	40%	General employees	20%	80%
Level	Financial Measures	Non-Financial Measures													
CEO	80%	20%													
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 process optimisation.</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 Committee assesses the performance of the CEO, who in turn assesses the performance of his direct reports among the Leadership Team.														

5. 2013 REMUNERATION REPORT (CONTINUED)

5.2 Remuneration Report (continued)

GPT's Remuneration Strategy (continued)

Short-term Incentive Outcomes

In 2013 GPT achieved EPS growth of 6.1% (25.71cps) which would exceed the Target of 6% (25.69cps). However, the Committee exercised its discretion to adjust ROI down, largely by adding back some "below the line" costs and eliminating the benefits of interest rate hedge changes, and as a result the STI award was based on an adjusted EPS growth of 5.5%.

Table 7 – Short Term Incentive Outcomes

Senior Executives	Position	Actual STI Awarded (\$)	Actual STI Awarded as a % of Maximum STI	% of Maximum STI Award Forfeited
Michael Cameron	Chief Executive Officer and Managing Director	\$1,000,000	53.33%	46.67%
James Coyne	General Counsel / Company Secretary	\$165,000	52.80%	47.20%
Matthew Faddy	Head of Asset Management	\$300,000	60.00%	40.00%
Mark Fookes	Chief Financial Officer	\$430,000	55.48%	44.52%
Nicholas Harris	Head of Funds Management	\$250,000	34.48%	65.52%
Carmel Hourigan ¹	Chief Investment Officer	\$480,000	66.21%	33.79%
Anthony McNulty	Head of Development Retail and Major Projects	\$250,000	41.67%	58.33%
Michael O'Brien	Group Executive Corporate Development	\$200,000	24.10%	75.90%
John Thomas ²	Head of Development Commercial and Industrial	\$480,000	59.08%	40.92%

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 Committee 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 (fixed) 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?	To align senior executive rewards with sustained delivery of and 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 2013, 29 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 2013 LTI is based on a percentage of the participants' base pay with the maximum (Stretch) opportunity in 2013 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. For the 2013 LTI, the number of Rights granted was determined by dividing GPT's last quarter 2012 volume weighted average security price (VWAP) of \$3.5415 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 distributions, 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, securities that are allocated under the LTI are restricted until the earlier of termination or 7 years from the initial date of grant of the performance rights. In addition, 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 after the announcement of GPT results to the market. 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 Committee in its discretion decides otherwise. During 2013, one executive that left the group in a 'good leaver' scenario was allowed to retain a portion of the performance rights granted to them, pro-rated to their period of service during the life of the applicable plan(s), to be measured at the end of the applicable plan(s) life in the same manner as ongoing employees.
What are the performance hurdles?	See table 9.
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.

5. 2013 REMUNERATION REPORT (CONTINUED)

5.2 Remuneration Report (continued)

GPT's Remuneration Strategy (continued)

Long Term Incentives (LTI) (variable component) (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, along with the results for each plan at the end of the applicable three year period (where known).

Table 9 – GPT LTI Plan Performance Measures, Hurdles & Results

LTI Performance Measurement						Percentage of Performance Rights Vesting for each Performance Measure ¹ (%)
LTI	Period	Performance Measure	Performance Measure Hurdle	Weighting	Results	
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).	1/3 rd	GPT's TSR performance of 47.6% over the 3-year period ranked 4th out of the 8 participants. This translated to a percentile of 57.1%, which exceeded the minimum vesting hurdle at the 51st percentile.	62.8%
		Earnings per security growth (EPS) vs the CPI.	50% of rights vest if EPS growth = CPI, up to 100% if EPS growth = CPI plus 1% (pro rata vesting in between).	1/3 rd	GPT achieved an aggregate EPS growth of 18.6% over the 3-year period, which exceeded the maximum vesting hurdle of aggregate CPI plus 1% of 11%.	100%
		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).	1/3 rd	GPT achieved a compound annual TR of 7% over the 3-year period, which was below the minimum vesting hurdle of 8%.	0%
2012	2012-2014	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).	1/3 rd		
		Earnings per security growth (EPS) vs the CPI.	50% of rights vest if EPS growth = CPI plus 1%, up to 100% if EPS growth = CPI plus 1.5% (pro rata vesting in between).	1/3 rd		
		Total Return (TR) versus the Weighted Average Cost of Capital (WACC).	50% of rights vest at 9% TR, up to 100% at 9.5% TR (pro-rata vesting in between).	1/3 rd		
2013	2013-2015	Relative TSR versus comparator group ² .	50% of rights vest at 51st percentile, up to 100% at the 75th percentile (pro rata vesting in between).	50%		
		Total Return (TR) versus the Weighted Average Cost of Capital (WACC).	50% of rights vest at 9% TR, up to 100% at 9.5% TR (pro-rata vesting in between).	50%		

1 Refer to Table 1 to see how many Performance Rights vested and lapsed for each participant in the 2011 LTI.

2 The comparator group for the 2013 LTI is Westfield Retail Trust, Stockland, CFS Retail Property Trust, Mirvac, Dexus, Federation Centres, Commonwealth Property Office Fund, Investa Office Fund, Australand, Charter Hall, and BWP Trust.

5. 2013 REMUNERATION REPORT (CONTINUED)

5.2 Remuneration Report (continued)

GPT's Remuneration Strategy (continued)

Long Term Incentives (LTI) (variable component) (continued)

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 Executives	Position	LTI Scheme	Performance Rights Granted	Grant Date	Fair Value per Performance Right	Vesting Date ¹	Maximum Value Recognised in Future Years ²
Michael Cameron	Chief Executive Officer and Managing Director	2011	713,455	08-Jun-11	\$2.38	31-Dec-13	-
		2012	693,537	08-May-12	\$2.34	31-Dec-14	\$622,216
		2013	635,324	03-May-13	\$2.68	31-Dec-15	\$1,276,367
James Coyne	General Counsel / Company Secretary	2011	169,115	08-Jun-11	\$2.38	31-Dec-13	-
		2012	153,056	08-May-12	\$2.34	31-Dec-14	\$137,316
		2013	141,183	03-May-13	\$2.68	31-Dec-15	\$283,637
Matthew Faddy	Head of Asset Management	2011	122,873	08-Jun-11	\$2.38	31-Dec-13	-
		2012	159,434	08-May-12	\$2.34	31-Dec-14	\$143,038
		2013	155,301	03-May-13	\$2.68	31-Dec-15	\$312,000
Mark Fookes	Chief Financial Officer	2011	273,051	08-Jun-11	\$2.38	31-Dec-13	-
		2012	247,122	08-May-12	\$2.34	31-Dec-14	\$221,709
		2013	218,834	03-May-13	\$2.68	31-Dec-15	\$439,638
Nicholas Harris	Head of Funds Management	2011	219,498	08-Jun-11	\$2.38	31-Dec-13	-
		2012	231,179	08-May-12	\$2.34	31-Dec-14	\$207,405
		2013	204,716	03-May-13	\$2.68	31-Dec-15	\$411,275
Carmel Hourigan ³	Chief Investment Officer	2011	-	08-Jun-11	\$2.38	31-Dec-13	-
		2012	160,073	08-Nov-12	\$2.34	31-Dec-14	\$174,608
		2013	197,656	03-May-13	\$2.68	31-Dec-15	\$397,091
Anthony McNulty	Head of Development Retail and Major Projects	2011	193,778	08-Jun-11	\$2.38	31-Dec-13	-
		2012	175,377	08-May-12	\$2.34	31-Dec-14	\$157,342
		2013	169,420	03-May-13	\$2.68	31-Dec-15	\$340,365
Michael O'Brien	Group Executive Corporate Development	2011	292,429	08-Jun-11	\$2.38	31-Dec-13	-
		2012	264,660	08-May-12	\$2.34	31-Dec-14	\$237,443
		2013	234,364	03-May-13	\$2.68	31-Dec-15	\$470,838
John Thomas ⁴	Head of Development Commercial and Industrial	2011	-	08-Jun-11	\$2.38	31-Dec-13	-
		2012	172,720	01-Jul-12	\$2.34	31-Dec-14	\$161,577
		2013	183,538	03-May-13	\$2.68	31-Dec-15	\$368,728

¹ Vesting date is the date that marks the end of the 3-year LTI performance period. At this point the performance measure will be assessed against the performance hurdle to see if any Performance Rights vest.

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 Performance Rights using Monte Carlo and Binomial tree pricing models which take into account the following factors: the expected life of the Performance 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 Performance 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 136 represent the current (2013) calendar year expenses of the executives participation in the various plans on foot 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.

³ Carmel Hourigan joined GPT on 8 November 2012 hence her grant date for the 2012 LTI differs from her peers.

⁴ John Thomas joined GPT on 20 February 2012 but did not become a KMP until he was appointed Head of Development Commercial and Industrial on 1 July 2012; as a result his grant date for the 2012 LTI also differs from his peers.

5. 2013 REMUNERATION REPORT (CONTINUED)

5.2 Remuneration Report (continued)

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

		2009	2010	2011	2012	2013
Realised Operating Income	\$m	375.8	410.0	438.8	456.4	471.8
Total Securityholder Return (TSR)	%	(14.4)	2.9	10.5	26.9	4.1
Earnings (Realised Operating Income) per Security (EPS) ¹	cents	24.0	20.7	22.4	24.2	25.7
EPS growth	%	(74.2)	(13.0)	8.1	8.0	6.1
Distributions per Security (DPS) ¹	cents	22.5	16.3	17.8	19.3	20.4
Total Return	%	(40.7)	9.1	4.9	9.5	8.5
NTA (per security) ¹	\$	3.45	3.60	3.59	3.73	3.79
Security price at end of calendar year ¹	\$	3.05	2.94	3.07	3.68	3.40

¹ Adjusted for 5 to 1 security consolidation in May 2010.

Service Agreements

All employees have service agreements in place that set out the basic terms and conditions of employment. In 2009 the Committee 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 terms 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 Committee has approved a policy with respect to severance entitlements specifically capping the maximum severance payment component to the three year average of the executive's annual base (fixed) pay. In addition the executive may be entitled to any STI and LTI at the end of the relevant period subject to the achievement of any key performance indicators that had been set.

The terms of Mr Cameron's contract were outlined on page 128. 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 2013 are set out in Table 12 (below):

Table 12 – Material terms of service agreements for the KMP

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 and capped at the three year average of the executive's annual base (fixed) pay. Treatment of unvested STI and LTI will be at Committee discretion under the terms of the relevant plans and GPT policy.
Post-employment restraints	Non-solicitation of GPT employees for 12 months post-employment.

5. 2013 REMUNERATION REPORT (CONTINUED)

5.2 Remuneration Report (continued)

Senior Executive Remuneration Disclosures

The following table provides a breakdown of GPT's KMP in accordance with statutory requirements and accounting standards. It should be noted that of the variable or "at risk" components, STI Bonus shows 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).

Table 13 – Senior Executive Remuneration Disclosures

Senior Executives	Fixed Pay			Variable or "At Risk"				Total
	Base Pay	Superannuation	Non-monetary ¹	STI Bonus	LTI Award Accrual ²	Grant or Vesting of Performance Rights ^{3,4,5}	Cash Payment on Termination	
M. Cameron Chief Executive Officer and Managing Director								
31 December 2013	\$1,598,666	\$17,122	\$9,979	\$1,000,000	\$1,706,791	-	-	\$4,332,558
31 December 2012	\$1,455,313	\$16,123	\$9,160	\$1,512,939	\$1,503,501	\$18,220	-	\$4,515,256
J. Coyne General Counsel / Company Secretary								
31 December 2013	\$495,572	\$17,122	\$3,765	\$165,000	\$388,132	-	-	\$1,069,591
31 December 2012	\$469,124	\$16,123	\$3,330	\$247,174	\$361,360	-	-	\$1,097,111
M. Faddy Head of Asset Management								
31 December 2013	\$540,833	\$17,122	\$4,130	\$300,000	\$360,385	-	-	\$1,222,470
31 December 2012	\$489,457	\$16,123	\$2,405	\$438,725	\$287,842	-	-	\$1,234,552
M. Fookes⁶ Chief Financial Officer								
31 December 2013	\$770,007	\$17,122	\$20,312	\$430,000	\$620,599	-	-	\$1,858,040
31 December 2012	\$769,030	\$16,123	\$5,288	\$586,672	\$581,165	-	-	\$1,958,278
N. Harris Head of Funds Management								
31 December 2013	\$743,850	\$17,122	\$3,658	\$250,000	\$547,244	-	-	\$1,561,874
31 December 2012	\$718,219	\$16,123	\$4,192	\$595,483	\$486,758	-	-	\$1,820,775
C. Hourigan⁷ Chief Investment Officer								
31 December 2013	\$715,140	\$17,122	\$1,719	\$480,000	\$306,247	\$249,968	-	\$1,770,196
31 December 2012	\$100,630	\$4,118	\$350,000	-	\$25,354	\$47,068	-	\$527,170
A. McNulty Head of Development Retail and Major Projects								
31 December 2013	\$593,039	\$17,122	\$3,626	\$250,000	\$449,828	-	-	\$1,313,615
31 December 2012	\$547,627	\$16,123	\$2,960	\$455,690	\$380,822	-	-	\$1,403,222
M. O'Brien⁸ Chief Financial Officer								
31 December 2013	\$825,925	\$17,122	\$4,798	\$200,000	\$664,642	-	-	\$1,712,487
31 December 2012	\$824,947	\$16,123	\$3,789	\$692,822	\$628,017	-	-	\$2,165,698
J. Thomas⁹ Head of Development Commercial and Industrial								
31 December 2013	\$684,656	\$17,122	\$2,737	\$480,000	\$283,813	-	-	\$1,468,328
31 December 2012	\$328,948	\$8,235	\$982	\$264,978	\$81,010	-	-	\$684,153
Total								
31 December 2013	\$6,967,688	\$154,098	\$54,724	\$3,555,000	\$5,327,681	\$249,968	-	\$16,309,159
31 December 2012	\$5,703,295	\$125,214	\$382,106	\$4,794,483	\$4,335,829	\$65,288	-	\$15,406,215

1 The amount set out under 'Non-Monetary' may include sign on payments (Carmel Hourigan), a service award (Mark Fookes), Death & Total/Permanent Disability Insurance Premiums, superannuation plan administration fees, executive health assessments and other benefits.

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.

5. 2013 REMUNERATION REPORT (CONTINUED)

5.2 Remuneration Report (continued)

Senior Executive Remuneration Disclosures (continued)

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

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% converted to GPT securities for nil consideration on 30 June 2012.

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

Name	Reason for the grant	Initial value of the grant	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. The remaining 50% converted to GPT securities for nil consideration on 30 June 2012.

5 One off grants of Performance Rights were made in 2012 as follows:

Name	Reason for the grant	Initial value of the grant	Number of performance rights	Vesting condition
Carmel Hourigan	Sign on package	\$500,000	155,617	Service; 50% of Performance Rights converted to GPT securities for nil consideration on 1 September 2013. The remaining 50% will convert to GPT securities for nil consideration on 1 September 2014.

6 Mark Fookes was Head of Investment until he was appointed Chief Financial Officer on 1 October 2012.

7 Carmel Hourigan joined GPT on 8 November 2012.

8 Michael O'Brien was Chief Financial Officer until he was appointed Group Executive, Corporate Development on 1 October 2012.

9 John Thomas joined GPT on 20 February 2012 but did not become a KMP until he was appointed Head of Development – Commercial and Industrial on 1 July 2012. As a result, the figures in the 2012 row only represent earnings attributable to the period from 1 July – 31 December 2012.

Remuneration – Non-Executive Directors

Remuneration Policy

The Board determines the remuneration structure for Non-Executive Directors based on recommendations from the 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 contribution 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.

5. 2013 REMUNERATION REPORT (CONTINUED)

5.2 Remuneration Report (continued)

Remuneration – Non-Executive Directors (continued)

Remuneration Arrangements

As noted earlier in the Remuneration Report, the Committee determined that there would be no increase in Non-Executive Director fees for 2013, 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 does not receive fees from this pool as he is remunerated as one of GPT's senior executives.

Annual Board and Board Committees fees (excluding compulsory superannuation) for the year ended 31 December 2013 were as follows:

Table 14 – Board and Board Committee Fees

		Board	Audit and Risk Management Committee	Sustainability Committee	Nomination and Remuneration Committee
Chairman¹	2013	\$346,500	\$34,650	\$11,000	\$23,100
	2012	\$346,500	\$34,650	\$11,000	\$23,100
Members	2013	\$138,600	\$17,325	\$8,000	\$11,550
	2012	\$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 2013 and 2012 calendar years is as follows on the next page.

5. 2013 REMUNERATION REPORT (CONTINUED)

5.2 Remuneration Report (continued)

Remuneration – Non-Executive Directors (continued)**Remuneration Arrangements (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

Directors	Fixed Pay			Total
	Salary & Fees	Superannuation ¹	Non-Monetary ²	
R. Ferguson Chairman				
31 December 2013	\$346,500	\$17,122	-	\$363,622
31 December 2012	\$346,788	\$16,123	-	\$362,911
B. Crotty				
31 December 2013	\$163,925	\$14,958	-	\$178,883
31 December 2012	\$161,182	\$14,506	-	\$175,688
E. Doyle				
31 December 2013	\$161,150	\$14,704	-	\$175,854
31 December 2012	\$161,150	\$14,503	-	\$175,653
E. Goodwin				
31 December 2013	\$163,925	\$14,958	-	\$178,883
31 December 2012	\$163,925	\$14,753	-	\$178,678
S. G. Lim³				
31 December 2013	-	-	-	-
31 December 2012	\$54,909	-	-	\$54,909
A. McDonald				
31 December 2013	\$173,250	\$15,809	\$1,340	\$190,399
31 December 2012	\$173,430	\$15,609	\$1,310	\$190,349
G. Tilbrook				
31 December 2013	\$161,699	\$14,755	\$989	\$177,443
31 December 2012	\$161,700	\$14,533	\$1,265	\$177,498
Total				
31 December 2013	\$1,170,449	\$92,306	\$2,329	\$1,265,084
31 December 2012	\$1,223,084	\$90,027	\$2,575	\$1,315,686

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 S.G Lim retired from the Board on 7 May 2012.

6. OTHER DISCLOSURES

6.1 Indemnification and Insurance of Directors and Officers

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

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

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

6.2 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 7 to the financial report.

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.

6.3 Rounding of Amounts

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

6.4 Auditor

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

6.5 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

Sydney
12 February 2014



Michael Cameron
Chief Executive Officer and Managing Director

AUDITOR'S INDEPENDENCE DECLARATION

For the year ended 31 December 2013 – GPT MANAGEMENT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES



Auditor's Independence Declaration

As lead auditor for the audit of GPT Management Holdings Limited for the year ended 31 December 2013, 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, appearing to read 'Matthew Lunn', written over a faint horizontal line.

Matthew Lunn
Partner

Sydney
12 February 2014

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013 – GPT MANAGEMENT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

	Note	Consolidated entity	
		31 Dec 13 \$'000	31 Dec 12 \$'000
Revenue			
Fund management fees		58,481	70,339
Property management fees		34,076	30,668
Development management fees		15,379	19,715
		107,936	120,722
Other income			
Share of after tax profit of equity accounted investments		693	1
Interest revenue		660	480
Revaluation of financial arrangements		14,247	10,609
		15,600	11,090
Total revenue and other income		123,536	131,812
Expenses			
Remuneration expenses		70,661	82,290
Property rent and outgoings		5,670	4,274
Repairs and maintenance		2,835	4,633
Professional fees		4,602	5,122
Depreciation and amortisation expense		9,128	7,130
Net loss on disposal of assets		949	13
Impairment expense		-	820
Finance costs		18,117	21,644
Net foreign exchange loss		51	34
Other expenses		7,061	10,439
Total expenses		119,074	136,399
Profit / (loss) from continuing operations before income tax expense		4,462	(4,587)
Income tax expense		(4,682)	(2,889)
Loss after income tax expense for continuing operations		(220)	(7,476)
Loss from discontinued operations	5(c)	(4,749)	(1,118)
Net loss for the year		(4,969)	(8,594)
Other comprehensive income			
<i>Items that may be reclassified to profit and loss</i>			
Net foreign exchange translation adjustments, net of tax		391	(12)
Total comprehensive loss for the year		(4,578)	(8,606)
Net loss attributable to:			
- Members of the Company		(4,969)	(8,594)
- Non-controlling interest		-	-
Total comprehensive loss attributable to:			
- Members of the Company		(4,578)	(8,606)
- External non-controlling interest		-	-
Earnings per share attributable to the ordinary equity holders of the Company			
Basic and diluted loss per share (cents per share) from continuing operations	4(a)	(0.01)	(0.42)
Basic and diluted loss per share (cents per share) from discontinued operations	4(a)	(0.27)	(0.06)
Basic and diluted loss per share (cents per share) - Total		(0.28)	(0.48)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013 – GPT MANAGEMENT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

	Note	Consolidated entity	
		31 Dec 13 \$'000	31 Dec 12 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents		22,118	19,990
Loans and receivables		18,835	26,841
Prepayments		933	722
		41,886	47,553
Non-current assets classified as held for sale	5(b)	238	102
Total Current Assets		42,124	47,655
Non-Current Assets			
Investments in associates and joint ventures		86	82
Loans and receivables		13,397	13,445
Property, plant & equipment		12,582	10,742
Intangible assets		50,651	49,914
Deferred tax assets		25,021	31,908
Other assets		6,330	6,354
Total Non-Current Assets		108,067	112,445
Total Assets		150,191	160,100
LIABILITIES			
Current Liabilities			
Payables		31,919	37,556
Provisions		11,392	12,392
Total Current Liabilities		43,311	49,948
Non-Current Liabilities			
Provisions		1,761	1,339
Other liabilities		7,879	7,584
Total Non-Current Liabilities		9,640	8,923
Total Liabilities		52,951	58,871
Net Assets		97,240	101,229
EQUITY			
Contributed equity		319,562	321,812
Reserves		52,989	49,759
Accumulated losses	6	(280,159)	(275,190)
Total equity attributable to Company members		92,392	96,381
Non-controlling interests		4,848	4,848
Total Equity		97,240	101,229

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013 - GPT MANAGEMENT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

	Consolidated entity									
	Attributable to Company members					Attributable to non-controlling interests				
	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 2012	323,035	41,084	(266,596)	97,523	22,060	-	(17,212)	4,848	102,371	
Movement in foreign currency translation reserve	-	(12)	-	(12)	-	-	-	-	(12)	
Net loss recognised directly in equity	-	(12)	-	(12)	-	-	-	-	(12)	
Loss for the year	-	-	(8,594)	(8,594)	-	-	-	-	(8,594)	
Total comprehensive loss for the year	-	(12)	(8,594)	(8,606)	-	-	-	-	(8,606)	
Transactions with Securityholders in their capacity as Securityholders:										
On-market purchase of GPT stapled securities	(1,223)	-	-	(1,223)	-	-	-	-	(1,223)	
Movement in treasury stock reserve	-	291	-	291	-	-	-	-	291	
Movement in employee incentive security scheme reserve	-	8,396	-	8,396	-	-	-	-	8,396	
Balance at 31 December 2012	321,812	49,759	(275,190)	96,381	22,060	-	(17,212)	4,848	101,229	
Balance at 1 January 2013	321,812	49,759	(275,190)	96,381	22,060	-	(17,212)	4,848	101,229	
Movement in foreign currency translation reserve	-	391	-	391	-	-	-	-	391	
Net loss recognised directly in equity	-	391	-	391	-	-	-	-	391	
Loss for the year	-	-	(4,969)	(4,969)	-	-	-	-	(4,969)	
Total comprehensive loss for the year	-	391	(4,969)	(4,578)	-	-	-	-	(4,578)	
Transactions with Securityholders in their capacity as Securityholders:										
On-market purchase of GPT stapled securities	(2,282)	-	-	(2,282)	-	-	-	-	(2,282)	
Securities issued	32	-	-	32	-	-	-	-	32	
Movement in treasury stock reserve	-	160	-	160	-	-	-	-	160	
Movement in employee incentive security scheme reserve	-	2,679	-	2,679	-	-	-	-	2,679	
Balance at 31 December 2013	319,562	52,989	(280,159)	92,392	22,060	-	(17,212)	4,848	97,240	

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

CONSOLIDATED STATEMENT OF OF CASH FLOW

As at 31 December 2013 – GPT MANAGEMENT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

	Note	Consolidated entity	
		31 Dec 13 \$'000	31 Dec 12 \$'000
Cash flows from operating activities			
Cash receipts in the course of operations (inclusive of GST)		117,417	131,948
Cash payments in the course of operations (inclusive of GST)		(102,068)	(122,560)
Dividends received		324	980
Income tax paid		-	(16)
Interest received		284	524
Net cash inflow from operating activities		15,957	10,876
Cash flows from investing activities			
Payments for property, plant and equipment		(5,487)	(298)
Payments for intangibles		(6,502)	(4,926)
Investment in joint ventures and associates		(2)	-
Payments for costs to sell on assets held for sale		(205)	-
Proceeds from sale of controlled entities and associates		1,579	1,192
Net cash outflow from investing activities		(10,617)	(4,032)
Cash flows from financing activities			
Purchase of securities for the employee incentive scheme		(280)	(216)
Payments for buy-back of ordinary stapled securities		(2,282)	(1,223)
Repayment of related party borrowings		(650)	(945)
Net cash outflow from financing activities		(3,212)	(2,384)
Net increase in cash and cash equivalents		2,128	4,460
Cash and cash equivalents at the beginning of the year		19,990	15,530
		22,118	19,990
Less: cash balance classified as held for sale		-	-
Cash and cash equivalents at the end of the year		22,118	19,990

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 2013 – GPT MANAGEMENT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

1. BASIS OF PREPARATION OF CONCISE FINANCIAL REPORT

The concise financial report has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 1039 Concise Financial Reports. The concise financial report and specific disclosures required by AASB 1039 have been derived from the Company's full financial report, and is presented in Australian dollars. A full description of the accounting policies adopted by the consolidated entity is provided in the 2013 financial statements which form part of the full financial report. The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The consolidated entity's accounting policies have been consistently applied to all periods presented in the concise financial report.

2. SEGMENT REPORTING

Financial performance and total assets and liabilities by segment

The chief operating decision maker has been identified as the Leadership Team which is responsible for the strategic decision making within the Group. In the prior year, the Group changed its management reporting to focus on reporting performance at a Group level. Therefore Management of the consolidated entity has determined that the consolidated entity now operates in a single segment based on the information provided to the Leadership Team. Refer to the GPT Group consolidated financial statements for more detailed segment analysis at the Group level.

The amounts provided to the Leadership Team in respect of financial performance are measured in a manner consistent with that of the financial report. Refer to the Consolidated Statement of Comprehensive Income for the segment financial performance and the Consolidated Statement of Financial Position for the total assets and liabilities.

3. DIVIDENDS PAID AND PAYABLE

No dividends have been paid or declared for the financial year (2012: nil).

4. EARNINGS/(LOSS) PER SHARE

	Consolidated entity	
	31 Dec 13	31 Dec 12
	cents	cents
(a) Basic earnings per share		
Basic and diluted earnings per share - loss from continuing operations	(0.01)	(0.42)
Basic and diluted earnings per share - loss from discontinued operations	(0.27)	(0.06)
Total basic and diluted earnings per share	(0.28)	(0.48)
	Number of	Number of
	shares	shares
	'000s	'000s
(b) Weighted average number of ordinary stapled securities		
Weighted average number of ordinary shares used as the denominator in calculating:		
Basic earnings per ordinary share	1,738,044	1,780,606
Adjustments for calculation of diluted earnings per share:		
Performance rights (weighted average basis)	1,385	1,927
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per ordinary share	1,739,429	1,782,533
	31 Dec 12	31 Dec 12
	\$'000	\$'000
(c) The loss used in the calculation of the basic earnings per share are as follows:		
Loss reconciliation - basic and diluted		
Loss from continuing operations	(220)	(7,476)
Loss from discontinued operations	(4,749)	(1,118)
Profit attributed to external non-controlling interest	-	-
	(4,969)	(8,594)
(d) Information concerning the classification of securities		
Performance Rights		

4,164,881 Performance Rights (2012: 4,416,723) were granted to certain Senior Executives under the Stapled Security Rights Plan during 2013. Cumulatively, 11,718,726 Performance Rights relating to the existing plans have been issued up until 31 December 2013. However, only 1,384,807 Performance Rights are considered as dilutive. As such, only 1,384,807 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. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

(a) Details of discontinued operations

At 31 December 2013, there are three discontinued operations: Hotel/Tourism portfolio, Funds Management – Europe and US Seniors Housing portfolios. An update on the remaining investments for each discontinued operation as at 31 December 2013 is discussed in detail below.

(i) Hotel / Tourism

The consolidated entity has substantially completed its exit from the Hotel/Tourism portfolio with nil remaining balances in the segment.

(ii) Funds Management - Europe

Dutch Active Fund BV (DAF)

On 17 May 2013, the consolidated entity completed the divestment of the 38.04% interest in DAF.

(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). The remaining balances represent working capital of B-VII Operations Holding Co LLC, whose properties were sold on 29 March 2011. The entity is in the process of being liquidated.

(b) 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 2013.

	Note	Discontinued Operations		Total 31 Dec 12 \$'000
		US Seniors Housing 31 Dec 13 \$'000	Total 31 Dec 13 \$'000	
Assets classified as held for sale				
Investments in associates and joint ventures	(i)	238	238	102
Total Assets classified as held for sale		238	238	102

(i) Investments in associated and joint ventures comprise of a 95% investment in B-VII Operations Holding Co. LLC held at \$0.2 million.

(c) Financial performance and cash flow information relating to discontinued operations

The table below sets out the financial performance and cashflow information up to 31 December 2013 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.

	Consolidated entity	
	31 Dec 13 \$'000	31 Dec 12 \$'000
Revenue	1,388	4,182
Expenses	(3,932)	(3,828)
(Loss) / profit before income tax	(2,544)	354
Income tax expense	(2,205)	(1,472)
Loss after income tax of discontinued operations	(4,749)	(1,118)
Net cash inflow from operating activities	429	1,805
Net cash inflow from investing activities	1,375	1,192
Net cash outflow from financing activities	(650)	(945)
Net increase in cash generated by discontinued operations	1,154	2,052

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013 – GPT MANAGEMENT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

5. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONTINUED)

(d) Details of all disposals in the Statement of Comprehensive Income and Statement of Financial Position

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

	Consolidated entity	
	31 Dec 13 \$'000	31 Dec 12 \$'000
Details of disposals during the year:		
Consideration (net of transaction costs)	1,374	1,192
Total consideration	1,374	1,192
Carrying amount of net assets sold	-	-
Profit on sale before income tax	1,374	1,192
Income tax expense	-	-
Profit on sale after income tax	1,374	1,192

Consideration (net of transaction costs) represents reversal of previously accrued transaction costs no longer required.

6. ACCUMULATED LOSSES

	Company \$'000	Non-controlling Interest \$'000	Total \$'000
Consolidated entity			
Balance at 1 January 2012	(266,596)	(17,212)	(283,808)
Net loss for the year	(8,594)	-	(8,594)
Balance at 31 December 2012	(275,190)	(17,212)	(292,402)
Balance at 1 January 2013	(275,190)	(17,212)	(292,402)
Net loss for the year	(4,969)	-	(4,969)
Balance at 31 December 2013	(280,159)	(17,212)	(297,371)

7. AUDITOR'S REMUNERATION

During the year, the following amounts were paid or payable by the Company or any other entity in the consolidated entity for services provided by the auditor of the Company, PricewaterhouseCoopers.

	Consolidated entity	
	31 Dec 13 \$	31 Dec 12 \$
Audit services		
PricewaterhouseCoopers Australia		
Statutory audit and review of financial reports	194,000	241,117
Total remuneration for audit services	194,000	241,117
Other assurance services		
PricewaterhouseCoopers Australia		
Regulatory and contractually required audits	56,000	129,341
Total remuneration for other assurance services	56,000	129,341
Total remuneration for audit and assurance services	250,000	370,458
Non audit related services		
PricewaterhouseCoopers Australia		
Other services	19,000	195,065
Affiliates of PricewaterhouseCoopers Australia firm including overseas firms		
Taxation services	-	11,975
Total remuneration for non audit related services	19,000	207,040
Total auditor's remuneration	269,000	577,498

8. EVENTS SUBSEQUENT TO REPORTING DATE

Post 31 December 2013 and up to the date of this report, the Group has bought back 11.1 million ordinary stapled securities.

Other than the above, the Directors are not aware of any matter or circumstance occurring since 31 December 2013 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 the subsequent financial years.

DIRECTORS' DECLARATION


For the year ended 31 December 2013 – GPT MANAGEMENT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

The Directors declare that in their opinion, the concise financial report of the consolidated entity for the year ended 31 December 2013 as set out on pages 142 to 149 complies with Accounting Standard AASB 1039 Concise Financial Reports.

The concise financial report is an extract from the full financial report for the year ended 31 December 2013. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

The concise financial report cannot be expected to provide a full understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report, which is available on request.

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



Rob Ferguson
Chairman
GPT Management Holdings Limited

Sydney
12 February 2014



Michael Cameron
Chief Executive Officer and Managing Director



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

Report on the concise financial report

We have audited the accompanying concise financial report of GPT Management Holdings Limited (the consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2013, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and related notes, derived from the audited financial report of the company for the year ended 31 December 2013. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards and accordingly, reading the concise financial report is not a substitute for reading the audited financial report.

Directors' responsibility for the concise financial report

The directors are responsible for the preparation of the concise financial report in accordance with Accounting Standard AASB 1039 Concise Financial Reports and the Corporations Act 2001, and for such internal control as the directors determine are necessary to enable the preparation of the concise financial report.

Auditor's responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures which were conducted in accordance with Auditing Standard ASA 810 Engagements to Report on Summary Financial Statements. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of the consolidated entity for the year ended 31 December 2013. We expressed an unmodified audit opinion on that financial report in our report dated 12 February 2014. The Australian 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 for the year is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the concise financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the concise financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the concise 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.

Our procedures include testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of audit evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with AASB 1039 Concise Financial Reports.

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

Independence

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

Auditor's opinion

In our opinion, the concise financial report of the consolidated entity for the year ended 31 December 2013 complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports*.

Report on the Remuneration Report

We have audited the remuneration report included in pages 124 to 139 of the directors' report for the year ended 31 December 2013. 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 2013 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script that appears to read 'Matthew Lunn'.

Matthew Lunn
Partner

Sydney
12 February 2014

Supplementary Information

Payments to GPT Securityholders

The table below includes payments made for the 2013 calendar year. Details of all payments made after 19 September 1985 are available from GPT's website (at www.gpt.com.au) or from the Securityholder Service Centre on Freecall 1800 025 095.

GPT's year end for tax purposes is 31 December, at which time the net Income of the Trust for this period is determined. As a result, the components of the Trust Distribution, against which withholding tax amounts are calculated for each quarterly or half year of the current financial year, are estimates only. The final components of each quarterly or half yearly payment will be set out in the Annual Taxation Statement which is mailed to all investors in July, and will also be published on the website.

Period Ended	Date Paid	Distribution (cents per security)	Dividend (cents per security)	Tax Deferred ¹ (cents per security)
31 Mar 13	17 May 13	5.1	0	5.100000
30 Jun 13	13 Sept 13	5.0	0	5.000000
31 Dec 13	14 Mar 14	10.3	0	10.300000

1. The Tax Deferred component, comprising the Depreciation Allowance and distribution of pre-20 September 1985 realised and unrealised capital gain, is non-assessable for income tax. However, in determining the capital gain for CGT purposes, it will reduce the cost base or indexed cost base of units acquired after 19 September 1985. In determining a capital loss, the Tax Deferred component will reduce the cost base of units acquired after 19 September 1985.

Net Asset Backing of entities in the GPT Group

	NTA Backing per security	General Property Trust (unit)	GPT Management Holdings Limited (share)
30 Jun 13	\$3.76*	\$3.73	\$0.03
31 Dec 13	\$3.79	\$3.76	\$0.03

* Excludes provision for June distribution.

GPT Issue of Securities

The following table lists all issues of GPT securities since 1996. A complete list of all securities issued since GPT's inception in 1971 can be obtained from the Group's website (at www.gpt.com.au) or by calling the Securityholder Service Centre on Freecall 1800 025 095.

Securities

Date	Description	No. of Securities	Price \$	Amount \$
19.01.96	Exercise of Options (1996)	2,614,035	1.89	4,930,800
19.04.96	Exercise of Options (1996)	627,294	1.93	1,209,400
27.06.96	Exercise of Options (1996-1998)	83,693,011	1.84	166,022,274
12.07.96	Exercise of Options (1996)	678,834	1.77	1,203,900
15.08.96	GEM Acquisition	312,978,299	2.25	704,201,173
03.09.96	GEM Acquisition	30,636,989	2.24	68,626,855
Various 1996	Manager's Fee Units	3,993,662	Various	9,271,399
01.07.97	Exercise of Options (1996-1998)	76,521,770	2.01	166,053,931
27.11.97	Private Placement	60,000,000	2.50	148,875,000
03.12.97	Ayers Rock Purchase	2,850,196	2.55	7,268,000
Various 1997	Manager's Fee Units	3,151,747	Various	7,847,684
Various 1998	Distribution Reinvestment Plan	38,874,312	Various	107,426,512
Various 1998	Manager's Fee Units	1,763,679	Various	4,913,184
06.07.98	Exercise of Options (1996-1998)	63,808,671	2.41	166,231,132
Various 1999	Distribution Reinvestment Plan	52,208,394	Various	138,119,897
28.04.99	Manager's Fee Units	373,816	2.78	1,039,208
21.05.99	Private Placement	88,709,678	2.48	218,762,401
Various 2000	Distribution Reinvestment Plan	61,230,010	Various	154,088,103
15.06.00	Darling Park Purchase	80,071,710	2.51	200,979,992
30.08.00	Private Placement	76,045,627	2.63	197,500,000
Various 2001	Distribution Reinvestment Plan	66,871,458	Various	175,265,269
02.01.01	Darling Park Purchase	27,600,000	2.38	65,688,000
27.03.01	Darling Park Purchase	17,660,000	2.72	47,998,114
01.01.02	Darling Park Purchase	6,100,000	2.38	14,518,000
Various 2002	Distribution Reinvestment Plan	76,561,979	Various	206,757,361
02.04.04	Private Placement	67,000,000	3.03	203,010,000
08.06.06	Security Purchase Plan	24,813,896	4.03	100,000,000
Various 2007	Distribution Reinvestment Plan	35,864,327	Various	165,527,515
23.11.07	Issue of Securities	22,219,109	4.60	102,167,909
Various 2008	Distribution Reinvestment Plan	118,119,256	Various	333,305,018
11.11.08	Issue of Securities	1,697,973,421	0.60	1,018,784,052
28.11.08	Issue of Securities	551,657,181	0.60	330,994,308
27.05.09	Issue of Securities	4,091,926,477	0.35	1,432,172,267
16.06.09	Issue of Securities	718,294,466	0.35	251,403,063
18.02.13	Issue of Securities	1,946,654	3.79	7,375,483

Exchangeable Securities

Date	Description	No. of Securities	Price \$	Amount \$
01.01.08	Opening securities on issue	-	-	-
27.11.08	Issue of exchangeable securities	2,500	240,600,000	240,600,000

Spread of Securityholders as at 2 January 2014

Holding	GPT No. of Securityholders	% of Issued Capital
1 to 1,000	16,341	0.48%
1,001 to 5,000	16,649	2.39%
5,001 to 10,000	4,161	1.76%
10,001 to 100,000	2,652	3.38%
100,001 and Over	126	92.00%
Total Number of Securityholders	39,929	100.00%

The number of Securityholders holding less than a marketable parcel of 146 securities (\$3.43 on 2 January 2014) is 1,211 and they hold 70,677 securities.

Substantial Holders in GPT as at 2 January 2014

Securityholder	Number of Securities
GIC - Govt of Singapore Investment Corp	205,742,325*
UniSuper	155,686,358

* Includes 64,383,209 votes that would be exercisable by a holder of the total number of Units which would be required to be issued to the Exchangeable Securityholder if the Exchangeable Securities held by that Securityholder had been exchanged on the record date of the relevant meeting. The total number of votes is based on an initial aggregate principal amount of exchangeable securities which is \$250,000,000 to be exchanged at the "Exchange Price" in effect at the relevant "Exchange Date" which at 31 December 2012 was \$3.883.

20 Largest GPT Securityholders as at 2 January 2014

Securityholder	Number of Securities	Percentage of total issued Securities
HSBC Custody Nominees (Australia) Limited	529,787,400	31.26%
National Nominees Limited	375,112,146	22.13%
JP Morgan Nominees Australia Limited	254,458,203	15.01%
Citicorp Nominees Pty Limited	132,979,569	7.85%
BNP Paribas Noms Pty Ltd <DRP>	43,319,460	2.56%
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	40,082,371	2.36%
JP Morgan Nominees Australia Limited <Cash Income A/C>	38,276,904	2.26%
AMP Life Limited	17,103,807	1.01%
CS Fourth Nominees Pty Ltd	11,029,417	0.65%
RBC Investor Services Australia Nominees Pty Limited <APN A/C>	6,567,464	0.39%
HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	6,343,208	0.37%
Bainpro Nominees Pty Limited	6,342,121	0.37%
HSBC Custody Nominees (Australia) Limited - A/C 3	5,886,561	0.35%
Woodross Nominees Pty Ltd	5,383,055	0.32%
Bond Street Custodians Limited <ENH Property Securities A/C>	4,741,733	0.28%
BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	4,171,214	0.25%
Neasham Holdings Pty Ltd <The Neasham A/C>	4,000,399	0.24%
Avanteos Investments Limited <Encircle IMA A/C>	3,838,806	0.23%
Argo Investments Limited	3,477,121	0.21%
UBS Wealth Management Australia Nominees Pty Ltd	3,393,058	0.20%
Total	1,496,294,017	88.28%
Total Securities	1,694,888,638	100.00%

Voting

Securityholders in the GPT Group are entitled to 1 vote for each dollar of the value of the total securities they hold in the Group.

Directory

The GPT Group
comprising

GPT Management Holdings Limited

ACN 113 510 188 and

GPT RE Limited

ACN 107 426 504

AFSL 286511

As Responsible Entity for

General Property Trust

ARSN 090 110 357

Registered Office

Level 51

MLC Centre

19 Martin Place

Sydney NSW 2000

P: +61 2 8239 3555

Directors

(as at 31 December 2013)

Rob Ferguson

Michael Cameron

Brendan Crotty

Eileen Doyle

Eric Goodwin

Anne McDonald

Gene Tilbrook

Secretary

James Coyne

Audit and Risk Management Committee

(as at 31 December 2013)

Anne McDonald

Eric Goodwin

Brendan Crotty

Nomination and Remuneration Committee

(as at 31 December 2013)

Gene Tilbrook

Eileen Doyle

Rob Ferguson

Sustainability Committee

(as at 31 December 2013)

Eileen Doyle

Brendan Crotty

Eric Goodwin

Auditors

PricewaterhouseCoopers

201 Sussex Street

Sydney NSW 2000

Lawyers

Allens Linklaters

Level 28, Deutsche Bank Place

126 Phillip Street

Sydney NSW 2000

Principal Registry

Link Market Services Limited

Level 12

680 George Street

Sydney NSW 2000

Mail to:

GPT Security Registrar

Locked Bag A14

Sydney South NSW 1235

Stock Exchange Quotation

GPT is listed on Australian Securities Exchange under

ASX Listing Code GPT

For further information, contact GPT's Securityholder Service Centre or visit GPT's website at: www.gpt.com.au

- To arrange changes of address, or changes in registration of securities, please call GPT's Securityholder Service Centre on 1800 025 095.
- Please quote your Securityholder Reference Number (SRN)/Holder Identification Number (HIN) in all correspondence. The SRN/HIN is found at the top right hand corner of your holding statement.
- All Securityholders must sign any written enquiries or amendments to holdings.
- Written notification is required for changes of name or address, email is not accepted.

Cover Stock:
350gsm Impress Satin

Corporate Governance Stock:
104gsm Impress Satin

Financials Stock:
95gsm Impress Satin

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The GPT Group - Design & Digital Team

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