

27 March 2020

2019 Annual Financial Report

GPT provides its 2019 Annual Financial Report which is authorised for release by the GPT Group Company Secretary.

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2019 Annual Financial Report

GPT
The GPT Group

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Corporate Governance

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 third edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Principles) provides a framework for good corporate governance for listed entities. GPT's Corporate Governance Statement sets out how the Group has complied with the Principles.

The Group's Corporate Governance Statement is available on GPT's website at:

www.gpt.com.au/About-GPT/Corporate-Governance/Principles-and-Policies. GPT has also lodged an Appendix 4G (Key to Disclosures – Corporate Governance Principles and Recommendations) with the ASX.

Annual Financial Report of The GPT Group

Year ended 31 December 2019

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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 GPT's internet site, GPT has ensured that its 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 GPT's website: www.gpt.com.au.

Directors' Report

Year ended 31 December 2019

The Directors of GPT RE Limited, the Responsible Entity of General Property Trust, present their report together with the financial statements of the General Property Trust (the Trust) and its controlled entities (the trust consolidated entity) for the year ended 31 December 2019. The trust consolidated entity together with GPT Management Holdings Limited and its controlled entities form the stapled entity, The GPT Group (GPT or The Group).

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

1. Operating and financial review

About GPT

GPT is an owner and manager of a \$14.85 billion diversified portfolio of high quality Australian retail, office and logistics property assets and together with GPT's funds management platform the Group has \$25.3 billion of property assets under management (AUM).

GPT owns some of Australia's most prominent real estate assets, including Melbourne Central and Highpoint Shopping Centre in Melbourne, Australia Square, Governor Phillip Tower & Governor Macquarie Tower, Darling Park and 2 Park Street in Sydney and One One One Eagle Street in Brisbane.

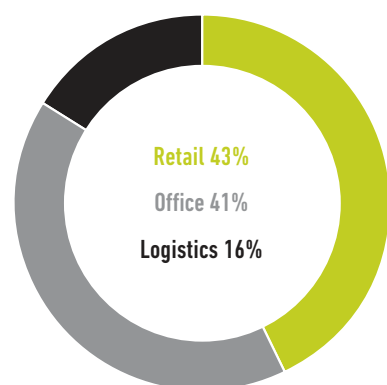
Listed on the Australian Securities Exchange (ASX) since 1971, GPT is today one of Australia's largest diversified listed property groups with a market capitalisation of approximately \$10.9 billion. GPT is one of the top 50 listed stocks on the ASX by market capitalisation as at 31 December 2019.

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

A key performance measure for GPT is Total Return. Total Return is calculated as the change in Net Tangible Assets (NTA) per security plus distributions per security declared over the year, divided by the NTA per security at the beginning of the year. This focus on Total Return is aligned with securityholders' long term investment aspirations. In 2019 GPT achieved a Total Return of 8.7 per cent.

GPT focuses on maintaining a strong balance sheet. GPT's gearing as at 31 December 2019 was 22.1 per cent and it has maintained a long weighted average debt expiry of 7.7 years. The average cost of debt for 2019 was 3.6 per cent.

GPT Portfolio



Retail Portfolio

- 12 shopping centres
- 960,000 sqm GLA*
- 3,200 + tenants
- \$6.3b portfolio
- **\$9.8b AUM**

* Gross lettable area
** Net lettable area

Office Portfolio

- 24 assets
- 1,080,000 sqm NLA**
- 470 + tenants
- \$6.1b portfolio
- **\$13.1b AUM**

Logistics Portfolio

- 35 assets
- 1,010,000 sqm GLA*
- 80 + tenants
- \$2.4b portfolio
- **\$2.4b AUM**

Directors' Report – Year ended 31 December 2019

Review of operations

Funds from Operations (FFO) represents GPT's underlying and recurring earnings from its operations. This is determined by adjusting statutory net profit after tax under Australian Accounting Standards for certain items which are non-cash, unrealised or capital in nature. GPT's distribution policy is a payout ratio of approximately 95-105 per cent of Adjusted Funds from Operations (AFFO) which is broadly defined as FFO less maintenance capex and lease incentives. FFO and AFFO have been determined in accordance with the guidelines issued by the Property Council of Australia.

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

For the year ended	31 Dec 19 \$M	31 Dec 18 \$M	Change %
Retail			
– Operations net income	321.6	318.6	0.9%
– Development net income	4.4	7.6	(42.1%)
	326.0	326.2	(0.1%)
Office			
– Operations net income	275.3	267.7	2.8%
– Development net income	1.0	1.0	0.0%
	276.3	268.7	2.8%
Logistics			
– Operations net income	120.9	104.8	15.4%
– Development net income	0.1	5.1	(98.0%)
	121.0	109.9	10.1%
Funds management net income	46.3	42.6	8.7%
Corporate management expenses	(35.3)	(34.2)	3.2%
Net finance costs	(108.0)	(124.4)	(13.2%)
Income tax expense	(12.6)	(14.2)	(11.3%)
Funds from Operations (FFO)	613.7	574.6	6.8%
Non-FFO items:			
Valuation increase	342.2	910.7	(62.4%)
Financial instruments mark to market and net foreign exchange loss	(82.7)	(39.6)	108.8%
Other items ¹	6.8	6.0	13.3%
Net profit for the year after tax	880.0	1,451.7	(39.4%)
FFO per ordinary stapled security (cents)	32.68	31.84	2.6%
Funds from Operations (FFO)	613.7	574.6	6.8%
Maintenance capex	(55.2)	(53.2)	3.7%
Lease incentives	(61.0)	(60.9)	0.2%
Adjusted Funds from Operations (AFFO)	497.5	460.5	8.0%
Distribution paid and payable	514.3	459.5	11.9%
Distribution per ordinary stapled security (cents)	26.48	25.46	4.0%

¹ Other items include net impairment expenses/reversals, amortisation of intangibles, AASB 16 Leases non-FFO adjustment and related tax impact.

Operating result

GPT delivered FFO of \$613.7 million for the 2019 financial year, an increase of 6.8 per cent on the prior year. This translated into FFO per security of 32.68 cents, up 2.6 per cent. The result was particularly driven by strong operating income from the office and logistics segments.

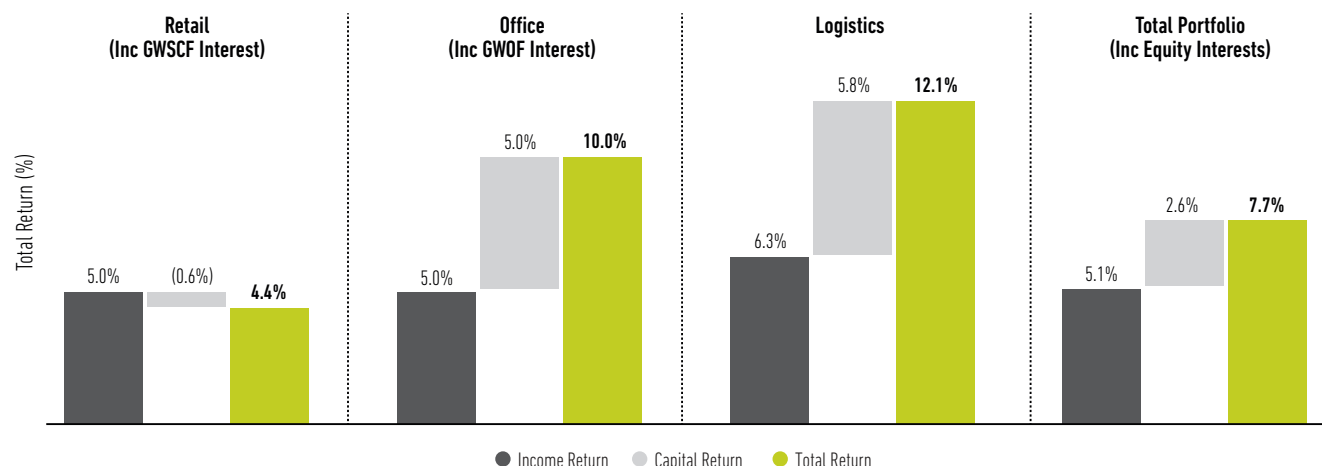
GPT's statutory net profit after tax is \$880.0 million, a decrease of 39.4 per cent on the prior comparable period, due to lower property valuation increases of \$342.2 million (Dec 2018: \$910.7 million) and a higher negative mark to market of financial instruments of \$82.7 million (Dec 2018: negative of \$39.6 million) driven by lower market swap interest rates.

Directors' Report – Year ended 31 December 2019

Distribution

For the financial year ended 31 December 2019, distributions paid and payable to stapled securityholders totalled \$514.3 million (2018: \$459.5 million), representing an annual distribution of 26.48 cents, up 4.0 per cent on 2018 (2018: 25.46 cents). This includes 13.37 cents (\$260.4 million) in respect of the second half of 2019, which was declared on 12 December 2019 and is expected to be paid on 28 February 2020. The payout ratio for the year ended 31 December 2019 is 103.4 per cent of AFFO (2018: 99.8 per cent).

The unlevered Total Return at the direct investment portfolio level was 7.7 per cent for 2019 with each portfolio's performance detailed in the following chart.



GPT has maintained strong metrics across its core portfolios:

	Overall Portfolios	Retail Portfolio	Office Portfolio	Logistics Portfolio
Value of Portfolio		\$6.33 billion portfolio including GPT's equity interest in the GPT Wholesale Shopping Centre Fund (2018: \$6.20 billion)	\$6.08 billion portfolio including GPT's equity interest in the GPT Wholesale Office Fund (2018: \$5.93 billion)	\$2.44 billion portfolio (2018: \$1.89 billion)
Occupancy	96.5% (2018: 97.8%)	99.6% (2018: 99.6%)	98.3% (2018: 97.1%)	94.4% (2018: 97.2%)
Weighted average lease expiry (WALE)	5.0 years (2018: 4.9 years)	3.9 years (2018: 4.0 years)	5.3 years (2018: 5.2 years)	7.3 years (2018: 7.1 years)
Structured rental reviews		75% of specialty income subject to average increases of 4.7% (2018: 74% subject to average increases of 4.8%)	85% of income subject to average increases of 3.9% (2018: 85% subject to average increases of 3.9%)	93% of income subject to average increases of 3.1% (2018: 91% subject to average increases of 3.3%)
Comparable income growth	3.5% (2018: 3.8%)	1.2% (2018: 2.2%)	6.2% (2018: 5.8%)	3.3% (2018: 2.8%)
Weighted average capitalisation rate	4.95% (2018: 5.02%)	4.89% (2018: 4.88%)	4.85% (2018: 4.95%)	5.40% (2018: 5.78%)

Retail

(i) Operations net income

The retail portfolio recorded a negative revaluation of \$46.1 million in 2019, including GPT's equity interest in the GPT Wholesale Shopping Centre Fund (GWSCF). Positive revaluations attributed to Melbourne Central, Sunshine Plaza and Rouse Hill Town Centre were offset by devaluations at Casuarina Square and Highpoint Shopping Centre together with GPT's interest in GWSCF.

Like for like income growth of 1.2 per cent was impacted by the underperformance of Casuarina Square. In addition, fixed rental escalations across the portfolio were offset by other factors including a reduction in turnover rent, particularly from cinemas and an increase in downtime associated with actively re-mixing the retail offer to drive sales productivity.

Whilst retail sales continues to moderate, sales productivity growth (MAT per square metre) remains positive, with weighted total centre MAT per sqm up 1.1 per cent and total specialty MAT per sqm up 1.9 per cent.

Directors' Report – Year ended 31 December 2019

(ii) Development net income

In March 2019, the second stage of the \$432 million (GPT share: \$216 million) 34,000sqm expansion of Sunshine Plaza was completed. Development net income has reduced from the prior year primarily due to lower contributions from Rouse Hill.

Office

(i) Operations net income

The office portfolio achieved a net revaluation uplift of \$271.2 million in 2019, including GPT's equity interest in the GPT Wholesale Office Fund (GWOF). The positive revaluation has been driven by the Group's Melbourne and Sydney assets, in particular Melbourne Central Tower, Governor Phillip Tower & Governor Macquarie Tower and 2 Park Street.

Like for like income growth of 6.2 per cent was achieved as a result of higher occupancy during the period, positive leasing outcomes and structured rental reviews.

(ii) Development net income

Construction is progressing on the new 26,400sqm tower at 32 Smith Street, Parramatta following the acquisition of the site in 2017. Leasing is progressing well with 64 per cent committed or at terms agreed. Practical completion is due in late 2020.

A number of repositioning projects are underway in Melbourne at Queen & Collins, Melbourne Central Tower, 550 Bourke Street and 530 Collins Street.

Logistics

(i) Operations net income

The logistics portfolio achieved a net revaluation uplift of \$117.1 million in 2019. This uplift is attributed to strong investor demand for quality logistics assets which led to a firming of investment metrics combined with positive leasing outcomes. The portfolio has a weighted average lease expiry of 7.3 years and like for like income growth of 3.3 per cent has been achieved.

During 2019 the Group acquired five prime logistics facilities in Sydney for \$223.9 million (including transaction costs). The Group also exchanged contracts to acquire an asset in Truganina, Melbourne, with settlement to occur upon the facility reaching completion in the first half of 2020. The facility is leased for a 10 year term.

(ii) Development net income

Development net income decreased in line with our strategy to develop high quality investment product for long term ownership.

The Group continued to develop logistics facilities to increase the portfolio quality and scale. In December, the first facility at the Group's Gateway Logistics Hub in Truganina, Melbourne located at 21 Shiny Drive reached practical completion, and has commenced a 7 year lease over 54 per cent of the facility, with a lease executed over the remaining space in January 2020.

During the period the Group secured land in key growth corridors in Sydney and Melbourne. In Sydney, a 33.4 hectare site was secured in Kemps Creek on deferred settlement terms. The site is expected to accommodate approximately 162,000sqm of prime logistics space, subject to rezoning being achieved. A 3.1 hectare site has also been acquired at Glendenning, in order to develop a 17,000sqm facility. In Melbourne, a 32.8 hectare site has been secured in Truganina on deferred settlement terms, complementing the Group's existing 23 hectare holding in the Gateway Logistics Hub.

There are four facilities underway across the portfolio. At Berrinba in Brisbane, a 20,500sqm facility pre-leased to an international logistics company is under construction, with a speculative facility of 14,400sqm underway on the adjacent land with heads of agreement in place. Both facilities are due to be completed in the first half of 2020. In Western Sydney, a 50,000sqm pre-leased fund-through development is due for completion in the second half of 2020, while a 4,800sqm pre-leased facility is nearing completion.

The development pipeline, inclusive of land holdings and projects underway, has an expected end value on completion in excess of \$1 billion.

Funds Management

As at and for the year ended 31 December 2019	GWOF	GWSCF	Total
Assets under management	\$8.8b	\$4.5b	\$13.3b
Number of Assets	18	7	25
GPT Interest	22.93%	28.49%	
GPT Investment	\$1,610.6m	\$949.8m	\$2,560.4m
One year Equity IRR (post-fees)	10.3%	(3.0%)	
Income from Funds	\$72.2m	\$45.5m	\$117.7m
Funds Management fee income	\$40.3m	\$21.6m	\$61.9m

Directors' Report – Year ended 31 December 2019

GWOF

GWOF's total assets increased to \$8.8 billion, up \$1.0 billion from 2018 and the fund delivered a one year equity IRR of 10.3 per cent. The management fee income earned from GWOF for 2019 increased by \$4.0 million as compared to 2018 due to the increase in the asset value of the portfolio.

As a result of GPT not participating in GWOF's Distribution Reinvestment Plan (DRP) or equity raisings, GPT's ownership reduced to 22.93 per cent (Dec 2018: 23.83 per cent).

GWSCF

The fund delivered a one year equity IRR of (-3.0 per cent). GWSCF's total assets decreased to \$4.5 billion, down \$0.3 billion from 2018, primarily driven by the sale of Norton Plaza in October 2019 and asset devaluations. Management fee income earned from GWSCF decreased by \$0.3 million as compared with 2018.

As a result of GPT not participating in GWSCF's DRP, GPT's ownership reduced to 28.49 per cent (Dec 2018: 28.57 per cent).

Management expenses

Total management and administrative expenses of \$76.6 million across all segments (2018: \$73.0 million) and corporate overheads of \$35.3 million (2018: \$34.2 million) both increased primarily due to annual salary growth of 2.51%, increase in Directors and Officers insurance premiums and additional safety leadership program costs.

Financial position

	Net Assets 31 Dec 19 \$M	Net Assets 31 Dec 18 \$M	Change %
Portfolio assets			
Retail	6,429.4	6,299.2	2.1%
Office	6,126.9	5,921.9	3.5%
Logistics	2,470.2	1,958.8	26.1%
Total portfolio assets	15,026.5	14,179.9	6.0%
Financing and corporate assets	841.3	598.1	40.7%
Total assets	15,867.8	14,778.0	7.4%
Borrowings	3,897.5	4,114.9	(5.3%)
Other liabilities	643.7	562.5	14.4%
Total liabilities	4,541.2	4,677.4	(2.9%)
Net assets	11,326.6	10,100.6	12.1%
Total number of ordinary stapled securities (million)	1,947.9	1,804.9	7.9%
NTA (\$ per security)	5.80	5.58	3.9%

Balance sheet

- The Group achieved a Total Return of 8.7 per cent (2018: 15.8 per cent) being the growth of NTA per stapled security of 22 cents to \$5.80 plus the distribution paid/payable per stapled security of 26.48 cents, divided by the opening NTA per stapled security.

- Total portfolio assets increased by 6.0 per cent primarily due to acquisition of 25 per cent of Darling Park 1 & 2 and Cockle Bay Wharf and Logistics assets, development capital expenditure and positive property revaluations partly offset by divestment of MLC Centre.
- GPT undertook an \$800 million institutional placement in June 2019 and a Security Purchase Plan (SPP) in July 2019 which together raised a total of \$866.8 million to fund the acquisition of 25 per cent of Darling Park 1 & 2 and Cockle Bay Wharf, as well as several other growth opportunities the Group is pursuing. As a result, 143.0 million securities were issued as part of the placement and SPP.
- Total borrowings decreased due to repayments using proceeds from the equity raising and divestment of MLC Centre partially offset by drawdowns for acquisitions, development capital expenditure and fair value adjustments of \$161.6 million to the carrying value of foreign currency debt.

Capital management

	31 Dec 19	31 Dec 18	Change
Cost of debt	3.6%	4.2%	Down by 60bps
Net gearing	22.1%	26.3%	Down by 420bps
Weighted average debt maturity	7.7 years	6.3 years	Up 1.4 years
Interest rate hedging	82.0%	83.0%	Down 1%
S&P/Moody's credit rating	A stable/ A2 stable	A stable/ A2 stable	Unchanged

GPT continues to maintain a strong focus on capital management.

Key highlights for the year include:

- Net gearing¹ reduced to 22.1 per cent (31 December 2018: 26.3 per cent). This was a result of the \$866.8 million equity raising, the MLC Centre divestment and portfolio revaluation gains partially offset by development capital expenditure and acquisitions during the period;
- The Group undertook a US\$400 million (A\$558.9 million) US Private Placement (USPP) debt issuance for an average term of 12.9 years at an average margin of 170 basis points over 3 month BBSW. Settlement occurred on 25 July 2019;
- Weighted average cost of debt for the year is 3.6 per cent, down from 4.2 per cent in the previous year;
- Available liquidity through cash and undrawn facilities is \$1,399.0 million (31 December 2018: \$1,059.5 million);
- In conjunction with the sale of MLC Centre, a review of GPT's capital management strategy was undertaken resulting in a restructure and termination of hedges and GPT reducing its level of interest rate hedging. Additional hedging was subsequently put in place after the reduction in market interest rates and RBA rate cuts with the Group's hedging as at December 2019 broadly unchanged at 82%; and
- Mark to market movements on derivatives and borrowings has reduced net tangible assets by \$72.7 million as a result of lower market swap interest rates.

¹ Calculated net of cash and the cross currency derivative positions hedging the foreign bonds, lease liabilities in relation to investment properties and excludes the right-of-use assets in relation to leases.

Directors' Report – Year ended 31 December 2019

Cash flows

The cash balance as at December 2019 increased to \$104.2 million (2018: \$58.7 million).

Operating activities

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

For the year ended	31 Dec 19 \$M	31 Dec 18 \$M	Change %
FFO	613.7	574.6	6.8%
Less: non-cash items included in FFO	(31.2)	(36.2)	(13.8%)
Add: net movement in inventory (excluding impairment reversal)	31.8	5.8	448.3%
Movements in working capital and reserves	0.3	3.5	(91.4%)
Net cash inflows from operating activities	614.6	547.7	12.2%
Less: net movement in inventory (excluding impairment reversal)	(31.8)	(5.8)	448.3%
Less: maintenance capex	(51.4)	(53.2)	(3.4%)
Less: lease incentives (excluding rent free)	(33.3)	(39.7)	(16.1%)
Free cash flow	498.1	449.0	10.9%

The Non-IFRS information included above has not been audited in accordance with Australian Auditing Standards, but has been derived from note 1 and note 15 of the accompanying financial statements.

Prospects

(i) Group

GPT retains a portfolio of high quality assets with high occupancy levels and structured rental growth. As at 31 December 2019, the Group's balance sheet is in a strong position, with a smooth, long debt expiry profile and net gearing below the Group's target gearing range of 25 to 35 per cent due to the sale of MLC Centre and the equity raise during the period.

(ii) Retail

Despite challenging conditions facing the retail environment, the retail portfolio has delivered positive sales productivity growth with weighted total centre MAT per sqm up 1.1 per cent and total specialty MAT per sqm up 1.9 per cent and remains well leased with occupancy at 99.6 per cent. GPT's assets are predominantly located in NSW and VIC which continue to experience solid economic and population growth. The Group continues to invest in its retail assets to provide engaging places for customers, to attract best in class retailers which will result in delivering consistent long term returns. The expansion of Melbourne Central and Rouse Hill will be opportunities for GPT to deliver leading examples on how retail assets need to evolve and adapt to meet the changing needs of today's retail consumer.

(iii) Office

GPT is progressing its future development pipeline in Sydney and Melbourne. Stage 1 Development Approval has been achieved for the proposed new office tower and retail precinct of up to 73,000sqm at Darling Park in Sydney. An International Design Competition for this project is nearing completion. In Melbourne, the Group is seeking a pre-commitment tenant for a proposed 20,000sqm office tower at Melbourne Central.

The Eastern Seaboard CBD office markets continued to experience favourable conditions during the past 12 months with vacancy rates in Sydney and Melbourne remaining low, at 5.0 per cent and 3.4 per cent respectively as at December 2019. Brisbane's vacancy rate has contracted in the 12 months from 13.2 per cent to 11.7 per cent. Vacancy rates in Sydney and Melbourne are forecast to increase over the short to medium term as new supply is delivered, while Brisbane vacancy is expected to decline as a result of the improving Queensland economy and limited supply forecast to be delivered in the near term.

(iv) Logistics

GPT is executing on its strategy to increase its portfolio weighting to the Logistics sector through the acquisition of investment assets and build out of the development pipeline. Industrial markets continue to benefit from sustained occupier demand, underpinned by infrastructure spending, population growth and e-commerce driving increased supply chain sophistication. These factors, together with strong investor demand for prime logistics facilities has resulted in firming of capitalisation rates.

(v) Funds management

GPT has a large funds management platform which has experienced significant growth in the value of assets under management over the past five years. The funds management team will continue to actively manage the existing portfolios, with new acquisitions, divestments and developments in line with the investment objectives of each fund.

(vi) Guidance for 2020

In 2020 GPT expects to deliver 3.5 per cent growth in FFO per ordinary security and 3.5 per cent growth in distribution per ordinary security. Achieving this target is subject to risks detailed in the following section.

Directors' Report – Year ended 31 December 2019

Risk management

GPT's approach to risk management incorporates culture, people, processes and systems to enable the organisation to realise potential opportunities whilst managing potential adverse effects. This commitment to integrated risk management is consistent with AS/NZS ISO 31000:2018: Risk Management.

GPT has an enterprise-wide Risk Management Framework which is overseen by the Board and which consists of the following key elements:

- 1. Risk Policy** – The Risk Policy sets out GPT's approach to risk management. It is reviewed annually by the Sustainability and Risk Committee (a sub-committee of the GPT Board) and is available on the GPT website.
- 2. Risk Appetite** – The Board sets GPT's risk appetite to align with the company's vision, purpose and strategy. The risk appetite is documented in the Group's Risk Appetite Statement, against which all key investment decisions are measured.
- 3. Risk Governance** – The Board is supported in its oversight of the Risk Management Framework by the Sustainability and Risk Committee which reviews the effectiveness of the Framework, and by the Audit Committee, the Leadership Team and the Investment Committee.
- 4. Risk Culture** – GPT is committed to maintaining a transparent and accountable culture where risk is actively considered and managed in our day-to-day activities.
- 5. Risk Management Processes** – GPT has robust processes in place for the identification, assessment,

treatment and reporting of risk.

The following table sets out GPT's material risks and opportunities and what we are doing in response to them.

Risks and Opportunities	Our Response
Portfolio Operating and Financial Performance Our portfolio operating and financial performance is influenced by internal and external factors including our investment decisions, market conditions, interest rates, economic factors and potential disruption.	- GPT's portfolio is diversified by sector and geography - Review of market conditions twice a year, including briefings from economists - Scenario modelling and stress testing of assumptions - A disciplined investment approval process, including extensive due diligence requirements - A development pipeline to enhance asset returns and maintain asset quality - Active management of our assets, including leasing, to ensure a large and diversified tenant base with limited single tenant exposure - Experienced management, supplemented with external capabilities where appropriate - A structured program of investor engagement
Development Development provides the Group with access to new, high quality assets. Delivering assets that exceed our risk adjusted return requirements and meet our sustainability objectives is critical to our success.	- A disciplined investment approval process, including extensive due diligence requirements - Oversight of developments through regular cross-functional Project Control Group meetings - Scenario modelling and stress testing of assumptions - Experienced management capability - Limits on the proportion of the portfolio under development at any time - Limits on individual contractor exposure - Appropriate minimum leasing pre-commitments to be achieved prior to construction commencement
Capital Management Effective capital management is imperative to meet the Group's ongoing funding requirements and to withstand market volatility.	- Maximum gearing range of 25 to 35 per cent consistent with a stable investment grade "A category" credit rating - Maintenance of a minimum liquidity buffer in cash and surplus committed credit facilities - Diversified funding sources - Maintenance of a long weighted average debt term, with limits on the maximum amount of debt expiring in any 12 month period - Hedging of interest rates to keep exposure within prescribed limits - Limits on currency exposure - Limits on exposure to counterparties
Health and Safety GPT is committed to promoting and protecting the health, safety and wellbeing of its people, customers, contractors and all users of its assets.	- A culture of safety first and integration of safety risk management across the business - Comprehensive Health and Safety management systems - Training and education of employees and induction of contractors - Engagement of specialist safety consultants to assist in identifying risks and appropriate mitigation actions - Prompt and thorough investigation of all safety incidents to ascertain root causes and prevent future occurrences. Participation in knowledge sharing within the industry - Comprehensive Crisis Management and Business Continuity Plans, tested annually

Directors' Report – Year ended 31 December 2019

Risks and Opportunities	Our Response
People and Culture Our ongoing success depends on our ability to attract, engage and retain a motivated and high-performing workforce to deliver our strategic objectives and an inclusive culture that supports GPT's core values.	• Active adoption and promotion of GPT's Values • A comprehensive Code of Conduct (including consequences for non-compliance) • Employee Engagement Surveys every two years with action plans to address results • An annual performance management process, setting objectives and accountability • Promotion of an inclusive workplace culture where differences are valued, supported by policies and training • A Diversity and Inclusion Working Group, chaired by the GPT CEO • Monitoring of both risk culture and conduct risk • An incentive system with capacity for discretionary adjustments and clawback policy • Benchmarking and setting competitive remuneration • Development and succession planning • Workforce planning
Environmental and Social Sustainability Delivering sustainable outcomes for investors, customers, communities and the environment, today and for future generations, is essential. GPT understands and recognises that changes to the environment can affect our assets and business operations.	• An Environment and Sustainability Management System, including policies and procedures for managing environmental and social sustainability risks • Participation in the Dow Jones Sustainability Index, Global Real Estate Sustainability Benchmark and other industry benchmarks • Climate related risks and potential financial impacts are assessed within GPT's enterprise-wide Risk Management Framework • Climate change reporting in line with the recommendations of the Task Force on Climate-related Financial Disclosures • Active community engagement via the GPT Foundation, GPT's Reconciliation Action Plan and other targeted programs • Supply chain review, changes to the procurement process and amendment of standard contracts in response to Modern Slavery legislation
Technology and Cyber Security Our ability to respond to a major cyber security threat and breaches of our information technology systems is vital to ensure ongoing business continuity and the safety of people and assets.	• Technology risk management framework including third party risk management procedures around cyber security • Privacy policy, guidelines and procedures • Compulsory cyber security awareness training twice a year • Annual security testing completed by a specialist external security firm, including penetration testing, phishing exercises and social engineering testing • A comprehensive Cyber Security Incident Response Plan • A Disaster Recovery Plan including annual disaster recovery testing • Technology solutions in place to monitor GPT platforms and provide alerts to anomalous behaviour • An Information Security Risk and Compliance Committee which oversees the Information Security Policy and related policies • Alignment to the National Institute of Standards and Technology (NIST) Cyber Security Framework
Compliance and Regulation We ensure compliance with all applicable regulatory requirements through our established policies and frameworks.	• An experienced management team with Legal, Tax, Finance, Compliance and Risk Management expertise • Engagement of external expert advisors as required • An internal and external audit program overseen by the Audit Committee of the Board • Active management of the Group's Compliance Plans, in accordance with the requirements of the Corporations Law • Internal Committees such as a Continuous Disclosure Committee, a Data Privacy Committee and a Cyber Security Governance Committee to monitor key compliance risks • An Anti-money Laundering and Counter-terrorism Financing Policy, a Conflicts Management Policy, a Code of Conduct and other internal policies and procedures which are regularly reviewed and actively enforced • An ongoing program of training which addresses all key compliance requirements • Active involvement in the Property Council of Australia and other industry bodies

Directors' Report – Year ended 31 December 2019

2. Task force on Climate-related Financial Disclosure

Climate change is a global challenge. GPT recognises that changes to the environment can influence the operation of our business and our assets, and we are committed to identifying and managing climate change risks across our business.

As a market leading owner and manager of a \$25.3 billion portfolio of office, logistics and retail properties across Australia, GPT recognises the importance of transparently identifying and managing the foreseeable climate-related risks and opportunities likely to impact on the property sector. These impacts are already starting to manifest, with the world seeing an increase in the frequency and intensity of extreme weather events as a consequence of climate change.

In 2019, GPT undertook work to create a series of climate change disclosures aligned to the Taskforce on Climate-related Financial Disclosure (TCFD) recommendations. The TCFD provides a framework for more effective climate-related financial disclosures, addressing four key areas: governance, strategy, risk management and metrics and targets.

In preparing this report, a cross-functional reference group was established to identify foreseeable risks and opportunities under three different climate change related scenarios and to formulate GPT's ongoing climate change response plans.

GPT's detailed TCFD disclosure statement is available on our website: gpt.com.au/index.php/sustainability

Governance

Our approach to managing and reporting climate change risks and opportunities is guided by our overarching commitment to sustainability, outlined in our Sustainability Policy.

Climate change risks and potential financial impacts are assessed within GPT's Risk Management Framework, and GPT's Board of Directors ("Board") has ultimate responsibility for overseeing the application and management of the Framework. The Board established the Sustainability and Risk Committee ("Committee") to assist it in meeting certain areas of its responsibilities. Key areas of responsibility for the Committee includes oversight of the risk management, compliance and internal controls frameworks of GPT. In addition, the Audit Committee also supports the Board by considering material risks in the context of GPT's financial reporting.

GPT's Chief Executive Officer (CEO) and Managing Director is accountable for ensuring that the Group is identifying, assessing and managing climate change risks and opportunities in accordance with GPT's Risk Management Framework. The Chief Risk Officer (CRO) has direct responsibility for managing GPT's Sustainability Team, which has responsibility for formulating and implementing GPT's sustainability initiatives across the business.

Accountability for the Group's sustainability targets and outcomes is reinforced through Key Performance Indicators (KPIs) that are included in the performance agreements of the CEO, the Leadership Team, all members of the Sustainability Team and key operational level staff members. In the case of the CEO, and the Leadership Team, these KPIs are directly linked to financial outcomes.

Strategy

In October 2017, GPT announced its target to operate its buildings on a carbon neutral basis by 2030. We are focused on eliminating emissions within our control and working proactively to influence and assist others to reduce their emissions. GPT's target, and the approach to managing emissions and energy consumption, are outlined in the Group's Climate Change and Energy Policy and are delivered through an ISO 14001 Environmental Management System.

To better understand the potential impact of climate change on our business, and to test the resilience of our strategy, GPT undertook scenario analysis in line with TCFD recommendations. A detailed summary of the scenarios adopted by GPT and potential risks and opportunities that may impact GPT as identified by this analysis can be found in the Group's detailed TCFD disclosure statement which is available on our website. The following scenarios were considered:

- The high emissions scenario assumed a long term average temperature rise of 4°C. This reflects a business as usual scenario where little to no additional action is taken by the broader global community to curb emissions growth. Under this scenario, physical risks are expected to increase in line with climatic changes, with minimal transitional impacts;
- GPT's medium emissions scenario broadly aligns with the Paris Agreement's 2°C goal and is based on an emissions outcome that would see Australia's economy fully decarbonised by approximately 2050. Under this scenario, the property sector will face a mix of physical and transition climate risks and opportunities; and
- The low emissions scenario represents the most ambitious global emissions outcome and is broadly aligned with limiting global warming to 1.5°C. Under this scenario, global greenhouse gas (GHG) emissions would peak in the near term, declining thereafter.

GPT has developed an Energy Master Plan to support the achievement of our net zero carbon emissions targets. The Plan provides a roadmap for the Group to achieve its net zero carbon emissions targets. The Plan takes a holistic approach to energy management with a view to mitigating the impacts of the transition to a low carbon economy and possible changes in energy policy over time.

GPT's approach to reducing or eliminating carbon emissions as part of our carbon neutral pathway is achieved in several ways, including reducing energy use by the implementation of energy efficiency programs, generating and purchasing renewable energy and eliminating gas use in buildings. As we are not yet able to eliminate all waste, gas or fugitive emissions, GPT purchases carbon offsets to address these residual emissions.

Directors' Report – Year ended 31 December 2019

Risk Management

Effective risk management is fundamental to achieving our strategic and operational objectives. GPT's Risk Team applies an enterprise wide Risk Management Framework ("Framework") to monitor the operation of risk management processes and assist in the identification, assessment, treatment and monitoring of identified risks. The Risk Team supports the GPT Leadership Team, Board sub-committees and the GPT Board in ensuring that the business is managing risk appropriately.

To support the business in identifying and assessing climate change risks and opportunities, the TCFD Reference Group was established. The Reference Group identified and assessed the climate change risks and opportunities for each of the three climate scenarios adopted by GPT by applying GPT's Risk Assessment Matrix and Consequence Table, which define measures of likelihood and consequence. The likelihood assessment of physical climate change risks was based on the degree to which the frequency of the event is expected to change in the future under the three climate scenarios. Transition risk likelihood was assessed by considering the likelihood of policy, market, technology and reputational changes impacting GPT based on the expected global emissions reduction ambitions under each scenario.

Climate change risks and potential financial impacts are assessed within the Framework and are recorded in the Sustainability and Risk Committee's Key Risk Dashboard.

The financial effects of GPT's response to identified climate change risks and opportunities are embedded in our capital and operational expenditure plans. Our management of environmental issues is also a qualitative part of the GPT brand that contributes to decision making for our tenants in choosing our buildings and for investors choosing to invest in GPT and our funds.

Metrics & Targets

GPT monitors its direct climate change impacts, and reports on its emissions, energy, water and waste on a property by property basis annually. This information is publicly available in our Environment Data Pack, which includes a portfolio level summary for all indices (electricity, water, fuels, materials, recycling and emissions) since 2005.

The Group obtains external assurance over sustainability performance data including the following climate-related metrics for its portfolio, including: energy consumption and energy production in base building and tenancies, Scope 1, 2 and 3 greenhouse gas, water consumption, waste inputs and outcomes by grade.

The operations of GPT's corporate offices, which includes travel and consumables, have been on a carbon neutral basis since 2011. GPT obtains external validation of its carbon neutral status through the Australian Government's Climate Active certification (formerly NCOS). The certifications cover material Scope 1, 2 and 3 emissions. Adjusting for the purchase of Green Power and carbon offsets, GPT's net emissions from its operations are zero.

Next Steps

In 2020, the Group will be progressing the integration of climate change risks and opportunities into GPT's business planning and operations, including additional disclosure of how this is being achieved.

Further detailed analysis of climate scenarios will also be undertaken, with the results of this analysis to be reflected in the Group's strategic plans. GPT will also seek to put plans in place for each sector portfolio to achieve carbon neutrality.

The Group will undertake ongoing analysis of the climate change risks and opportunities, the results of which will be used to update the Group's risk registers and inform future management activities. In addition, the Group plans to adopt relevant metrics to monitor and measure progress in managing climate change risks and opportunities.

3. 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 significant 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 subject to the reporting requirements of the National Greenhouse and Energy Reporting Act 2007 ("NGER Act"). The NGER Act requires GPT to report its annual greenhouse gas emissions and energy use. The measurement period for GPT is 1 July to 30 June each year. GPT has implemented systems and processes for the collection and calculation of the data required which enables submission of its report to the Department of Climate Change and Energy Efficiency within the legislative deadline of 31 October each year. GPT has submitted its report to the Department of Climate Change and Energy Efficiency for the period ended 30 June 2019 within the required timeframe.

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

4. Events subsequent to reporting date

The Directors are not aware of any matter or circumstances occurring since 31 December 2019 that has significantly or may significantly affect the operations of GPT, the results of those operations or the state of affairs of GPT in the subsequent financial years.

Directors' Report – Year ended 31 December 2019**5. Directors and secretary****Information on Directors****Vickki McFadden – Chairman**

Vickki was appointed to the Board on 1 March 2018 and is also the Chairman of the Nomination Committee and a member of the Human Resources and Remuneration Committee. She brings a broad range of skills and experience to the Group gained during an 19 year career spanning investment banking, corporate finance and corporate law, and through her current and previous board-level positions.

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

- Tabcorp Holdings Limited (since 2017);
- Newcrest Mining Limited (since 2016); and
- Myer Family Investments Pty Limited (since 2011).

She is also a Member of Chief Executive Women and a Member of the Advisory Board and Executive Committee of the UNSW Business School.

Vickki was previously Chairman of Eftpos Payments Australia Limited, Chairman of Skilled Group Limited (prior to its acquisition by Programmed Maintenance Services Limited), a Non-Executive Director of Leighton Holdings Limited, President of the Takeovers Panel and a Managing Director of Investment Banking at Merrill Lynch Australia.

As at the date of this report she holds 52,525 GPT stapled securities.

Robert Johnston – Chief Executive Officer and Managing Director

Bob was appointed to the Board as Chief Executive Officer and Managing Director in September 2015. Bob is also a member of the Nomination Committee. He has 32 years' experience in the property sector including investment, development, project management and construction in Australia, Asia, the US and UK. Prior to joining GPT, Bob was the Managing Director of listed Australand Property Group which became Frasers Australand in September 2014.

As at the date of this report he holds 1,314,463 GPT stapled securities.

Eileen Doyle (retired in May 2019)

Eileen was appointed to the Board in March 2010. At the time of her retirement from the Board she was the Chairman of the Sustainability and Risk Committee and a member of the Nomination Committee and the Audit Committee. She has diverse and substantial business experience having held senior executive roles and directorships in a wide range of industries, including research, financial services, building and construction, steel, mining, logistics and export. Eileen is also a Fellow of the Australian Academy of Technological Sciences and Engineering.

At the time of her retirement from the Board, Eileen held the position of Non-Executive Director in the following listed and other entities:

- Boral Limited (since 2010); and
- Oil Search Limited (since 2016).

Eileen was also previously a Director of Bradken Limited from 2011 to November 2015.

As at the date of retirement from the Board she held 45,462 GPT stapled securities.

Swe Guan Lim (retired in December 2019)

Swe Guan was appointed to the Board in March 2015 and at the date of his retirement from the Board was a member of the Nomination Committee and the Audit Committee. Swe Guan brought significant Australian real estate skills and experience and capital markets knowledge to the Board, having spent most of his executive career as a Managing Director in the Government Investment Corporation (GIC) in Singapore.

Swe Guan is currently Chairman of Cromwell European REIT in Singapore (since 2017) and a Director of Sunway Berhad in Malaysia (since 2011). Swe Guan is also a member of the Investment Committee of CIMB Trust Cap Advisors and was formerly a Director of Global Logistics Property in Singapore until January 2018.

As at the date of retirement from the Board he held 39,000 GPT stapled securities.

Michelle Somerville

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

Michelle currently holds the position of Non-Executive Director in the following entities:

- IOOF Holdings Limited (since 2019);
- Bank Australia Limited (since 2014);
- Save the Children (Australia) (since 2012); and
- Down Syndrome Australia (since 2011).

Michelle is also an independent consultant to the UniSuper Ltd Audit, Risk and Compliance Committee since 2015 and she was previously a Non-Executive Director of Challenger Retirement and Investment Services Ltd.

As at the date of this report she holds 36,663 GPT stapled securities.

Directors' Report – Year ended 31 December 2019

Gene Tilbrook

Gene was appointed to the Board in May 2010 and is also the Chairman of the Sustainability and Risk Committee and a member of the Nomination Committee and the Audit Committee. He brings extensive experience in finance, corporate strategy, investments and capital management.

Gene currently holds the position of Non-Executive Director in the following listed entities:

- Orica Limited (since 2013); and
- Woodside Petroleum Limited (since 2014).

Gene was also previously a Director of other listed entities including Fletcher Building Limited and Aurizon Holdings Limited (2010 to February 2016).

As at the date of this report he holds 51,071 GPT stapled securities.

Angus McNaughton

Angus was appointed to the Board in November 2018 and is also a member of the Human Resources and Remuneration Committee, Nomination Committee and the Audit Committee. He brings extensive experience in property investment, development and management and funds investment.

Angus was previously the CEO and Managing Director of Vicinity Centres from August 2015 until December 2017. Prior to that time, Angus served as the Managing Director Property for Colonial First State Global Asset Management from 2011, before becoming the CEO and Managing Director of ASX-listed Novion Property Group in 2014. Angus led Novion through to the completion of the merger between Novion and Federation Centres, renamed as Vicinity Centres, in June 2015.

Angus does not currently hold any Non-Executive Director roles in other listed entities. Angus is a member of the REST Due Diligence Review Panel.

He was also previously Director, Real Estate of First State Investments in Singapore and Chief Executive Officer of Kiwi Income Property Trust in New Zealand.

As at the date of this report he holds 8,196 GPT stapled securities.

Tracey Horton AO (appointed 1 May 2019)

Tracey joined the GPT Board in May 2019 and is Chairman of the Human Resources and Remuneration Committee, and a member of the Nomination Committee and the Sustainability and Risk Committee.

Tracey currently holds the position of Non-Executive Director of listed entity Nearmap Ltd (since 2019) and is Acting President of the Australian Takeovers Panel and Deputy Chairman of the Australian Institute of Company Directors. Tracey is also Chair of the Australian Industry and Skills Committee and a Commissioner for Tourism Western Australia.

Tracey was previously a Non-Executive Director of Navitas Limited from June 2012 to July 2019 (Chairman from November 2016 to July 2019), a Non-Executive Director of Skilled Group and Automotive Holdings Group, president of the Chamber of Commerce and Industry (WA) and Winthrop Professor and Dean of the University of Western Australia's Business School. Prior to that she held executive and senior management roles in North America with Bain & Company in North America, and in Australia with Poynton and Partners and the Reserve Bank of Australia.

As at the date of this report she holds 7,525 GPT stapled securities.

Mark Menhinnitt (appointed 1 October 2019)

Mark joined the GPT Board in October 2019 and is a member of the Nomination Committee and the Sustainability and Risk Committee.

Mark has significant investment management, construction, development and urban regeneration experience in the real estate and infrastructure sectors, drawn from his 30 year career at Lend Lease including as CEO of Lendlease Australia.

Mark does not currently hold any Non-Executive roles in other listed entities.

Mark is a graduate member of the Australian Institute of Company Directors and a fellow of the Governance Institute of Australia.

As at the date of this report he holds 15,000 GPT stapled securities.

James Coyne – General Counsel and Company Secretary

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

Lisa Bau – Senior Legal Counsel and Company Secretary

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

Directors' Report – Year ended 31 December 2019

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 Committee		Human Resources and Remuneration Committee		Sustainability and Risk Committee		Nomination Committee	
	No. of meetings	Attended	No. of meetings	Attended	No. of meetings	Attended	No. of meetings	Attended	No. of meetings	Attended
Vickki McFadden¹	13	13	–	–	6	6	–	–	3	3
Bob Johnston¹	13	13	–	–	–	–	–	–	3	3
Eileen Doyle	4	4	2	2	–	–	1	1	2	2
Tracey Horton AO	10	10	–	–	4	4	3	3	1	1
Swe Guan Lim	13	13	6	6	–	–	3	3	3	3
Angus McNaughton	13	13	6	6	6	6	–	–	3	3
Mark Menhinnitt	4	4	–	–	–	–	1	1	1	1
Michelle Somerville	13	13	6	6	–	–	4	4	3	3
Gene Tilbrook	13	13	4	4	2	2	3	3	3	3

1 Vickki McFadden and Bob Johnston attended all meetings of the Committees as non-members. All Directors may attend any Committee meeting.

6. Other disclosures

Indemnification and insurance of directors, officers and auditor

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

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

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

Non-audit services

During the year PricewaterhouseCoopers, GPT's auditor, has performed other services in addition to their statutory duties. Details of the amounts paid to the auditor, which includes amounts paid for non-audit services and other assurance services, are set out in note 21 to the financial statements.

The Directors have considered the non-audit services and other assurance services provided by the auditor during the financial year. In accordance with advice received from the Audit 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 Committee reviewed the non-audit services and other assurance services 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 Committee concluded that the auditor independence was not compromised, having regard to the Board's policy with respect to the engagement of GPT's auditor; and
- the fact that none of the non-audit services provided by PricewaterhouseCoopers during the financial year had the characteristics of management, decision-making, self-review, advocacy or joint sharing of risks.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 27 and forms part of the Directors' Report.

Rounding of amounts

The amounts contained in this report and in the financial statements have been rounded to the nearest hundred thousand dollars unless otherwise stated (where rounding is applicable) under the option available to GPT under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. GPT is an entity to which the Instrument applies.

Directors' Report – Year ended 31 December 2019

7. Remuneration report

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

The Board aims to ensure that the GPT Group's remuneration platform is both market competitive and fair to all stakeholders; aligns performance measures to the achievement of GPT's strategic objectives; and communicates the remuneration outcomes clearly and transparently.

Governance

Who are the members of the Committee?	The Committee consists of the following three Non-Executive Directors: - Tracey Horton AO (Committee Chairman) - Vickki McFadden - Angus McNaughton 2019 saw renewal and change on the Committee in line with changes to the Board: - Tracey Horton joined GPT on 1 May 2019 and was appointed Chairman of the Committee from 16 May 2019 while Gene Tilbrook stepped down from the Committee on 16 May 2019.
What is the scope of work of the Committee?	In 2019 the Committee undertook the following activities on behalf of the Board: - Oversee the management of culture. - Implement, monitor, evaluate and oversee GPT's remuneration framework. - Review and recommend to the Board for approval the remuneration for the Board, Chief Executive Officer and Managing Director (CEO) and approve remuneration for executives that are direct reports to the CEO. - Review and recommend to the Board for approval the key performance indicators for the CEO and assess the CEO's performance against those key performance indicators. - Review compliance with legal and regulatory requirements associated with the activities of the Committee. - Oversee the succession planning process for the Leadership Team (excluding the CEO, which is a responsibility of the Nomination Committee¹). - Approve and oversee the implementation of GPT's diversity & inclusion strategy, initiatives and policies. - Receive reports in relation to talent development and employee engagement initiatives.
Who is included in the Remuneration Report?	GPT's Key Management Personnel (KMP) are the individuals responsible for planning, controlling and managing the GPT Group (being the Non-Executive Directors, CEO, Chief Financial Officer (CFO), and the Chief Operating Officer (COO)).

¹ Effective 1 January 2019 a Nomination Committee was formed consisting of the full Board. Further information about the role and responsibility of both the Committee and the Nomination Committee is set out in their respective Charters, which are available on GPT's website (www.gpt.com.au). No additional fees are paid for membership of the Nomination Committee.

Directors' Report – Year ended 31 December 2019

Committee key decisions and remuneration outcomes in 2019

Platform component	Key decisions and outcomes
Base Pay (Fixed)	- Implemented the annual review of employee base pay effective 1 January 2019, with an overall increase of 2.51%. - Following benchmarking, implemented an annual review of Non-Executive Director base and committee fees effective 1 January 2019, with an average increase of 1.72% to bring Non-Executive Directors' remuneration closer to market.
Short Term Incentive Compensation (STIC)	- Maintained Funds from Operations (FFO) growth per security as the primary measure of Group financial performance. - The Group achieved an FFO growth per security outcome of 2.6%. The Committee exercised its discretion to adjust the FFO per security outcome taking into account the dilution resulting from the equity raise and interest expense savings from the hedge restructure. This resulted in an outcome between target and stretch and a STIC pool of \$15.8 million. - Maintained a deferred equity component of STIC vesting in one tranche at the end of the year following the conclusion of the performance period. - Determined that the calculation for the number of securities to be issued under the security-based component of GPT's STIC award be made by reference to the 30-day Volume Weighted Average Price (VWAP) immediately before the end of the relevant performance period from 2020 onward.¹
Long Term Incentive (LTI) Compensation	- Achieved a compound annual Total Return² for the 2017-19 period of 13.19%, exceeding the benchmark of 10% for maximum award, and delivered a Total Securityholder Return (TSR)³ of 41.33% which exceeded the ASX 200 AREIT Accumulation Index (the Index) performance of 40.85% by 0.48%.⁴ - Implemented the 2019-2021 LTI with two performance measures, Total Return and Relative TSR. - Maintained the same performance hurdles, ranges and vesting schedules as the prior year's LTI plan. - Determined that the calculation for the number of performance rights issued under future LTI plans be made by reference to the 30-day VWAP immediately prior to the commencement of the performance period from 2020 onward.⁵
Other employee ownership plans	- Continued the General Employee Security Ownership Plan (GESOP) for 108 STIC eligible employees not in the LTI. Under GESOP each participant receives an amount equal to 10% of their STIC (less tax) delivered in GPT securities, which must be held for at least 1 year. - Continued the Broad Based Employee Security Ownership Plan (BBESOP) for 258 employees ineligible for GESOP. Under BBESOP, subject to GPT achieving the annual FFO growth per security target, participants receive \$1,000 worth of GPT securities that cannot be transferred or sold until the earlier of 3 years from the allocation date or cessation of employment (or \$1,000 cash (less tax) at the election of the individual).
Policy and governance	- Operated in accordance with the Human Resources and Remuneration Committee Charter.⁶ - Completed an annual review of the Charter. - Ensured clear accountabilities for culture and that systems to monitor it were in place. - Ensured that the remuneration framework balances risk and return and promotes appropriate risk taking behaviours. - Oversaw the implementation of key policies and practices in support of GPT's remuneration and incentive framework. - Sought independent external advice on market compensation benchmarks and practice, prevailing regulatory and governance standards.⁷

¹ The number of securities to be issued under the security-based component of GPT's STIC and LTI award is currently calculated with reference to the Quarter 4 (Q4), VWAP immediately preceding the commencement of the performance period i.e. 1 October 2018 to 31 December 2018.

² Total Return is defined as the sum of the change in Net Tangible Assets (NTA) and distributions over the performance period, divided by the NTA at the beginning of the performance period.

³ TSR represents an investor's return, calculated as the percentage difference between an initial amount invested in stapled securities and the final value of those stapled securities at the end of the relevant period, assuming distributions were reinvested.

⁴ 2017-19 LTI vesting outcome set out in Group Financial Performance and Incentive Outcomes section (refer Table 5).

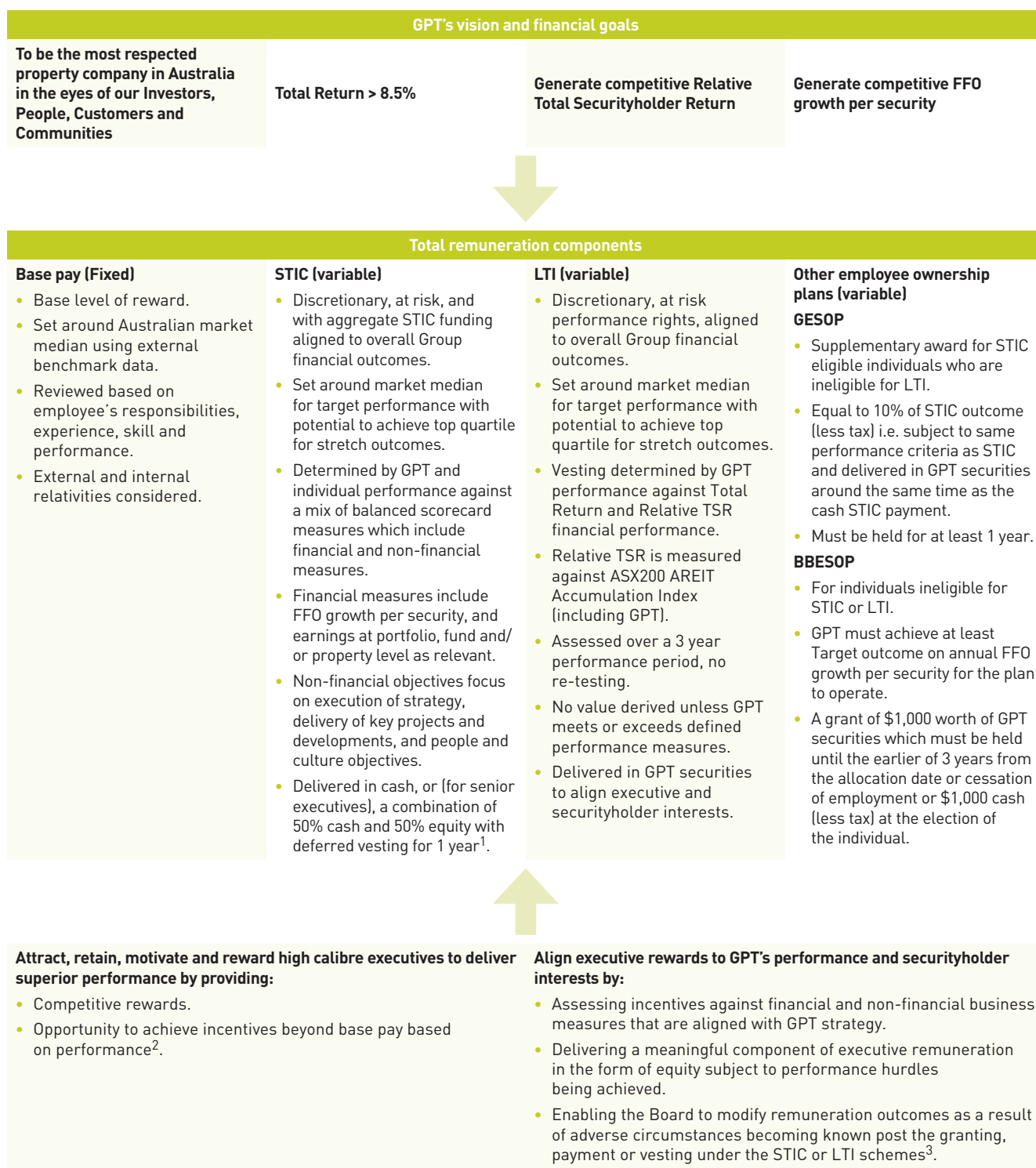
⁵ Refer to footnote 1 above.

⁶ The Charter is available on GPT's website (www.gpt.com.au).

⁷ During 2019, no remuneration recommendations in relation to Key Management Personnel, as defined by Division 1 of Part 1.2 of Chapter 1 of the *Corporations Act 2001*, were made by these or other consultants.

Directors' Report – Year ended 31 December 2019

GPT's vision and financial goals linked to remuneration structures



- Where deferred securities are awarded, the number allocated is determined by dividing 50% of the value of the total STIC by the Q4, VWAP immediately preceding the commencement of the performance period. The value of the award on the conversion date may vary as a result of security price having increased or decreased since that point in time.
- Eligibility to participate in the STIC, LTI, GESOP and BBESOP schemes is generally limited to individuals who are employed on a permanent basis, satisfy the minimum service criteria applicable under each scheme, have not given or received notice of cessation of employment and are not subject to any formal performance management process.
- All GPT employees who participate in STIC and LTI are subject to these awards being clawed back if the recipient has acted fraudulently, dishonestly, or where there has been a material misstatement or omission in the Group's financial statements leading to the receipt of an unfair benefit.

Directors' Report – Year ended 31 December 2019

GPT's Values and Culture

GPT is focussed on creating the conditions in which its people can realise their potential and consistently deliver high performance. GPT does this through the combination of a diverse workforce and inclusive culture, a dynamic and flexible work environment, advanced systems, mobile technology and a lean management structure to minimise costs and drive productivity. GPT's shared sense of purpose – to create value by delivering superior returns to investors, and to provide environments that enable our people to excel and customers and communities to prosper – is underpinned by a culture that emphasises the following core values:



**SAFETY FIRST –
EVERYONE, ALWAYS**



**DELIVER TODAY,
CREATE TOMORROW**



**VALUE DIFFERENCES,
PLAY AS A TEAM**



SPEAK UP



RAISE THE BAR

A Culture Dashboard was developed during 2019 to assist the Committee to monitor GPT's performance in this area. Key areas of focus throughout the year include:

Focus Area	Commentary
Engagement	GPT has a high calibre workforce, characterised by strong levels of employee engagement. Engaged, energised and enabled employees lead to superior business outcomes. GPT strives to enable a consultative work environment where employee views are sought out, respected, and where appropriate, acted upon. Typically, GPT conducts employee engagement surveys every 18 to 24 months and pulse surveys on focussed topics during the intervening period. In 2019, GPT achieved an overall sustainable engagement score of 80% (comparing favourably to the Australian National Norm) and a participation rate of 86%. GPT celebrates this result as it demonstrates strong employee alignment to our vision, purpose, values and strategy.
Equal Opportunity	GPT is committed to creating a diverse and inclusive workplace by providing equal opportunity in all aspects of employment. GPT is an inclusive employer where differences such as sexuality, sex, gender identity, race, beliefs, age or abilities are valued. The Board and management recognise that a diverse workforce reflects GPT's diverse customer base and generates diversity in thought that enhances decision making processes and Group performance. During 2019, GPT achieved its second consecutive Workplace Gender Equality Agency (WGEA) Employer of Choice citation recognising GPT's performance in this area as among the best employers in Australia. Sponsorship of the Property Council of Australia 500 Women in Property program continued as did GPT's commitment to the CareerTrackers Indigenous Internship Program by signing a 10 year partnership with the not for profit organisation.
Behaviour and Consequences	GPT is proud of its reputation for applying the highest ethical and moral standards in all its dealings. The Code of Conduct (the Code) sets out the standard of behaviour expected of all employees, and aligns to GPT's vision to be the most respected property company in Australia. The Code was updated during the year, better clarifying the expectations GPT holds of its employees and emphasising personal responsibility for meeting them. Disciplinary Guidelines were added to the Code and include possible actions should standards not be met. GPT's expectations of its employees are regularly reinforced via compulsory training and direct communications from management.
Safety	Everyone at GPT plays a part in ensuring that our colleagues and people that visit our assets go home safely – whether they be customers, contractors or members of the broader community. GPT is unequivocal in its commitment to ensuring that safety remains a key priority for every employee across every workplace. Safety has always been part of GPT's DNA, and in 2019 the Group sought to emphasise its importance. During the period, GPT engaged an external partner to assist in a safety risk culture review which will form part of a holistic safety program, focussed on cultural transformation and safety leadership. A two day safety leadership conference was held for selected employees with the learnings shared across the broader employee base. The organisational values were also enhanced to include a new value "Safety First – Everyone, Always" demonstrating GPT's explicit objective in this area.
Risk Culture	GPT's approach to risk management incorporates culture, people, processes and systems to enable the organisation to realise potential opportunities whilst managing potential adverse effects. GPT is committed to maintaining a transparent and accountable culture where risk is actively considered and managed in our day-to-day activities.

Directors' Report – Year ended 31 December 2019

Employment Terms

1. Employment terms – Chief Executive Officer and Managing Director

Term	Conditions
Contract duration	Open ended.
Termination by Executive	6 months' notice. GPT may elect to make a payment in lieu of notice.
Remuneration Package	Bob Johnston's 2019 remuneration arrangements were as follows: Base pay: \$1,460,000. STIC: \$0 to \$1,825,000 (i.e. 0% to 125% of base pay) based on performance, 50% of the award paid in cash and 50% delivered as deferred GPT securities¹. The securities component vests one year after the conclusion of the performance year. LTI: A grant of performance rights with the face value at time of grant of \$2,190,000 (i.e. 150% of base pay) with vesting outcomes dependent on performance and continued service, and delivered in restricted GPT securities.
Termination by Company for cause	No notice requirement or termination benefits (other than accrued entitlements).
Termination by Company (other)	12 months' notice. Treatment of unvested STIC and LTI will be at the Board's discretion under the terms of the relevant plans and GPT policy.
Post-employment restraints	6 months non-compete, and 12 months non-solicitation of GPT employees.
External Directorships	Bob Johnston is a Director on the Boards of the Property Industry Foundation (PIF) and the Property Council of Australia (PCA). He does not receive remuneration for these roles.
Clawback Policy	All GPT employees who participate in STIC and LTI are subject to these awards being clawed back if the recipient has acted fraudulently, dishonestly, or where there has been a material misstatement or omission in the Group's financial statements leading to the receipt of an unfair benefit.

2. Employment terms – Executive KMP

Term	Conditions		
Contract duration	Open ended.		
Termination by Executive	3 months' notice. GPT may elect to make a payment in lieu of notice.		
Remuneration Package	Component	Mark Fookes	Anastasia Clarke
	Base pay	\$830,000	\$850,000
	STIC	\$0 to \$830,000	\$0 to \$850,000
	LTI	\$0 to \$830,000	\$0 to \$850,000
Termination by Company for cause	No notice requirement or termination benefits (other than accrued entitlements).		
Termination by Company (other)	3 months' notice. Severance payments may be made subject to GPT policy and capped at the three year average of the executive's annual base (fixed) pay. Treatment of unvested STIC and LTI will be at the Board's discretion under the terms of the relevant plans and GPT policy.		
Post-employment restraints	12 months non-solicitation of GPT employees.		

3. Compensation mix at maximum STIC and LTI outcomes

Executive KMP	Fixed remuneration	Variable or "at risk" remuneration ²	
	Base pay	STI	LTI
Bob Johnston Chief Executive Officer and Managing Director	26.7%	33.3%	40.0%
Anastasia Clarke Chief Financial Officer	33.4%	33.3%	33.3%
Mark Fookes Chief Operating Officer	33.4%	33.3%	33.3%

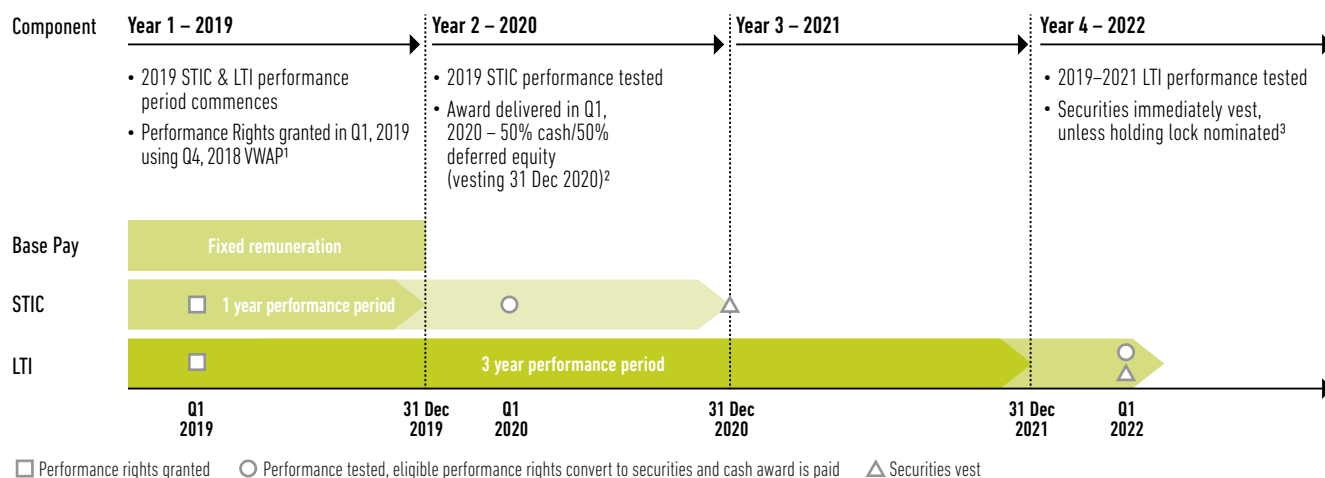
¹ The percentages vary dependent on the movement of the GPT security price during the performance period. See footnote 1 on page 17.

² The percentage of each component of total remuneration is calculated with reference to maximum or stretch potential outcomes as set out in the Remuneration Packages detailed in Tables 1 and 2 of the Employment Terms section.

Directors' Report – Year ended 31 December 2019

4. Executive Compensation

The timeline below outlines how remuneration is delivered using financial year 2019 as an example.



- From 2020 onward, the number of securities awarded under the STIC scheme will be made by reference to the 30-day VWAP immediately preceding the conclusion of the performance period. For LTI plans commencing from 2020 onward, the number of performance rights granted will be made by reference to the 30-day VWAP immediately prior to the commencement of the performance period.
- The percentages vary dependent on the movement of the GPT security price during the performance period. See footnote 1 on page 17.
- Participants may elect at the commencement of the LTI plan to apply additional dealing restrictions of up to a maximum of 4 years post vesting. A taxing point will arise in the financial year securities vest and become unrestricted. Note also GPT's Minimum Security Holding Requirement (MSHR) guideline requires the CEO to acquire and maintain a holding equal to 150% of base salary. For other KMP and Leadership Team members the holding requirement is equal to 100% of base salary. Individuals have four years from commencement of employment to achieve the MSHR before it is assessed for the first time.

Directors' Report – Year ended 31 December 2019

Group Financial Performance and Incentive Outcomes

1. Five year Group financial performance

	2019	2018	2017	2016	2015
Total Securityholder Return (TSR) ¹ (%)	9.6	9.6	6.6	10.1	15.4
Total Return (%)	8.7	15.8	15.2	15.5	11.5
NTA per security (\$)	5.80	5.58	5.04	4.59	4.17
FFO per security (cents)	32.68	31.84	30.77	29.88	28.28
FFO per security growth (%)	2.6	3.5	3.0	5.6	5.5
Security price at end of calendar year (\$)	5.60	5.34	5.11	5.03	4.78

1 TSR is calculated as the percentage growth in GPT's security price from the last trading date of the previous financial year to the last trading date of the current financial year, together with the value of distributions received during the year, assuming that all of those distributions are reinvested into new securities. For LTI purposes, the average security price for the last 30 trading days is utilised in the calculation of the TSR.

2. Summary of CEO Objectives and Performance Outcomes

The CEO objectives and performance outcomes are summarised in the table below. The Board has assessed the CEO against these objectives and has approved an achievement score that results in 67.4 per cent of maximum STIC (84.3 per cent of target) being awarded.

	Performance measure	Weighting	Commentary
Financial	FFO growth per security targets.	50%	The Group achieved the Board approved FFO growth target for 2019. Office & Logistics and Funds Management contributions exceeded their respective targets, while the Retail sector contribution was below target.
Strategy	Strategy objectives focused on exploring growth opportunities for GPT, as well as development and implementation of strategic plans for each division.	25%	Management continued to execute on strategies approved by the Board. This included: - The sale of GPT's interest in the MLC Centre, acquisition of an interest in Darling Park 1 and 2 plus the acquisition of a number of logistics assets consistent with the Group's strategy to increase capital allocation to the Office and Logistics sectors. - Successfully completing an \$867 million equity raising to fund acquisition and growth opportunities. - Maintaining prudent gearing levels and enhanced credit metrics. - Strengthening the Group's development pipeline for the Office and Logistics sector.
Performance	Operational objectives focused on driving performance of the investment portfolio, key milestones in the development pipeline, and other projects.	15%	Results across the Group in this area include: - Achievement of Logistics development targets and growth in development pipeline. - Achievement of development targets for 32 Smith Street, Parramatta. - Partial achievement of targets for the Melbourne Central and Rouse Hill developments. - Achievement of leasing targets across the portfolio. - Completion of a successful capital raising for GWOF. - Achievement of Sustainability targets including the establishment of an energy masterplan for the portfolio, strong Dow Jones Sustainability Index (DJSI) and Global Real Estate Sustainability Benchmark (GRESB) performance scores and implementation of reporting in line with Task Force on Climate-related Financial Disclosures (TCFD) requirements.
People	People objectives centred on increasing employee engagement, progressing GPT's diversity and inclusion strategy and embedding a strong risk culture.	10%	Achievements during the period include: - Elevating the Group's focus on safety and safety leadership. - GPT received its second consecutive Workplace Gender Equality Agency (WGEA) Employer of Choice for Gender Equality citation in February 2019. - High levels of employee engagement, as evidenced by the Sustainable Engagement score of 80%. - The percentage of females in the top quartile increased from 42% in 2018 to 46% in 2019. - Establishment of a Risk Culture Dashboard, with favourable results overall demonstrating a strong risk culture across the Group.

Directors' Report – Year ended 31 December 2019

3. STIC Framework

The CEO objectives are cascaded (in full or in part) to KMP and all STIC participants where applicable. Performance measures and weightings may vary according to areas of responsibility for each STIC participant. GPT Group and segment financial KPI's and performance KPI's in relation to occupancy, leasing, progress on developments, investment performance and operational efficiency are included. Performance objectives are then measured to determine performance outcomes and generate STIC recommendations.

The following table shows the distribution of the 2018 STIC outcomes as a percentage of the individual's maximum STIC opportunity.

2018 STIC Received as a % of Maximum STIC potential	0-50%	50-60%	60-70%	70-80%	80-90%	90-100%
Percentage of STIC participants	2.92%	11.68%	43.06%	32.85%	9.49%	0.0%

4. 2019 STIC outcomes by Executive KMP¹

The 2019 STIC outcomes for the KMP are in Table 4 below, while STIC determination for the balance of the eligible employees² is to occur in March 2020 post the issue of the 2019 Remuneration Report.

Executive KMP	Position	Actual STIC awarded	Actual STIC awarded as a % of maximum STIC	% of maximum STIC award forfeited	Cash component	Equity component (# of GPT securities) ³
Bob Johnston	Chief Executive Officer and Managing Director	\$1,230,000	67.40%	32.60%	\$615,000	116,134
Anastasia Clarke	Chief Financial Officer	\$640,000	75.29%	24.71%	\$320,000	60,428
Mark Fookes	Chief Operating Officer	\$610,000	73.49%	26.51%	\$305,000	57,595

¹ Excluding the impact of movements in the GPT security price on deferred STIC value received.

² i.e. excluding the KMP.

³ The number of deferred GPT securities granted are calculated by dividing 50% of the Actual STIC awarded by GPT's Q4 2018 VWAP of \$5.2956. The deferred GPT securities vest subject to service on 31 December 2019.

5. Group performance measures for LTI Plans currently relevant

LTI	LTI performance measurement period	Performance measure	Performance measure hurdle	Weighting	Results	Vesting % by performance measure	Overall Plan Vesting Outcome [%]
2017	2017-19	Relative TSR versus ASX200 AREIT Accumulation Index (including GPT) (Index)	10% of performance rights (PR) vest at Index performance, up to 100% at Index plus 10% (pro-rata vesting in between)	50%	GPT's TSR performance exceeded the Index by 0.48%	14.32%	57.16%
		Total Return	0% of PR vest at 8% Total Return, up to 100% at 9.5% Total Return (pro-rata vesting in between)	50%	13.19%	100.00%	
2018	2018-20	Relative TSR versus ASX200 AREIT Accumulation Index (including GPT)	10% of PR vest at Index performance, up to 100% at Index plus 10% (pro-rata vesting in between)	50%	N/A	N/A	N/A
		Total Return	10% of PR vest at 8.5% Total Return, up to 100% at 10.0% Total Return (pro-rata vesting in between)	50%	N/A	N/A	
2019	2019-21	Relative TSR versus ASX200 AREIT Accumulation Index (including GPT)	10% of PR vest at Index performance, up to 100% at Index plus 10% (pro-rata vesting in between)	50%	N/A	N/A	N/A
		Total Return	10% of PR vest at 8.5% Total Return, up to 100% at 10.0% Total Return (pro-rata vesting in between)	50%	N/A	N/A	

Directors' Report – Year ended 31 December 2019

6. 2017-2019 LTI outcomes by Executive KMP

Senior Executive	Position	Performance rights granted	Performance rights vested	Performance rights lapsed
Bob Johnston	Chief Executive Officer and Managing Director	452,206	258,481	193,725
Anastasia Clarke	Chief Financial Officer	157,563	90,063	67,500
Mark Fookes	Chief Operating Officer	172,269	98,469	73,800

7. LTI outcomes – fair value and maximum value recognised in future years¹

Executive KMP	Year	Grant date	Fair value per performance right	Performance rights granted as at 31 Dec 19	Vesting date	Maximum value to be recognised in future years
Bob Johnston Chief Executive Officer and Managing Director	2019	24 May 2019	\$3.94	413,551	31 Dec 21	\$997,079
	2018	10 May 2018	\$2.62	420,467	31 Dec 20	\$1,222,712
Anastasia Clarke Chief Financial Officer	2019	2 April 2019	\$3.94	160,511	31 Dec 21	\$447,992
	2018	29 March 2018	\$2.62	153,595	31 Dec 20	\$438,169
Mark Fookes Chief Operating Officer	2019	2 April 2019	\$3.94	156,734	31 Dec 21	\$444,531
	2018	29 March 2018	\$2.62	157,435	31 Dec 20	\$459,154

8. Reported remuneration – Executive KMP – Actual Amounts Received²

Executive KMP	Year	Fixed pay		Variable or "at risk" ³			Total
		Base pay	Superannuation	Other ⁴	STIC	LTI	
Bob Johnston Chief Executive Officer and Managing Director	2019	\$1,439,233	\$20,767	\$8,455	\$1,314,232	\$1,556,288	\$4,338,975
	2018	\$1,439,710	\$20,290	\$8,354	\$1,237,259	\$1,972,002	\$4,677,615
Anastasia Clarke Chief Financial Officer	2019	\$829,233	\$20,767	\$4,985	\$683,828	\$542,260	\$2,081,073
	2018	\$779,710	\$20,290	\$5,275	\$579,807	\$610,381	\$1,995,463
Mark Fookes Chief Operating Officer	2019	\$809,233	\$20,767	\$10,050	\$651,774	\$592,872	\$2,084,696
	2018	\$799,710	\$20,290	\$10,585	\$579,807	\$751,244	\$2,161,636
Total	2019	\$3,077,699	\$62,301	\$23,490	\$2,649,834	\$2,691,420	\$8,504,744
	2018	\$3,019,130	\$60,870	\$24,214	\$2,396,873	\$3,333,627	\$8,834,714

9. Reported remuneration – Executive KMP – AIFRS Accounting⁵

Executive KMP	Year	Fixed pay		Variable or "at risk"			Total
		Base pay	Superannuation	Other	STIC	LTI ⁶	
Bob Johnston Chief Executive Officer and Managing Director	2019	\$1,418,885	\$20,767	\$8,455	\$1,302,460	\$1,038,467	\$3,789,034
	2018	\$1,520,636	\$20,290	\$8,354	\$1,210,570	\$1,168,869	\$3,928,719
Anastasia Clarke Chief Financial Officer	2019	\$860,899	\$20,767	\$4,985	\$658,420	\$405,098	\$1,950,169
	2018	\$794,923	\$20,290	\$5,275	\$548,232	\$414,417	\$1,783,137
Mark Fookes Chief Operating Officer	2019	\$827,474	\$20,767	\$10,050	\$636,642	\$419,781	\$1,914,714
	2018	\$825,109	\$20,290	\$10,585	\$559,068	\$467,160	\$1,882,212
Total	2019	\$3,107,258	\$62,301	\$23,490	\$2,597,522	\$1,863,346	\$7,653,917
	2018	\$3,140,668	\$60,870	\$24,214	\$2,317,870	\$2,050,446	\$7,594,068

1 For the avoidance of doubt, the GPT incentive plans (i.e. STIC and LTI) use face value grants of performance rights based on the VWAP of GPT securities for specified periods; reference to fair value per performance right is included in this table to comply with accounting standards.

2 This table discloses the cash and other benefit amounts actually received by GPT's executive KMP, as distinct from the accounting expense. As a result, it does not align to Australian Accounting Standards.

3 Gross dollar values for the equity components have been calculated by multiplying the number of securities by GPT's Q4 VWAP for the applicable year; 2019: \$6.0209 (2018: \$5.2956).

4 Other may include death and total/permanent disability insurance premiums, service awards, GPT superannuation plan administration fees, professional memberships, subscriptions and/or other benefits.

5 This table provides a breakdown of remuneration for executive KMP in accordance with statutory requirements and Australian accounting standards.

6 This column records the amount of the fair value of performance rights under the various LTI plans expensed in the relevant financial years, and does not represent actual LTI awards made to executives or the face value grant method.

Directors' Report – Year ended 31 December 2019

10. GPT security ownership – Executive KMP as at 31 December 2019

Executive KMP	GPT Holdings (start of period) ¹	Employee Security Schemes (ESS)			Purchase /(Sales) during period ²	GPT Holdings (end of period) ³	Gross Value of GPT Holdings ⁴	MSHR Guideline ⁵
		2019 DSTIC	2017-19 LTI	TOTAL ESS for 2019				
Bob Johnston Chief Executive Officer and Managing Director	1,311,938	116,134	258,481	374,615	2,525	1,689,078	\$10,169,770	\$2,190,000
Anastasia Clarke Chief Financial Officer	409,206	60,428	90,063	150,491	(170,116)	389,581	\$2,345,628	\$850,000
Mark Fookes Chief Operating Officer	1,159,315	57,595	98,469	156,064	(93,017)	1,222,362	\$7,359,719	\$830,000

11. GPT performance rights – Executive KMP

Executive KMP	Performance rights	
	Performance rights that lapsed in 2019 ⁶ (# of rights)	Performance rights still on foot at 31 Dec 19 ⁷ (# of rights)
Bob Johnston Chief Executive Officer and Managing Director	249,904	834,018
Anastasia Clarke Chief Financial Officer	87,327	314,106
Mark Fookes Chief Operating Officer	94,571	314,169

- 1 GPT Holdings (start of period) include GPT securities obtained as sign on grants (Mr Johnston only), DSTIC up to and including 2018, LTI plans up to and including the 2016-18 LTI plan, and private holdings.
- 2 Movement in GPT security holdings as a result of the sale of vested, unrestricted security holdings and/or the sale or purchase of additional private holdings on the individuals own account during the 2019 calendar year.
- 3 GPT Holdings (end of period) is the sum of GPT Holdings (start of the period) plus DSTIC and LTI securities obtained under ESS and adjusted for any purchases or sales during the period. Note that some of the securities do not become actual holdings for the individual until after the conclusion of the performance year when Group results are known which allow the conversion of performance rights under the various plan terms.
- 4 The GPT Holdings (end of period) multiplied by GPT's Q4 2019 VWAP of \$6.0209 to derive a dollar value.
- 5 GPT's Minimum Security Holding Requirement (MSHR) guideline requires the CEO to acquire and maintain a holding equal to 150% of base salary. For other KMP and Leadership Team members the holding requirement is equal to 100% of base salary. Individuals have four years from commencement of employment to achieve the MSHR before it is assessed for the first time.
- 6 The sum of performance rights that were awarded to a participant in the 2017-2019 LTI that did not vest at the end of the 2017-2019 performance period, and as a result, lapsed and/or performance rights granted under the 2019 DSTIC that also lapsed.
- 7 The total of unvested performance rights currently on foot excluding any GPT securities or performance rights that may have lapsed up to 31 December 2019. This represents the current maximum number of additional GPT securities to which the individual may become entitled subject to satisfying the applicable performance measures in the 2018-20 and 2019-21 LTI plans on foot; as such, these performance rights represent the incentive opportunity over multiple future years, are subject to performance and hence "at risk", and as a result may never vest.

Directors' Report – Year ended 31 December 2019

Remuneration – Non-Executive Directors

What are the key elements of the Non-Executive Director Remuneration Policy?	- The Board determines the remuneration structure for Non-Executive Directors based on recommendations from the Committee. - Non-Executive Directors are paid one fee for participation as a Director in all GPT related companies (principally GPT RE Limited, the Responsible Entity of General Property Trust and GPT Management Holdings Limited). - Non-Executive Director remuneration is composed of three main elements: - Main Board fees; - Committee fees; and - Superannuation contributions at the statutory superannuation guarantee contribution rate. - Non-Executive Directors do not participate in any short or long term incentive arrangements and are not entitled to any retirement benefits other than compulsory superannuation. - Non-Executive Director remuneration is set by reference to comparable entities listed on the ASX (having regard to GPT's industry sector and market capitalisation). - External independent advice on remuneration levels for Non-Executive Directors is sought annually. In the event that a review results in changes, the new Board and Committee fees are effective from 1 January in the applicable year and advised in the ensuing Remuneration Report. - Fees (including superannuation) paid to Non-Executive Directors are subject to an aggregate limit of \$1,800,000 per annum, which was approved by GPT securityholders at the Annual General Meeting on 5 May 2015. As an Executive Director, Mr Johnston does not receive fees from this pool as he is remunerated as one of GPT's senior executives.
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1. Board and committee fees^{1,2}

	Year	Board Fee ³	Audit Committee	Sustainability and Risk Committee	Nomination and Remuneration Committee
Chairman	2019	\$430,000	\$40,000	\$34,000	\$34,000
	2018	\$400,000	\$37,000	\$31,000	\$31,000
Members	2019	\$170,000	\$20,000	\$17,000	\$17,000
	2018	\$152,000	\$18,500	\$15,500	\$15,500

2. Reported remuneration – Non-Executive Directors – AIFRS accounting^{4,5}

Non-Executive Director – Current	Year	Fixed pay			Total
		Salary and fees	Superannuation	Other ⁶	
Vicki McFadden⁷	2019	\$409,233	\$20,767	–	\$430,000
Chairman	2018	\$289,851	\$16,481	–	\$306,332
Tracey Horton⁸	2019	\$132,695	\$12,606	–	\$145,301
	2018	–	–	–	–
Swe Guan Lim⁹	2019	\$189,041	\$17,959	\$507	\$207,507
	2018	\$186,000	\$17,670	\$908	\$204,578
Mark Menhinnitt¹⁰	2019	\$38,813	\$3,687	–	\$42,500
	2018	–	–	–	–
Angus McNaughton¹¹	2019	\$192,124	\$18,252	–	\$210,376
	2018	\$27,917	\$2,652	–	\$30,569
Michelle Somerville	2019	\$207,306	\$19,694	–	\$227,000
	2018	\$204,500	\$19,428	–	\$223,928
Gene Tilbrook	2019	\$197,750	\$18,786	\$1,377	\$217,913
	2018	\$183,000	\$17,385	\$1,103	\$201,488

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

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

3 Fees for Non-Executive Directors are inclusive of superannuation from 2019 onward i.e. 2018 figures represent base salary only.

4 This table provides a breakdown of remuneration for Non-Executive Directors in accordance with statutory requirements and Australian accounting standards.

5 No termination benefits were paid during the financial year.

6 Other may include death and total/permanent disability insurance premiums and/or GPT superannuation plan administration fees.

7 Ms McFadden joined GPT on 1 March 2018 and was appointed Chairman of GPT from 3 May 2018.

8 Ms Horton joined GPT on 1 May 2019, and was appointed Chairman of the Human Resources and Remuneration Committee from 16 May 2019.

9 Mr Lim retired from the GPT Board on 31 December 2019.

10 Mr Menhinnitt joined GPT on 1 October 2019.

11 Mr McNaughton joined GPT on 1 November 2018.

Directors' Report – Year ended 31 December 2019

Non-Executive Director – Former	Year	Fixed pay			Total
		Salary and fees	Superannuation	Other ¹	
Robert Ferguson²	2019	–	–	–	–
	2018	\$137,949	\$8,617	–	\$146,566
Brendan Crotty³	2019	–	–	–	–
	2018	\$159,292	\$15,133	–	\$174,425
Eileen Doyle⁴	2019	\$76,843	\$7,300	–	\$84,143
	2018	\$214,596	\$20,094	–	\$234,690
Total	2019	\$1,443,805	\$119,051	\$1,884	\$1,564,740
	2018	\$1,403,105	\$117,460	\$2,011	\$1,522,576

3. Non-Executive Director – GPT security holdings

Non-Executive Director	Private holdings (# of securities)			Minimum security holding requirement (MSHR)		
	Balance 31 Dec 18	Purchase/ (Sale)	Balance 31 Dec 19	Gross value ⁵	MSHR guideline ⁶	MSHR assessment date
Vickki McFadden	50,000	2,525	52,525	\$316,248	\$430,000	March 2022
Tracey Horton	–	7,525	7,525	\$45,307	\$170,000	May 2023
Angus McNaughton	–	8,196	8,196	\$49,347	\$170,000	November 2022
Mark Menhinnitt	–	15,000	15,000	\$90,314	\$170,000	October 2023
Michelle Somerville	36,663	–	36,663	\$220,744	\$170,000	December 2019
Gene Tilbrook	48,546	2,525	51,071	\$307,493	\$170,000	May 2020
Swe Guan Lim	39,000	–	39,000	\$234,815	\$170,000	March 2020

¹ Other may include death and total/permanent disability insurance premiums and/or GPT superannuation plan administration fees.

² Mr Ferguson retired from the GPT Board on 2 May 2018.

³ Mr Crotty retired from the GPT Board on 8 November 2018.

⁴ Ms Doyle retired from the GPT Board on 15 May 2019.

⁵ Non-Executive Directors holdings multiplied by GPT's Q4 2019 VWAP of \$6.0209 to derive a dollar value.

⁶ The MSHR for Non-Executive Directors is equal to 100% of base fees. Individuals have four years from commencement of employment to achieve the MSHR before it is assessed for the first time.

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



Vickki McFadden
Chairman



Bob Johnston
Chief Executive Officer and Managing Director

Sydney
10 February 2020



Auditor's Independence Declaration

As lead auditor for the audit of General Property Trust for the year ended 31 December 2019, 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 'S. Horlin'.

Susan Horlin
Partner
PricewaterhouseCoopers

Sydney
10 February 2020

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Financial Statements

Consolidated Statement of Comprehensive Income

Year ended 31 December 2019

	Note	31 Dec 19 \$M	31 Dec 18 \$M
Revenue			
Rent from investment properties	16	652.9	634.1
Property and fund management fees		80.8	79.2
Development revenue		58.6	34.4
Development management fees		5.6	4.8
		797.9	752.5
Other income			
Fair value gain on investment properties		310.8	637.2
Share of after tax profit of equity accounted investments		266.3	497.8
Interest revenue		1.5	1.4
Net gain on disposal of assets		–	1.3
Gain on financial liability at amortised cost		2.5	2.4
Net foreign exchange gain		–	0.1
		581.1	1,140.2
Total revenue and other income		1,379.0	1,892.7
Expenses			
Property expenses and outgoings		170.2	163.2
Management and other administration costs		73.5	71.5
Development costs		52.8	27.4
Rent depreciation		–	–
Depreciation expense		1.9	2.0
Amortisation expense		5.0	5.2
Impairment (reversal)/expense		(12.1)	11.3
Finance costs		110.7	125.8
Net loss on fair value movements of derivatives		74.4	40.0
Net impact of foreign currency borrowings and associated hedging loss		10.8	1.5
Total expenses		487.2	447.9
Profit before income tax expense		891.8	1,444.8
Income tax expense	9(a)	11.8	9.5
Profit after income tax expense		880.0	1,435.3
Profit from discontinued operations		–	16.4
Net profit for the year		880.0	1,451.7
Other comprehensive income			
<i>Items that may be reclassified to profit or loss, net of tax</i>			
Movement in hedging reserve	10(c)	(6.3)	10.9
Movement in fair value of cash flow hedges	10(c)	16.3	(3.8)
Movement in net foreign exchange translation reserve	10(c)	–	(16.8)
Total other comprehensive income		10.0	(9.7)
Total comprehensive income for the year		890.0	1,442.0
Total comprehensive income for the year from continuing operations		890.0	1,442.4
Total comprehensive loss for the year from discontinued operations		–	(0.4)
Net profit attributable to:			
– Securityholders of the Trust		850.4	1,417.7
– Securityholders of other entities stapled to the Trust		29.6	34.0
Total comprehensive income attributable to:			
– Securityholders of the Trust		860.4	1,424.8
– Securityholders of other entities stapled to the Trust		29.6	17.2
Basic earnings per unit attributable to ordinary securityholders of the Trust			
Earnings per unit (cents per unit) – profit from continuing operations	11(a)	45.3	77.7
Earnings per unit (cents per unit) – profit from discontinued operations	11(a)	–	0.9
Earnings per unit (cents per unit) – Total	11(a)	45.3	78.6
Basic earnings per stapled security attributable to ordinary stapled securityholders of the GPT Group			
Earnings per stapled security (cents per stapled security) – profit from continuing operations	11(b)	46.9	79.5
Earnings per security (cents per security) – profit from discontinued operations	11(b)	–	0.9
Earnings per security (cents per security) – Total	11(b)	46.9	80.4

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 2019

	Note	31 Dec 19 \$M	31 Dec 18 \$M
ASSETS			
Current assets			
Cash and cash equivalents		104.2	58.7
Trade receivables	4(a)	46.9	51.4
Other receivables	4(b)	48.4	51.5
Inventories	6	9.4	31.0
Derivative assets	14(a)	7.1	1.5
Prepayments		7.8	12.8
Other assets		32.8	23.8
Current tax assets	9(c)	2.2	0.8
Total current assets		258.8	231.5
Non-current assets			
Investment properties	2	10,327.5	10,128.8
Equity accounted investments	3	4,543.0	3,905.9
Intangible assets	5	35.3	26.8
Inventories	6	77.8	113.3
Property, plant and equipment		10.5	12.7
Derivative assets	14(a)	530.8	338.9
Right-of-use asset ¹		51.6	–
Deferred tax assets	9(d)	20.5	20.1
Other assets		12.0	–
Total non-current assets		15,609.0	14,546.5
Total assets		15,867.8	14,778.0
LIABILITIES			
Current liabilities			
Payables	7	456.4	411.0
Borrowings	13	478.1	516.0
Derivative liabilities	14(a)	2.7	4.0
Lease liabilities – other property leases ¹		6.8	–
Provisions	8	27.3	26.2
Total current liabilities		971.3	957.2
Non-current liabilities			
Borrowings	13	3,419.4	3,598.9
Derivative liabilities	14(a)	95.5	120.2
Lease liabilities – investment properties ¹	2	6.4	–
Lease liabilities – other property leases ¹		47.4	–
Provisions	8	1.2	1.1
Total non-current liabilities		3,569.9	3,720.2
Total liabilities		4,541.2	4,677.4
Net assets		11,326.6	10,100.6
EQUITY			
Securityholders of the Trust (parent entity)			
Contributed equity	10(a)	8,673.2	7,825.7
Reserves	10(c)	(23.5)	(33.5)
Retained earnings	10(d)	3,123.5	2,790.0
Total equity of the Trust securityholders		11,773.2	10,582.2
Securityholders of other entities stapled to the Trust			
Contributed equity	10(a)	332.0	325.9
Reserves	10(c)	37.3	37.9
Accumulated losses	10(d)	(815.9)	(845.4)
Total equity of other stapled securityholders		(446.6)	(481.6)
Total equity		11,326.6	10,100.6

¹ Refer to note 25 adoption of new accounting standard for details.

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2019

		General Property Trust				Other entities stapled to the General Property Trust				
	Note	Contributed equity \$M	Reserves \$M	Retained earnings \$M	Total \$M	Contributed equity \$M	Reserves \$M	Accumulated losses \$M	Total \$M	Total equity \$M
Equity attributable to Securityholders										
At 1 January 2018		7,814.8	(40.6)	1,828.4	9,602.6	325.7	57.0	(879.4)	(496.7)	9,105.9
Movement in foreign exchange translation reserve	10(c)	-	-	-	-	-	(16.8)	-	(16.8)	(16.8)
Movement in hedging reserve	10(c)	-	10.9	-	10.9	-	-	-	-	10.9
Movement in fair value of cash flow hedges	10(c)	-	(3.8)	-	(3.8)	-	-	-	-	(3.8)
Other comprehensive income for the year		-	7.1	-	7.1	-	(16.8)	-	(16.8)	(9.7)
Profit for the year		-	-	1,417.7	1,417.7	-	-	34.0	34.0	1,451.7
Total comprehensive income for the year		-	7.1	1,417.7	1,424.8	-	(16.8)	34.0	17.2	1,442.0
Transactions with Securityholders in their capacity as Securityholders										
Issue of stapled securities	10(a)	10.9	-	-	10.9	0.2	-	-	0.2	11.1
Movement in employee incentive scheme reserve net of tax	10(c)	-	-	-	-	-	1.9	-	1.9	1.9
Issue of treasury securities for employees	10(c)	-	-	-	-	-	(4.2)	-	(4.2)	(4.2)
Reclassification of employee incentive security scheme reserve to retained earnings/accumulated losses	10(d)	-	-	3.4	3.4	-	-	-	-	3.4
Distributions paid and payable	12	-	-	(459.5)	(459.5)	-	-	-	-	(459.5)
At 31 December 2018		7,825.7	(33.5)	2,790.0	10,582.2	325.9	37.9	(845.4)	(481.6)	10,100.6
Equity attributable to Securityholders										
At 31 December 2018		7,825.7	(33.5)	2,790.0	10,582.2	325.9	37.9	(845.4)	(481.6)	10,100.6
Adoption of new accounting standard ¹		-	-	1.1	1.1	-	-	(0.1)	(0.1)	1.0
At 1 January 2019		7,825.7	(33.5)	2,791.1	10,583.3	325.9	37.9	(845.5)	(481.7)	10,101.6
Movement in hedging reserve	10(c)	-	(6.3)	-	(6.3)	-	-	-	-	(6.3)
Movement in fair value of cash flow hedges	10(c)	-	16.3	-	16.3	-	-	-	-	16.3
Other comprehensive income for the year		-	10.0	-	10.0	-	-	-	-	10.0
Profit for the year		-	-	850.4	850.4	-	-	29.6	29.6	880.0
Total comprehensive income for the year		-	10.0	850.4	860.4	-	-	29.6	29.6	890.0
Transactions with Securityholders in their capacity as Securityholders										
Issue of stapled securities	10(a)	847.5	-	-	847.5	6.1	-	-	6.1	853.6
Movement in employee incentive scheme reserve net of tax	10(c)	-	-	-	-	-	4.2	-	4.2	4.2
Purchase of treasury securities for employees	10(c)	-	-	-	-	-	(4.8)	-	(4.8)	(4.8)
Reclassification of employee incentive security scheme reserve to retained earnings/accumulated losses	10(d)	-	-	(3.7)	(3.7)	-	-	-	-	(3.7)
Distributions paid and payable	12	-	-	(514.3)	(514.3)	-	-	-	-	(514.3)
At 31 December 2019		8,673.2	(23.5)	3,123.5	11,773.2	332.0	37.3	(815.9)	(446.6)	11,326.6

¹ Refer to note 25 adoption of new accounting standard for details.

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

Consolidated Statement of Cash Flows

Year ended 31 December 2019

	Note	31 Dec 19 \$M	31 Dec 18 \$M
Cash flows from operating activities			
Receipts in the course of operations (inclusive of GST)		820.0	809.4
Payments in the course of operations (inclusive of GST)		(289.4)	(286.8)
Proceeds from sale of inventories		58.6	28.9
Payments for inventories		(21.0)	(21.4)
Distributions received from equity accounted investments		168.4	161.3
Interest received		1.4	1.4
Income taxes paid		(10.2)	(20.9)
Finance costs paid		(113.2)	(124.2)
Net cash inflows from operating activities	15(a)	614.6	547.7
Cash flows from investing activities			
Payments for acquisition of investment properties		(280.7)	(419.5)
Payments for operating capital expenditure on investment properties		(89.6)	(81.8)
Payments for development capital expenditure on investment properties		(284.0)	(284.2)
Proceeds from disposal of assets (net of transaction costs)		796.3	13.3
Payments for property, plant and equipment		(1.0)	(2.9)
Payments for intangibles		(13.5)	(3.4)
Investment in equity accounted investments		(540.8)	(10.8)
Capital return from joint venture		–	1.9
Net cash outflows from investing activities		(413.3)	(787.4)
Cash flows from financing activities			
Proceeds from issue of stapled securities net of transaction costs		853.6	–
Proceeds from borrowings		2,701.7	2,862.1
Repayment of borrowings		(3,081.9)	(2,164.4)
Repayment of principal elements of lease payments		(6.2)	–
Payment for termination and restructure of derivatives		(137.2)	–
Distributions paid to securityholders		(485.8)	(449.2)
Net cash (outflows)/inflows from financing activities		(155.8)	248.5
Net increase in cash and cash equivalents		45.5	8.8
Cash and cash equivalents at the beginning of the year		58.7	49.9
Cash and cash equivalents at the end of the year		104.2	58.7

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

Notes to the Financial Statements

Year ended 31 December 2019

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

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

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

Note 1 – Result for the year: focuses on results and performance of GPT.

Notes 2 to 9 – Operating assets and liabilities: provides information on the assets and liabilities used to generate GPT's trading performance.

Notes 10 to 14 – Capital structure: outlines how GPT manages its capital structure and various financial risks.

Notes 15 to 26 – Other disclosure items: provides information on other items that must be disclosed to comply with Australian Accounting Standards and other regulatory pronouncements.

Key judgements, estimates and assumptions

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

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

Area of judgements and estimates	Assumptions underlying	Note
Lease liabilities	Lease term and incremental borrowing rate	2
Trade receivables	Measurement of expected credit loss	4
Management rights with indefinite life	Impairment trigger and recoverable amounts	5
IT development and software	Impairment trigger and recoverable amounts	5
Inventories	Lower of cost and net realisable value	6
Deferred tax assets	Recoverability	9
Security based payments	Fair value	19
Investment properties	Fair value	23
Derivatives	Fair value	23
Investment in equity accounted investments	Assessment of control versus disclosure guidance	24(b)

Result for the year

1. Segment information

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

Segment	Types of products and services which generate the segment result
Retail	Ownership, development (including mixed use) and management of predominantly regional and sub-regional shopping centres as well as GPT's equity investment in GPT Wholesale Shopping Centre Fund.
Office	Ownership, development (including mixed use) and management of prime CBD office properties with some associated retail space as well as GPT's equity investment in GPT Wholesale Office Fund.
Logistics	Ownership, development (including mixed use) and management of logistics assets.
Funds Management	Management of two Australian wholesale property funds in the retail and office sectors.
Corporate	Cash and other assets and borrowings and associated hedges plus resulting net finance costs, management operating costs and income tax expense.

Notes to the Financial Statements – Year ended 31 December 2019

(a) Segment financial information

31 December 2019

The segment financial information provided to the chief operating decision makers for the year ended 31 December 2019 is set out below:

Financial performance by segment

	Note	Retail \$M	Office \$M	Logistics \$M	Funds Management \$M	Corporate \$M	Total \$M
Rent from investment properties	b(ii)	376.3	266.1	147.0	–	–	789.4
Property expenses and outgoings	b(iii)	(106.4)	(57.0)	(24.9)	–	–	(188.3)
Income from Funds	b(iv)	45.5	72.2	–	–	–	117.7
Fee income		14.5	4.3	0.1	61.9	–	80.8
Management & administrative expenses	b(v)	(8.3)	(10.3)	(1.3)	(15.6)	(35.3)	(70.8)
Operations Net Income		321.6	275.3	120.9	46.3	(35.3)	728.8
Development management fees		2.4	3.1	0.1	–	–	5.6
Development revenue	b(vi)	21.9	–	36.7	–	–	58.6
Development costs	b(vii)	(17.0)	–	(35.9)	–	–	(52.9)
Development management expenses		(2.9)	(2.1)	(0.8)	–	–	(5.8)
Development Net Income		4.4	1.0	0.1	–	–	5.5
Interest income		–	–	–	–	1.5	1.5
Finance costs	b(viii)	–	–	–	–	(109.5)	(109.5)
Net Finance Costs		–	–	–	–	(108.0)	(108.0)
Segment Result Before Tax		326.0	276.3	121.0	46.3	(143.3)	626.3
Income tax expense	b(ix)	–	–	–	–	(12.6)	(12.6)
Funds from Operations (FFO)	b(i)	326.0	276.3	121.0	46.3	(155.9)	613.7

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

Current Assets

Current assets	–	–	13.7	–	245.1	258.8
Total Current Assets	–	–	13.7	–	245.1	258.8

Non-Current Assets

Investment properties	5,356.6	2,532.5	2,438.4	–	–	10,327.5
Equity accounted investments	990.8	3,542.2	–	–	10.0	4,543.0
Inventories	71.8	–	6.0	–	–	77.8
Other non-current assets	10.2	52.2	12.1	–	586.2	660.7
Total Non-Current Assets	6,429.4	6,126.9	2,456.5	–	596.2	15,609.0
Total Assets	6,429.4	6,126.9	2,470.2	–	841.3	15,867.8
Current and non-current liabilities	6.4	47.4	31.9	–	4,455.5	4,541.2
Total Liabilities	6.4	47.4	31.9	–	4,455.5	4,541.2
Net Assets	6,423.0	6,079.5	2,438.3	–	(3,614.2)	11,326.6

Notes to the Financial Statements – Year ended 31 December 2019

31 December 2018

The segment financial information provided to the chief operating decision makers for the year ended 31 December 2018 is set out below:

Financial performance by segment

	Note	Retail \$M	Office \$M	Logistics \$M	Funds Management \$M	Corporate \$M	Total \$M
Rent from investment properties	b(ii)	370.5	253.3	127.4	–	–	751.2
Property expenses and outgoings	b(iii)	(103.0)	(53.1)	(21.0)	–	–	(177.1)
Income from Funds	b(iv)	46.3	69.8	–	–	–	116.1
Fee income		15.0	5.8	0.2	58.2	–	79.2
Management & administrative expenses	b(v)	(10.2)	(8.1)	(1.8)	(15.6)	(34.2)	(69.9)
Operations Net Income		318.6	267.7	104.8	42.6	(34.2)	699.5
Development management fees		2.6	1.7	0.5	–	–	4.8
Development revenue	b(vi)	6.6	–	38.5	–	–	45.1
Development costs	b(vii)	–	–	(33.1)	–	–	(33.1)
Development management expenses	b(v)	(1.6)	(0.7)	(0.8)	–	–	(3.1)
Development Net Income		7.6	1.0	5.1	–	–	13.7
Interest income		–	–	–	–	1.4	1.4
Finance costs	b(viii)	–	–	–	–	(125.8)	(125.8)
Net Finance Costs		–	–	–	–	(124.4)	(124.4)
Segment Result Before Tax		326.2	268.7	109.9	42.6	(158.6)	588.8
Income tax expense	b(viii)	–	–	–	–	(14.2)	(14.2)
Funds from Operations (FFO)	b(i)	326.2	268.7	109.9	42.6	(172.8)	574.6

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

Current Assets

Current assets	16.9	–	14.1	–	200.5	231.5
Total Current Assets	16.9	–	14.1	–	200.5	231.5

Non-Current Assets

Investment properties	5,154.9	3,080.5	1,893.4	–	–	10,128.8
Equity accounted investments	1,055.1	2,840.8	–	–	10.0	3,905.9
Inventories	62.1	–	51.2	–	–	113.3
Other non-current assets	10.2	0.6	0.1	–	387.6	398.5
Total Non-Current Assets	6,282.3	5,921.9	1,944.7	–	397.6	14,546.5
Total Assets	6,299.2	5,921.9	1,958.8	–	598.1	14,778.0
Current and non-current liabilities	–	–	–	–	4,677.4	4,677.4
Total Liabilities	–	–	–	–	4,677.4	4,677.4
Net Assets	6,299.2	5,921.9	1,958.8	–	(4,079.3)	10,100.6

Notes to the Financial Statements – Year ended 31 December 2019

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

	31 Dec 19 \$M	31 Dec 18 \$M
(i) FFO to Net profit for the year		
Segment result		
FFO	613.7	574.6
Adjustments		
Fair value gain on investment properties	310.8	637.2
Fair value gain and other adjustments to equity accounted investments	72.6	314.1
Amortisation of lease incentives and costs	(47.8)	(46.1)
Straightlining of rental income	6.6	5.5
Valuation increase	342.2	910.7
Net loss on fair value movement of derivatives	(74.4)	(40.0)
Net impact of foreign currency borrowings and associated hedging loss	(10.8)	(1.5)
Net foreign exchange loss	–	(0.5)
Gain on financial liability at amortised cost	2.5	2.4
Financial instruments mark to market and net foreign exchange loss	(82.7)	(39.6)
Net gain on disposal of assets	–	18.3
Impairment reversal/(expense)	12.1	(11.4)
Other items	(5.3)	(0.9)
Total other items	6.8	6.0
Consolidated Statement of Comprehensive Income		
Net profit for the year	880.0	1,451.7
(ii) Rent from investment properties		
Segment result		
Rent from investment properties	789.4	751.2
Less: share of rent from investment properties in equity accounted investments	(94.2)	(76.5)
Eliminations of intra-group lease payments	(1.1)	–
Adjustments		
Amortisation of lease incentives and costs	(47.8)	(46.1)
Straightlining of rental income	6.6	5.5
Consolidated Statement of Comprehensive Income		
Rent from investment properties	652.9	634.1
(iii) Property expenses and outgoings		
Segment result		
Property expenses and outgoings	(188.3)	(177.1)
Less: share of property expenses and outgoings in equity accounted investments	18.1	13.9
Consolidated Statement of Comprehensive Income		
Property expenses and outgoings	(170.2)	(163.2)
(iv) Share of after tax profit of equity accounted investments		
Segment result		
Income from Funds	117.7	116.1
Share of rent from investment properties in equity accounted investments	94.2	76.5
Share of property expenses and outgoings in equity accounted investments	(18.1)	(13.9)
Development revenue – equity accounted investments	–	10.7
Development costs – equity accounted investments	(0.1)	(5.7)
Adjustments		
Fair value gain and other adjustments to equity accounted investments	72.6	314.1
Consolidated Statement of Comprehensive Income		
Share of after tax profit of equity accounted investments	266.3	497.8

Notes to the Financial Statements – Year ended 31 December 2019

	31 Dec 19 \$M	31 Dec 18 \$M
(v) Management and administration expenses		
Segment result		
Operations	(70.8)	(69.9)
Development	(5.8)	(3.1)
Eliminations of intra-group lease payments	1.1	–
Transfer to Finance costs – leases	1.2	–
Less: depreciation expense	1.9	2.0
Adjustments		
Other	(1.1)	(0.5)
Consolidated Statement of Comprehensive Income		
Management and administration expenses	(73.5)	(71.5)
(vi) Development revenue		
Segment result		
Development revenue	58.6	45.1
Less: share of after tax profit of equity accounted investments	–	(10.7)
Consolidated Statement of Comprehensive Income		
Development revenue	58.6	34.4
(vii) Development costs		
Segment result		
Development costs	(52.9)	(33.1)
Less: development costs – equity accounted investments	0.1	5.7
Consolidated Statement of Comprehensive Income		
Development costs	(52.8)	(27.4)
(viii) Finance costs		
Segment result		
Finance costs – borrowings	(109.5)	(125.8)
Finance costs – leases	(1.2)	–
Consolidated Statement of Comprehensive Income		
Finance costs	(110.7)	(125.8)
(ix) Income tax expense		
Segment result		
Income tax expense	(12.6)	(14.2)
Adjustment		
Tax impact of reconciling items from segment result to net profit for the year	0.8	4.7
Consolidated Statement of Comprehensive Income		
Income tax expense	(11.8)	(9.5)
(c) Net profit on disposal and derecognition of assets		
	31 Dec 19 \$M	31 Dec 18 \$M
Details of disposals/capital returns during the year:		
Cash consideration	800.0	13.4
Less: transaction costs	(3.7)	(0.1)
Net consideration	796.3	13.3
Carrying amount of net assets sold/derecognised	(796.3)	(12.0)
Foreign exchange gain realised on disposal/derecognition	–	17.0
Profit on sale and derecognition before income tax	–	18.3
The carrying amounts of assets and liabilities as at the date of disposal/derecognition were:		
Investment properties	796.3	12.0
Net assets	796.3	12.0

Notes to the Financial Statements – Year ended 31 December 2019

Operating assets and liabilities

2. Investment properties

		31 Dec 19			31 Dec 18
	Note	Investment properties \$M	Less lease liabilities \$M	Fair value \$M	Fair value \$M
Retail	(a)	5,356.6	(6.4)	5,350.2	5,154.9
Office	(b)	2,410.5	–	2,410.5	3,018.5
Logistics	(c)	2,223.8	–	2,223.8	1,773.6
Properties under development	(d)	336.6	–	336.6	181.8
Total investment properties	(e)	10,327.5	(6.4)	10,321.1	10,128.8

	Ownership interest ¹ %	Acquisition date	31 Dec 19			31 Dec 18	Latest independent valuation date	Valuer
			Investment properties \$M	Less lease liabilities \$M	Fair value \$M	Fair value \$M		
(a) Retail								
Casuarina Square, NT	50.0	Oct 1973	248.0	–	248.0	300.8	Dec 2019	Savills Australia
Charlestown Square, NSW	100.0	Dec 1977/ Oct 2002/ Jul 2003	1,003.0	–	1,003.0	977.3	Jun 2019	Cushman & Wakefield
Highpoint Shopping Centre, VIC	16.7	Aug 2009	412.5	–	412.5	435.0	Dec 2019	CB Richard Ellis
Westfield Penrith, NSW	50.0	Jun 1971	736.0	–	736.0	716.3	Jun 2019	M3 Property
Sunshine Plaza, QLD	**50.0	Dec 1992/ Jun 1999/ Sep 2004	654.5	(2.0)	652.5	577.3	Dec 2019	CB Richard Ellis
Rouse Hill Town Centre, NSW	100.0	Dec 2005	680.2	–	680.2	635.2	Dec 2019	Colliers International
Melbourne Central, VIC – retail portion ²	**100.0	May 1999/ May 2001	1,622.4	(4.4)	1,618.0	1,513.0	Dec 2019	Savills Australia
Total Retail			5,356.6	(6.4)	5,350.2	5,154.9		

(b) Office

Australia Square, Sydney, NSW	50.0	Sep 1981	593.5	–	593.5	557.5	Dec 2019	CB Richard Ellis
MLC Centre, Sydney, NSW	50.0	Apr 1987	–	–	–	775.0	–	–
One One One Eagle Street, Brisbane, QLD	33.3	Apr 1984	303.0	–	303.0	300.0	Dec 2019	Colliers International
Melbourne Central, VIC – office portion ²	100.0	May 1999/ May 2001	696.5	–	696.5	603.0	Dec 2019	CB Richard Ellis
181 William & 550 Bourke Streets, Melbourne, VIC	50.0	Oct 2014	404.0	–	404.0	380.0	Dec 2019	Savills Australia
60 Station Street, Parramatta, NSW	100.0	Sep 2018	282.0	–	282.0	278.0	Dec 2019	Colliers International
4 Murray Rose Avenue, Sydney Olympic Park, NSW	*100.0	May 2002	131.5	–	131.5	125.0	Dec 2019	Cushman & Wakefield
Total Office			2,410.5	–	2,410.5	3,018.5		

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

² Melbourne Central: 70.0% Retail and 30.0% Office (31 Dec 2018: 71.5% Retail and 28.5% Office). Melbourne Central – retail includes 100% of Melbourne Central car park and 100% of 202 Little Lonsdale Street.

Notes to the Financial Statements – Year ended 31 December 2019

	Ownership interest ¹ %	Acquisition date	31 Dec 19			31 Dec 18	Latest independent valuation date	Valuer
			Investment properties	Less lease liabilities	Fair value	Fair value		
			\$M	\$M	\$M	\$M		
(c) Logistics								
Citiwest Industrial Estate, Altona North, VIC	100.0	Aug 1994	102.6	–	102.6	90.0	Dec 2019	Savills Australia
Quad 1, Sydney Olympic Park, NSW	*100.0	Jun 2001	29.0	–	29.0	28.0	Jun 2019	Colliers International
Quad 4, Sydney Olympic Park, NSW	*100.0	Jun 2004	62.8	–	62.8	58.0	Jun 2019	Colliers International
Sydney Olympic Park Town Centre, NSW ²	*100.0	Jun 2001 – Apr 2013	137.5	–	137.5	121.5	Dec 2019	Knight Frank
Rosehill Business Park, Camellia, NSW	100.0	May 1998	91.5	–	91.5	86.0	Dec 2019	Knight Frank
16-34 Templar Road, Erskine Park, NSW	100.0	Jun 2008	69.5	–	69.5	65.0	Jun 2019	Colliers International
67-75 Templar Road, Erskine Park, NSW	100.0	Jun 2008	26.0	–	26.0	26.0	Jun 2019	CB Richard Ellis
Austrak Business Park, Somerton, VIC	50.0	Oct 2003	195.2	–	195.2	182.4	Dec 2019	CB Richard Ellis
4 Holker Street, Newington, NSW	100.0	Mar 2006	37.7	–	37.7	35.5	Dec 2019	Knight Frank
372-374 Victoria Street, Wetherill Park, NSW	100.0	Jul 2006	31.3	–	31.3	26.5	Dec 2019	M3 Property
18-24 Abbott Road, Seven Hills, NSW	100.0	Oct 2006	41.6	–	41.6	39.3	Jun 2019	Savills Australia
Citiport Business Park, Port Melbourne, VIC	100.0	Mar 2012	90.8	–	90.8	82.5	Jun 2019	Jones Lang LaSalle
83 Derby Street, Silverwater, NSW	100.0	Aug 2012	41.3	–	41.3	40.0	Dec 2019	Jones Lang LaSalle
10 Interchange Drive, Eastern Creek, NSW	100.0	Aug 2012	39.5	–	39.5	33.3	Dec 2019	Colliers International
407 Pembroke Road, Minto, NSW	50.0	Oct 2008	32.0	–	32.0	30.5	Jun 2019	CB Richard Ellis
38 Pine Road, Yennora, NSW ³	100.0	Nov 2013	67.0	–	67.0	61.0	Dec 2019	Colliers International
16-28 Quarry Road, Yatala, QLD	100.0	Nov 2013	45.7	–	45.7	44.8	Jun 2019	Savills Australia
59 Forest Way, Karawatha, QLD	100.0	Dec 2012	125.0	–	125.0	114.0	Dec 2019	Jones Lang LaSalle
29-55 Lockwood Road, Erskine Park, NSW	100.0	Jun 2008	113.5	–	113.5	104.5	Jun 2019	Colliers International
36-52 Templar Road, Erskine Park, NSW	100.0	Jun 2008	112.0	–	112.0	107.0	Jun 2019	Savills Australia
54-70 Templar Road, Erskine Park, NSW	100.0	Jun 2008	162.0	–	162.0	152.0	Jun 2019	CB Richard Ellis
1A Huntingwood Drive, Huntingwood, NSW	100.0	Oct 2016	46.8	–	46.8	46.0	Jun 2019	Savills Australia
1B Huntingwood Drive, Huntingwood, NSW	100.0	Oct 2016	26.6	–	26.6	25.5	Jun 2019	Savills Australia
55 Whitelaw Place, Wacol, QLD	100.0	Dec 2016	17.5	–	17.5	16.5	Dec 2019	Savills Australia
54 Eastern Creek Drive, Eastern Creek, NSW	100.0	Apr 2016	52.0	–	52.0	51.8	Jun 2019	CB Richard Ellis
50 Old Wallgrove Road, Eastern Creek, NSW ⁴	100.0	Jun 2016	70.3	–	70.3	–	Jun 2019	Savills Australia
Sunshine Business Estate, Sunshine, VIC	100.0	Jan 2018	79.1	–	79.1	78.0	Jun 2019	CB Richard Ellis
396 Mount Derrimut Road, Derrimut, VIC	100.0	Nov 2018	12.9	–	12.9	12.4	Jun 2019	Savills Australia
399 Boundary Road, Truganina, VIC	100.0	Dec 2018	18.4	–	18.4	15.6	Dec 2019	Savills Australia
30-32 Bessemer Street, Blacktown, NSW	100.0	May 2019	41.5	–	41.5	–	May 2019	M3 Property
104 Vanessa Street, Kingsgrove, NSW	100.0	May 2019	24.0	–	24.0	–	May 2019	M3 Property
64 Biloela Street, Villawood, NSW	100.0	May 2019	39.5	–	39.5	–	May 2019	M3 Property
57-87 & 89-99 Lockwood Rd, Erskine Park, NSW	100.0	Jul 2019	107.0	–	107.0	–	May 2019	M3 Property
21 Shiny Drive, Truganina, VIC ⁵	100.0	Nov 2018	34.7	–	34.7	–	Dec 2019	Jones Lang LaSalle
Total Logistics			2,223.8	–	2,223.8	1,773.6		

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

2 In November 2019, GPT received letters from the NSW State Government confirming the commencement of commercial negotiation regarding the compulsory acquisition for three of GPT's properties at Sydney Olympic Park. At 31 December 2019, these three assets have a carrying value of \$90.7 million. The negotiation period will be at least six months.

3 During the year, GPT reclassified a portion of land from investment property in the Logistics portfolio to properties under development.

4 Following practical completion in January 2019, 50 Old Wallgrove Road, Eastern Creek has been reclassified from properties under development to investment property in the Logistics portfolio.

5 Following practical completion in December 2019, 21 Shiny Drive, Truganina has been reclassified from properties under development to investment property in the Logistics portfolio.

Notes to the Financial Statements – Year ended 31 December 2019

	Ownership interest ¹ %	Acquisition date	31 Dec 19			31 Dec 18	Latest independent valuation	
			Investment properties \$M	Less lease liabilities \$M	Fair value \$M	Fair value \$M	date	Valuer
(d) Properties under development								
32 Smith, Parramatta, NSW	100.0	Mar 2017	122.0	–	122.0	62.0	Dec 2019	Colliers International
407 Pembroke Rd, Minto, NSW	50.0	Oct 2008	5.8	–	5.8	5.8	Jun 2019	CB Richard Ellis
Austrak Business Park, Somerton, VIC	50.0	Oct 2003	38.8	–	38.8	32.8	Dec 2019	CB Richard Ellis
50 Old Wallgrove Road, Eastern Creek, NSW ²	100.0	Jun 2016	–	–	–	60.2	–	–
21 Shiny Drive, Truganina, VIC ³	100.0	Nov 2018	–	–	–	11.0	–	–
2, 6 & 10 Prosperity Street, Truganina, VIC	100.0	Nov 2018	10.7	–	10.7	10.0	Nov 2018	Jones Lang LaSalle
38A Pine Road, Yennora, NSW ⁴	100.0	Nov 2013	10.7	–	10.7	–	Dec 2019	Colliers International
2 Ironbark Close, Wembley Business Park, Berrinba, QLD ⁵	100.0	Jun 2015	36.3	–	36.3	–	Dec 2019	Savills Australia
30 Ironbark Close, Wembley Business Park, Berrinba, QLD ⁵	100.0	Jun 2015	16.1	–	16.1	–	Dec 2019	Savills Australia
Stage 3, Wembley Business Park, Berrinba, QLD ⁵	100.0	Jun 2015	19.2	–	19.2	–	Nov 2019	Savills Australia
66 & 67 Niton Drive, Truganina, VIC ⁶	100.0	Jul 2019	36.2	–	36.2	–	Feb 2019	Jones Lang LaSalle
128 Andrews Road, Penrith, NSW	100.0	Jul 2019	24.1	–	24.1	–	Dec 2019	Colliers International
42 Cox Place, Glendenning, NSW	100.0	Dec 2019	16.7	–	16.7	–	Dec 2019	Knight Frank
Total Properties under development			336.6	–	336.6	181.8		

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

2 Following practical completion in January 2019, 50 Old Wallgrove Road, Eastern Creek has been reclassified from properties under development to investment property in the Logistics portfolio.

3 Following practical completion in December 2019, 21 Shiny Drive, Truganina has been reclassified from properties under development to investment property in the Logistics portfolio.

4 During the year, GPT reclassified a portion of land from investment property in the Logistics portfolio to properties under development.

5 During the year, GPT transferred land parcels from inventory to properties under development at a total carrying value of \$39.6 million.

6 On 30 July 2019 GPT entered a contract to acquire a 100% interest in 66 & 67 Niton Drive, Truganina for a total consideration of \$36.0 million (including transaction costs of \$2.4 million). Under the terms of the contract GPT has entered into a 199 year lease and is expected to settle on the asset in March 2020.

Notes to the Financial Statements – Year ended 31 December 2019

(e) Reconciliation

	Retail \$M	Office \$M	Logistics \$M	Properties under development \$M	31 Dec 19 \$M	31 Dec 18 \$M
Opening balance at the beginning of the year	5,154.9	3,018.5	1,773.6	181.8	10,128.8	8,745.7
Additions – operating capital expenditure	27.4	17.0	7.0	–	51.4	47.9
Additions – development capital expenditure	113.0	36.3	9.1	110.7	269.1	273.1
Additions – interest capitalised ¹	2.5	0.6	0.1	6.3	9.5	13.7
Asset acquisitions	–	–	223.9	72.5	296.4	423.3
Transfers to/(from) properties under development	–	–	92.0	(92.0)	–	–
Transfer from/(to) inventory	–	–	–	39.6	39.6	(9.0)
Ground leases of investment properties	6.4	–	–	–	6.4	–
Disposals	–	(796.3)	–	–	(796.3)	(12.0)
Fair value adjustments	41.5	142.6	109.0	17.7	310.8	637.2
Lease incentives (includes rent free)	18.3	16.1	10.4	–	44.8	41.6
Leasing costs	4.4	2.1	1.7	–	8.2	7.9
Amortisation of lease incentives and costs	(12.3)	(25.9)	(9.6)	–	(47.8)	(46.1)
Straightlining of leases	0.5	(0.5)	6.6	–	6.6	5.5
Closing balance at the end of the year	5,356.6	2,410.5	2,223.8	336.6	10,327.5	10,128.8

1 A capitalisation interest rate of 3.6% (2018: 4.2%) has been applied when capitalising interest on qualifying assets.

Land and buildings which are held to earn rental income or for capital appreciation or for both, and which are not wholly occupied by GPT, are classified as investment properties.

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

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

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

Critical judgements are made by GPT in respect of the fair values of investment properties. Fair values are reviewed regularly by management with reference to independent property valuations, recent transactions and market conditions, using generally accepted market practices. The valuation process, critical assumptions underlying the valuations and information on sensitivity are disclosed in note 23.

(f) Lease receivables

Lease amounts to be received not recognised in the financial statements at balance date are as follows:

	31 Dec 19 \$M	31 Dec 18 \$M
Less than 1 year	524.2	523.9
2 years	469.0	456.7
3 years	413.0	384.7
4 years	340.4	322.3
5 years	282.9	254.1
Due after five years	1,100.2	989.0
Total operating lease receivables	3,129.7	2,930.7

Lease amounts to be received includes future amounts to be received on non-cancellable operating leases, not recognised in the financial statements at balance date. A proportion of this balance includes amounts receivable for recovery of operating costs on gross and semi-gross leases which will be accounted for as revenue from contracts with customers as this income is earned. The remainder will be accounted for as lease income as it is earned. Amounts receivable under non-cancellable operating leases where GPT's right to consideration for a service directly corresponds with the value of the service provided to the customer have not been included (for example, variable amounts payable by tenants for their share of the operating costs of the asset). Leases have only been included where there is an active lease in place and renewal has not been assumed unless there is reasonable certainty that the tenant intends to renew.

Notes to the Financial Statements – Year ended 31 December 2019

3. Equity accounted investments

	Note	31 Dec 19 \$M	31 Dec 18 \$M
Investments in joint ventures	(a)(i)	1,431.1	1,358.2
Investments in associates	(a)(ii)	3,111.9	2,547.7
Total equity accounted investments		4,543.0	3,905.9

(a) Details of equity accounted investments

Name	Principal Activity	Ownership Interest		31 Dec 19 \$M	31 Dec 18 \$M
		31 Dec 19 %	31 Dec 18 %		
(i) Joint ventures					
2 Park Street Trust ¹	Investment property	50.00	50.00	795.8	763.1
1 Farrer Place Trust ¹	Investment property	50.00	50.00	594.3	553.6
Horton Trust	Investment property	50.00	50.00	29.7	30.1
Lendlease GPT (Rouse Hill) Pty Limited ^{1,2}	Property development	50.00	50.00	11.3	11.3
Erskine Park Joint Venture	Property development	50.00	50.00	–	–
Total investment in joint venture entities				1,431.1	1,358.1
(ii) Associates					
GPT Wholesale Office Fund ^{1,3}	Investment property	22.93	23.83	1,610.6	1,524.0
GPT Wholesale Shopping Centre Fund ^{1,4}	Investment property	28.49	28.57	949.8	1,013.7
GPT Funds Management Limited	Funds management	100.00	100.00	10.0	10.0
Darling Park Trust ^{1,5}	Investment property	41.67	–	541.5	–
DPT Operator Pty Limited ^{1,6}	Management	91.67	50.00	–	0.1
DPT Operator No.2 Pty Limited ^{1,6}	Management	91.67	50.00	–	–
Total investments in associates				3,111.9	2,547.8

1 The entity has a 30 June balance date.

2 GPT has a 50% interest in Lendlease GPT (Rouse Hill) Pty Limited, a joint venture developing residential and commercial land at Rouse Hill, in partnership with Urban Growth and the NSW Department of Planning.

3 Ownership has decreased as a result of GPT not participating in the Distribution Reinvestment Plan (DRP) and equity raisings which occurred during the year.

4 Ownership has decreased as a result of GPT not participating in the DRP during the year.

5 On 6 August 2019, GPT acquired a 41.67% interest in the Darling Park Trust which owns 60% of Darling Park 1, 2 & Cockle Bay Wharf.

6 On 6 August 2019, GPT RE Limited acquired an additional 41.67 per cent in both DPT Operator No.1 Pty Limited and DPT Operator No.2 Pty Limited.

Notes to the Financial Statements – Year ended 31 December 2019

(b) Summarised financial information for associates and joint ventures

The information disclosed reflects the amounts presented in the 31 December 2019 financial results of the relevant associates and joint ventures and not GPT's share of those amounts. They have been amended to reflect adjustments made by GPT when using the equity method, including fair value adjustments and modifications for differences in accounting policies.

(i) Joint ventures

	2 Park Street Trust		1 Farrer Place Trust		Others		Total	
	31 Dec 19 \$M	31 Dec 18 \$M	31 Dec 19 \$M	31 Dec 18 \$M	31 Dec 19 \$M	31 Dec 18 \$M	31 Dec 19 \$M	31 Dec 18 \$M
Current assets								
Cash and cash equivalents	20.2	13.7	12.2	12.1	7.9	12.1	40.3	37.9
Other current assets	1.8	2.0	5.7	5.8	0.4	0.1	7.9	7.9
Total current assets	22.0	15.7	17.9	17.9	8.3	12.2	48.2	45.8
Non-current assets								
Investment properties and loans	1,590.0	1,525.0	1,203.5	1,129.1	62.1	72.5	2,855.6	2,726.6
Other non-current assets	–	–	–	–	15.0	–	15.0	–
Total non-current assets	1,590.0	1,525.0	1,203.5	1,129.1	77.1	72.5	2,870.6	2,726.6
Current liabilities								
Financial liabilities (excluding trade payables, other payables and provisions)	19.8	14.4	24.3	32.0	3.1	1.9	47.2	48.3
Other current liabilities	0.6	0.1	8.6	7.8	0.3	–	9.5	7.9
Total current liabilities	20.4	14.5	32.9	39.8	3.4	1.9	56.7	56.2
Net assets	1,591.6	1,526.2	1,188.5	1,107.2	82.0	82.8	2,862.1	2,716.2
Reconciliation to carrying amounts:								
Opening net assets 1 January	1,526.2	1,260.2	1,107.2	931.8	82.8	77.8	2,716.2	2,269.8
Profit for the year	131.2	323.1	117.5	202.7	0.6	19.1	249.3	544.9
Capital injection	–	–	–	–	–	1.6	–	1.6
Capital reduction	–	–	–	–	–	(3.7)	–	(3.7)
Issue of equity	–	4.3	9.4	15.7	–	–	9.4	20.0
Distributions paid/payable	(65.8)	(61.4)	(45.6)	(43.0)	(1.4)	(12.0)	(112.8)	(116.4)
Closing net assets	1,591.6	1,526.2	1,188.5	1,107.2	82.0	82.8	2,862.1	2,716.2
GPT's share	795.8	763.1	594.3	553.6	41.0	41.4	1,431.1	1,358.1
Summarised statement of comprehensive income								
Revenue	73.8	67.2	61.2	58.0	5.2	21.6	140.2	146.8
Profit for the year	131.2	323.1	117.5	202.7	0.6	19.1	249.3	544.9
Total comprehensive income	131.2	323.1	117.5	202.7	0.6	19.1	249.3	544.9

Notes to the Financial Statements – Year ended 31 December 2019

(ii) Associates

	GPT Wholesale Office Fund		GPT Wholesale Shopping Centre Fund		Darling Park Trust		GPT Funds Management Limited and others		Total	
	31 Dec 19	31 Dec 18	31 Dec 19	31 Dec 18	31 Dec 19	31 Dec 18	31 Dec 19	31 Dec 18	31 Dec 19	31 Dec 18
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Total current assets	81.9	83.0	49.6	34.5	26.3	–	10.0	10.2	167.8	127.7
Total non-current assets	8,725.3	7,734.5	4,478.0	4,809.3	1,306.5	–	–	–	14,509.8	12,543.8
Total current liabilities	169.1	148.4	85.1	98.1	33.2	–	–	–	287.4	246.5
Total non-current liabilities	1,614.4	1,273.4	1,108.4	1,197.3	–	–	–	–	2,722.8	2,470.7
Net assets	7,023.7	6,395.7	3,334.1	3,548.4	1,299.6	–	10.0	10.2	11,667.4	9,954.3
Reconciliation to carrying amounts:										
Opening net assets 1 January	6,395.7	5,645.3	3,548.4	3,500.5	–	–	10.2	10.2	9,954.3	9,156.0
Profit/(loss) for the year	662.4	715.1	(104.5)	164.7	46.0	–	(0.2)	–	603.7	879.8
Acquisition of units in trust	–	–	–	–	1,283.2	–	–	–	1,283.2	–
Issue of equity	253.2	284.6	10.2	28.6	–	–	–	–	263.4	313.2
Distributions paid/payable	(287.6)	(249.3)	(120.0)	(145.4)	(29.6)	–	–	–	(437.2)	(394.7)
Closing net assets	7,023.7	6,395.7	3,334.1	3,548.4	1,299.6	–	10.0	10.2	11,667.4	9,954.3
GPT's share	1,610.6	1,524.0	949.8	1,013.7	541.5	–	10.0	10.1	3,111.9	2,547.8
Summarised statement of comprehensive income										
Revenue	550.2	465.7	316.5	325.0	27.4	–	–	–	894.1	790.7
Profit/(loss) for the year	662.4	715.1	(104.5)	164.7	46.0	–	(0.2)	–	603.7	879.8
Total comprehensive income/(loss)	662.4	715.1	(104.5)	164.7	46.0	–	(0.2)	–	603.7	879.8
Distributions received/receivable from their associates	56.5	37.2	–	–	–	–	–	–	56.5	37.2

4. Trade and other receivables

(a) Trade receivables

	31 Dec 19	31 Dec 18
	\$M	\$M
Current assets		
Trade receivables ¹	8.7	15.9
Accrued income	13.8	12.6
Related party receivables ²	26.3	25.1
Less: impairment of trade receivables	(1.9)	(2.2)
Total current trade receivables	46.9	51.4

¹ This includes trade receivables relating to revenue from contracts with customers. Refer to note 16 for the methodology of apportionment between trade receivables relating to AASB 15 *Revenue* and other trade receivables balances.

² The related party receivables are on commercial terms and conditions.

Notes to the Financial Statements – Year ended 31 December 2019

The following table shows the ageing analysis of GPT's trade receivables.

	31 Dec 19					31 Dec 18				
	0-30 days \$M	31-60 days \$M	61-90 days \$M	90+ days \$M	Total \$M	0-30 days \$M	31-60 days \$M	61-90 days \$M	90+ days \$M	Total \$M
Retail	2.9	0.6	–	1.5	5.0	3.6	0.2	(0.1)	2.0	5.7
Office	12.8	0.1	–	0.4	13.3	15.2	0.3	2.0	0.7	18.2
Logistics	1.9	–	–	–	1.9	1.6	0.3	–	–	1.9
Corporate	28.2	0.2	0.2	–	28.6	27.1	0.2	0.2	0.3	27.8
Less: impairment of trade receivables	–	–	–	(1.9)	(1.9)	–	–	–	(2.2)	(2.2)
Total loans and receivables	45.8	0.9	0.2	–	46.9	47.5	1.0	2.1	0.8	51.4

(b) Other receivables

	31 Dec 19 \$M	31 Dec 18 \$M
Current assets		
Distributions receivable from associates	24.6	26.7
Distributions receivable from joint ventures	16.9	13.7
Other receivables	6.9	11.1
Total current other receivables	48.4	51.5

Receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method less any allowance under the 'expected credit loss' (ECL) model. GPT holds these financial assets in order to collect the contractual cash flows, and the contractual terms are solely payments of outstanding principal and interest on the principal amount outstanding.

All loans and receivables with maturities greater than 12 months after the balance date are classified as non-current assets.

Recoverability of receivables

At each reporting date, GPT assesses whether financial assets carried at amortised cost are 'credit-impaired'. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset is expected to occur.

GPT recognises loss allowances at an amount equal to lifetime ECL on trade and other receivables. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the trade receivable and are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to GPT in accordance with the contract and the cash flows that GPT expects to receive). A default on trade receivables is when the counterparty fails to make contractual payments when they fall due and management determines that the debt is uncollectible.

GPT analyses the age of outstanding receivable balances and applies historical default percentages adjusted for other current observable data as a means to estimate lifetime ECL. Other current observable data may include:

- forecasts of economic conditions such as unemployment, interest rates, gross domestic product and inflation;
- financial difficulties of a counterparty or probability that a counterparty will enter bankruptcy; and
- conditions specific to the asset to which the receivable relates.

Debts that are known to be uncollectable are written off when identified.

Notes to the Financial Statements – Year ended 31 December 2019

5. Intangible assets

	Management rights \$M	IT development and software \$M	Total \$M
Costs			
Balance at 31 December 2017	55.8	63.2	119.0
Additions	–	1.1	1.1
Balance at 31 December 2018	55.8	64.3	120.1
Additions	–	15.7	15.7
Write off	–	(4.7)	(4.7)
Balance at 31 December 2019	55.8	75.3	131.1
Accumulated amortisation and impairment			
Balance at 31 December 2017	(45.4)	(42.7)	(88.1)
Amortisation	(0.1)	(5.1)	(5.2)
Balance at 31 December 2018	(45.5)	(47.8)	(93.3)
Amortisation	–	(5.0)	(5.0)
Impairment	–	(2.2)	(2.2)
Write off	–	4.7	4.7
Balance at 31 December 2019	(45.5)	(50.3)	(95.8)
Carrying amounts			
Balance at 31 December 2018	10.3	16.5	26.8
Balance at 31 December 2019	10.3	25.0	35.3

Management rights

Management rights include property management and development management rights. Rights are initially measured at cost and subsequently amortised over their useful life.

For the management rights of Highpoint Shopping Centre, management considers the useful life as indefinite as there is no fixed term included in the management agreement. Therefore, GPT tests for impairment at balance date. Assets are impaired if the carrying value exceeds their recoverable amount. The recoverable amount is determined using a multiples approach. A range of multiples from 10-15x have been used in the calculation.

IT development and software

Costs incurred in developing systems and acquiring software and licenses that will contribute future financial benefits are capitalised. These include external direct costs of materials and services and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straightline basis over the length of time over which the benefits are expected to be received, generally ranging from 3 to 10 years.

IT development and software are assessed for impairment at each reporting date by evaluating if any impairment triggers exist. Where impairment triggers exist, management calculate the recoverable amount. The asset will be impaired if the carrying value exceeds the recoverable amount. Critical judgements are made by GPT in setting appropriate impairment triggers and assumptions used to determine the recoverable amount.

Notes to the Financial Statements – Year ended 31 December 2019

6. Inventories

	31 Dec 19 \$M	31 Dec 18 \$M
Development properties	9.4	31.0
Current inventories	9.4	31.0
Development properties	77.8	113.3
Non-current inventories	77.8	113.3
Total inventories	87.2	144.3

Development properties held as inventory to be sold are stated at the lower of cost and net realisable value.

Cost

Cost includes the cost of acquisition, development, finance costs and all other costs directly related to specific projects including an allocation of direct overhead expenses. A total of \$5.4 million in finance costs have been capitalised to inventory for the year ended 31 December 2019.

Net realisable value (NRV)

The NRV is the estimated selling price in the ordinary course of business less estimated costs to sell. At each reporting date, management reviews these estimates by taking into consideration:

- the most reliable evidence; and
- any events which confirm conditions existing at the year end and cause any fluctuations of selling price and costs to sell.

The amount of any write down is recognised as an impairment expense in the Consolidated Statement of Comprehensive Income. An impairment reversal of \$15.0 million has been recognised for the year ended 31 December 2019 (2018: impairment expense of \$11.4 million).

7. Payables

	31 Dec 19 \$M	31 Dec 18 \$M
Trade payables and accruals	129.9	128.0
GST payables	3.8	2.5
Distribution payable to stapled securityholders	260.4	231.9
Interest payable	11.1	16.0
Levies payable	18.9	17.6
Other payables	32.3	15.0
Total payables	456.4	411.0

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

Notes to the Financial Statements – Year ended 31 December 2019

8. Provisions

	31 Dec 19 \$M	31 Dec 18 \$M
Current provisions		
Employee benefits	13.4	12.2
Other	13.9	14.0
Total current provisions	27.3	26.2
Non-current provisions		
Employee benefits	1.2	1.1
Total non-current provisions	1.2	1.1

Provisions are recognised when:

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

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

Provision for employee benefits

The provision for employee benefits represents annual leave and long service leave entitlements accrued for employees.

The employee benefit liability expected to be settled within twelve months after the end of the reporting period is recognised in current liabilities.

Employee benefits expenses in the Consolidated Statement of Comprehensive Income

	31 Dec 19 \$M	31 Dec 18 \$M
Employee benefits expenses	115.7	115.6

Notes to the Financial Statements – Year ended 31 December 2019

9. Taxation

(a) Income tax expense

	31 Dec 19 Gross \$M	31 Dec 19 Tax impact \$M	31 Dec 18 Gross \$M	31 Dec 18 Tax impact \$M
Current income tax expense		10.7		13.2
Deferred income tax expense/(credit)		1.1		(3.7)
Income tax expense in the Statement of Comprehensive Income		11.8		9.5
Income tax expense attributable to:				
Profit from continuing operations		11.8		9.5
Aggregate income tax expense		11.8		9.5

(b) Reconciliation of accounting profit to income tax expense and current tax (asset)/liability

	31 Dec 19 Gross \$M	31 Dec 19 Tax impact \$M	31 Dec 18 Gross \$M	31 Dec 18 Tax impact \$M
Net profit for the year excluding income tax expense	891.8	267.5	1,461.2	438.4
Less: Trust profit not subject to tax	(866.0)	(259.8)	(1,488.4)	(446.6)
Profit/(loss) which is subject to taxation at 30% tax rate	25.8	7.7	(27.2)	(8.2)
Tax effect of amounts not deductible/assessable in calculating income tax expense:				
Non-deductible revaluation items in the Company	20.3	6.1	75.0	22.5
Amounts released from foreign currency translation reserve	-	-	(17.0)	(5.1)
Other income	(5.6)	(1.7)	-	-
Equity accounted profits from joint ventures in the Company	-	-	(6.1)	(1.8)
Distribution received from joint ventures taxable to the Company	-	-	5.1	1.5
Profit used to calculate effective tax rate	40.5	12.1	29.8	8.9
Other tax adjustments	(1.0)	(0.3)	2.0	0.6
Income tax expense	39.5	11.8	31.8	9.5
Effective tax rate		29%		32%

(c) Current tax assets

	31 Dec 19 \$M	31 Dec 18 \$M
Opening balance at the beginning of the year	0.8	(8.6)
Income tax expense	(11.8)	(9.5)
Tax payments made to tax authorities	10.2	20.9
Other deferred tax asset charged to income	1.5	(2.7)
Movements in employee benefits	(1.5)	(0.5)
Movements in provisions and accruals	0.9	-
Movements in reserves	2.1	1.2
Closing balance at the end of the year	2.2	0.8

(d) Deferred tax assets

	31 Dec 19 \$M	31 Dec 18 \$M
Employee benefits	17.5	15.9
Provisions and accruals	2.0	2.9
Other	1.0	1.3
Net deferred tax asset	20.5	20.1
Movement in temporary differences during the year		
Opening balance at the beginning of the year	20.1	16.9
Adoption of AASB 16	1.2	-
Income tax (expense)/credit	(1.1)	3.7
Movement in reserves	0.3	(0.5)
Closing balance at the end of the year	20.5	20.1

Notes to the Financial Statements – Year ended 31 December 2019

Trusts

Property investments are held by the Trust for the purposes of earning rental income. Under current tax legislation, the Trust is not liable for income tax provided the taxable income of the Trust including realised capital gains is attributed in full to its securityholders each financial year. Securityholders are subject to income tax at their own marginal tax rates on amounts attributable to them.

Company and other taxable entities

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

Deferred income tax liabilities and assets – recognition

Deferred income tax liabilities are recognised for all taxable temporary differences.

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

Deferred income tax liabilities and assets – measurement

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided on temporary differences at the reporting date between accounting carrying amounts and the tax cost bases of assets and liabilities, other than for the following:

- Where taxable temporary differences relate to investments in subsidiaries, associates and interests in joint ventures:
 - Deferred tax liabilities are not recognised if the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
 - Deferred tax assets are not recognised if it is not probable that the temporary differences will reverse in the foreseeable future and taxable profit will not be available to utilise the temporary differences.

Tax relating to equity items

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

Effective tax rate

The Board of Taxation has released a voluntary Tax Transparency Code (TTC). The TTC sets out a recommended set of principles and minimum standards regarding the disclosure of tax information for businesses. GPT is committed to the TTC. The non-IFRS income tax disclosures in note 9(b) include the recommended additional disclosures.

The Australian Accounting Standards Board have issued a Draft Appendix to the TTC outlining the method to calculate the effective tax rate as shown in note 9(b), using:

- accounting profit before tax adjusted to exclude transactions which are not reflected in the calculation of income tax expense, including:
 - Trust taxable income which is attributed in full to its securityholders; and
 - Non tax related material items in the Company; and
- tax expense adjusted to exclude carry forward tax losses that have been recognised and prior year under/overstatements.

Attribution managed investment trust regime

The Trust made an election to be an attribution managed investment trust (AMIT) for the year ended 30 June 2017 and future years. The AMIT regime is intended to reduce complexity, increase certainty and minimise compliance costs for AMITs and their investors.

Capital structure

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

At 31 December 2019, GPT is credit rated A (stable)/A2 (stable) by Standard and Poor's (S&P) and Moody's Investor Services (Moody's) respectively. The ratings are important as they reflect the investment grade credit rating of GPT which allows access to global capital markets to fund its development pipeline and future acquisition investment opportunities. The stronger ratings improve both the availability of capital, in terms of amount and tenor, and reduce the cost at which it can be obtained.

GPT is able to vary the capital mix by:

- issuing stapled securities;
- buying back stapled securities;
- activating the distribution reinvestment plan;
- adjusting the amount of distributions paid to stapled securityholders;
- selling assets to reduce borrowings; or
- increasing borrowings.

Notes to the Financial Statements – Year ended 31 December 2019

10. Equity and reserves

(a) Contributed equity

	Number	Trust \$M	Other entities stapled to the Trust \$M	Total \$M
Ordinary stapled securities				
Opening securities on issue at 1 January 2018	1,801,640,882	7,814.8	325.7	8,140.5
Securities issued – Long Term Incentive Plan	2,332,026	6.6	0.1	6.7
Securities issued – Deferred Short Term Incentive Plan	875,344	4.1	0.1	4.2
Securities issued – Broad Based Employee Security Ownership Plan	42,174	0.2	–	0.2
Closing securities on issue and contributed equity at 31 December 2018	1,804,890,426	7,825.7	325.9	8,151.6
Opening securities on issue at 1 January 2019	1,804,890,426	7,825.7	325.9	8,151.6
Securities issued – institutional placement ¹	131,795,717	794.3	5.7	800.0
Security Purchase Plan ¹	11,243,173	66.3	0.5	66.8
Transaction costs	–	(13.1)	(0.1)	(13.2)
Closing securities on issue and contributed equity at 31 December 2019	1,947,929,316	8,673.2	332.0	9,005.2

1 On 19 June 2019, GPT undertook an institutional placement at an offer price of \$6.07 per stapled security and a Security Purchase Plan at an offer price of \$5.94. A total of \$866.8 million was raised with total transaction costs of \$13.2 million.

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

(b) Treasury shares

Treasury shares are shares in GPT that are held by GPT Group Stapled Security Plan Trust for the purpose of issuing shares under various employee share schemes. Refer to note 19 for further information. Securities issued to employees are recognised on a first-in-first-out basis.

	Number of shares	\$M
Opening balance 1 January 2018	16,387	–
Issue of securities by the GPT Group Stapled Securities Trust	875,344	4.2
Employee securities issued	(832,703)	(4.2)
Balance at 31 December 2018	59,028	–
Opening balance 1 January 2019	59,028	–
Acquisition of securities by the GPT Group Stapled Securities Trust	774,921	4.8
Employee securities issued	(825,057)	(4.8)
Balance at 31 December 2019	8,892	–

Notes to the Financial Statements – Year ended 31 December 2019

(c) Reserves

	Foreign currency translation reserve		Cash flow hedge reserve		Cost of hedging reserve		Employee incentive scheme reserve		Total reserve	
	Trust \$M	Other entities stapled to GPT \$M	Trust \$M	Other entities stapled to GPT \$M	Trust \$M	Other entities stapled to GPT \$M	Trust \$M	Other entities stapled to GPT \$M	Trust \$M	Other entities stapled to GPT \$M
Balance at 1 January 2018	(26.4)	35.1	(14.7)	–	0.5	–	–	21.9	(40.6)	57.0
Net foreign exchange translation adjustments	–	(16.8)	–	–	–	–	–	–	–	(16.8)
Movement in hedging reserve	–	–	–	–	10.9	–	–	–	10.9	–
Movement in fair value of cash flow hedges	–	–	(3.8)	–	–	–	–	–	(3.8)	–
Security-based payment transactions, net of tax	–	–	–	–	–	–	–	(2.3)	–	(2.3)
Balance at 31 December 2018	(26.4)	18.3	(18.5)	–	11.4	–	–	19.6	(33.5)	37.9
Balance at 1 January 2019	(26.4)	18.3	(18.5)	–	11.4	–	–	19.6	(33.5)	37.9
Movement in hedging reserve	–	–	–	–	(6.3)	–	–	–	(6.3)	–
Movement in fair value of cash flow hedges	–	–	16.3	–	–	–	–	–	16.3	–
Security-based payment transactions, net of tax	–	–	–	–	–	–	–	(0.6)	–	(0.6)
Balance at 31 December 2019	(26.4)	18.3	(2.2)	–	5.1	–	–	19.0	(23.5)	37.3

Nature and purpose of reserves

Foreign currency translation reserve

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

Cash flow hedge reserve

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

Cost of hedging reserve

The reserve records the changes in the fair value of the currency basis that is part of cross currency interest rate swaps used to hedge foreign currency borrowings, but is excluded from the hedge designations. This reserve is inclusive of share of cost of hedging reserve of equity accounted investments. Refer to note 14 for further details.

Employee incentive scheme reserve

The reserve is used to recognise the fair value of equity-settled security based payments provided to employees, including key management personnel, as part of their remuneration. Refer to note 19 for further details of the security based payments.

Notes to the Financial Statements – Year ended 31 December 2019

(d) Retained earnings/accumulated losses

	Note	Trust \$M	Other entities stapled to GPT \$M	Total \$M
Balance at 1 January 2018		1,828.4	(879.4)	949.0
Net profit for the financial year		1,417.7	34.0	1,451.7
Less: Distributions paid/payable to ordinary stapled securityholders	12	(459.5)	–	(459.5)
Reclassification of employee incentive security scheme reserve to retained earnings/accumulated losses		3.4	–	3.4
Balance at 31 December 2018		2,790.0	(845.4)	1,944.6
Balance at 1 January 2019		2,790.0	(845.4)	1,944.6
Restatement of retained earnings on adoption of AASB 16		1.1	(0.1)	1.0
Net profit for the financial year		850.4	29.6	880.0
Less: Distributions paid/payable to ordinary stapled securityholders	12	(514.3)	–	(514.3)
Reclassification of employee incentive security scheme reserve to retained earnings/accumulated losses		(3.7)	–	(3.7)
Balance at 31 December 2019		3,123.5	(815.9)	2,307.6

11. Earnings per stapled security

	31 Dec 19 Cents	31 Dec 19 Cents	31 Dec 18 Cents	31 Dec 18 Cents
(a) Attributable to ordinary securityholders of the Trust	Basic	Diluted	Basic	Diluted
Basic and diluted earnings per security – profit from continuing operations	45.3	45.2	77.7	77.5
Basic and diluted earnings per security – profit from discontinued operations	–	–	0.9	0.9
Total basic and diluted earnings per security attributable to ordinary securityholders of the Trust	45.3	45.2	78.6	78.4
(b) Attributable to ordinary stapled securityholders of the GPT Group				
Basic and diluted earnings per security – profit from continuing operations	46.9	46.8	79.5	79.4
Basic and diluted earnings per security – profit from discontinued operations	–	–	0.9	0.9
Total basic and diluted earnings per security attributable to stapled securityholders of the GPT Group	46.9	46.8	80.4	80.3

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

	\$M	\$M	\$M	\$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	850.4	850.4	1,401.3	1,401.3
Net profit from discontinued operations attributable to the securityholders of the Trust	–	–	16.4	16.4
Basic and diluted earnings of the Trust	850.4	850.4	1,417.7	1,417.7
Add: Net profit from continuing operations attributable to the securityholders of other stapled entities	29.6	29.6	34.0	34.0
Basic and diluted earnings of the Company	29.6	29.6	34.0	34.0
Basic and diluted earnings of the GPT Group	880.0	880.0	1,451.7	1,451.7
	Millions	Millions	Millions	Millions
(d) Weighted average number of ordinary securities				
WANOS used as the denominator in calculating basic earnings per ordinary stapled security	1,878.1	1,878.1	1,804.4	1,804.4
Performance security rights at weighted average basis ¹		1.8		2.7
WANOS used as the denominator in calculating diluted earnings per ordinary stapled security		1,879.9		1,807.1

¹ Performance security rights granted under the employee incentive schemes are only included in dilutive earnings per ordinary stapled security where the performance hurdles are met as at the year end.

Notes to the Financial Statements – Year ended 31 December 2019

Calculation of earnings per stapled security

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

12. Distributions paid and payable

Distributions are paid to GPT stapled securityholders half yearly.

	Cents per stapled security	Total amount \$M
Distributions paid/payable		
2019		
6 month period ended 30 June 2019	13.11	253.9
6 month period ended 31 December 2019 ¹	13.37	260.4
Total distributions paid/payable for the year	26.48	514.3
2018		
6 month period ended 30 June 2018	12.61	227.6
6 month period ended 31 December 2018	12.85	231.9
Total distributions paid/payable for the year	25.46	459.5

¹ The December 2019 half yearly distribution of 13.37 cents per stapled security has been declared on 12 December 2019 and is expected to be paid on 28 February 2020 based on the record date of 31 December 2019.

13. Borrowings

	31 Dec 19 \$M	31 Dec 18 \$M
Current borrowings at amortised cost – unsecured	473.4	427.5
Current borrowings at amortised cost – secured	4.7	88.5
Current borrowings	478.1	516.0
Non-current borrowings at amortised cost – unsecured	1,192.4	2,101.4
Non-current borrowings at fair value through profit and loss – unsecured ¹	2,138.6	1,484.9
Non-current borrowings at amortised cost – secured	88.4	12.6
Non-current borrowings	3,419.4	3,598.9
Total borrowings² – carrying amount	3,897.5	4,114.9
Total borrowings³ – fair value	3,994.1	4,170.0

¹ Cumulative fair value movements are shown in the table below.

² Including unamortised establishment costs, fair value and other adjustments.

³ For the majority of borrowings, the carrying amount is a reasonable approximation of fair value. Where material difference arises, the fair value is calculated using market observable inputs (level 2) and unobservable inputs (level 3). This excludes unamortised establishment costs.

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

When the terms of a financial liability are modified, AASB 9 *Financial Instruments* requires an entity to perform an assessment to determine whether the modified terms are substantially different from the existing financial liability. Where a modification is substantial, it will be accounted for as an extinguishment of the original financial liability and a recognition of a new financial liability. Where the modification does not result in extinguishment, the difference between the existing carrying amount of the financial liability and the modified cash flows discounted at the original effective interest rate is recognised in the Consolidated Statement of Comprehensive Income as gain/loss on modification of financial liability. GPT management have assessed the modification of terms requirements within AASB 9 *Financial Instruments* and have concluded that these will not have a material impact for the Group.

Notes to the Financial Statements – Year ended 31 December 2019

The following table outlines the cumulative amount of fair value movements that are included in the carrying amount of borrowings in the Consolidated Statement of Financial Position.

	31 Dec 19 \$M	31 Dec 18 \$M
Nominal amount	1,715.7	1,221.8
Unamortised borrowing costs	(6.0)	(4.3)
Amortised cost	1,709.7	1,217.5
Cumulative fair value movements	428.9	267.4
Carrying amount	2,138.6	1,484.9

The maturity profile of borrowings as at 31 December 2019 is as follows:

	Total facility ^{1,2,3} \$M	Used facility ¹ \$M	Unused facility ^{2,3} \$M
Due within one year	478.5	478.2	0.3
Due between one and five years	2,378.5	850.5	1,528.0
Due after five years	2,221.1	2,121.1	100.0
	5,078.1	3,449.8	1,628.3
Cash and cash equivalents			104.2
Total financing resources available at the end of the year			1,732.5
Less: commercial paper ²			(323.5)
Less: cash and cash equivalents held for the AFSL			(10.0)
Total financing resources available at the end of the year			1,399.0

1 Excluding unamortised establishment costs, fair value and other adjustments and \$10.3 million bank guarantee facilities and its \$2.3 million utilisation. This reflects the contractual cashflows payable on maturity of the borrowings taking into account historical exchange rates under cross currency interest rate swaps entered into to hedge the foreign currency borrowings.

2 GPT's commercial paper program is an uncommitted line with a maturity period of generally three months or less and is classified as current borrowings. These drawings are in addition to GPT's committed facilities but may be refinanced by non-current undrawn bank loan facilities and are therefore excluded from available liquidity.

3 Including \$100 million of forward starting facilities available to GPT.

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

Debt covenants

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

- Gearing: total debt must not exceed 50 per cent of adjusted total tangible assets; and
- Interest coverage: the ratio of earnings before interest and taxes (EBIT) to finance costs on borrowings is not to be less than 2 times.

A breach of these covenants may trigger consequences ranging from rectifying and/or repricing to repayment of outstanding amounts. GPT performed a review of debt covenants as at 31 December 2019 and no breaches were identified.

Notes to the Financial Statements – Year ended 31 December 2019

14. Financial risk management

The GPT Board approve GPT's treasury policy which:

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

(a) Derivatives

As part of normal business operations, GPT is exposed to financial market risks which are principally interest rate risk on borrowings and foreign exchange rate risk on foreign currency borrowings. GPT manages these risks through the use of derivative instruments including interest rate swaps (fixed to floating, floating to fixed and floating to floating swaps), cross currency interest rate swaps and option based derivatives. Regular coupons under these instruments are reported in finance costs in the Consolidated Statement of Comprehensive Income along with the interest cost on borrowings to which it relates.

Derivatives are carried in the Consolidated Statement of Financial Position at fair value and classified according to their contractual maturities. If they do not qualify for hedge accounting, changes in fair value (including amortisation of upfront payment including premiums) are recognised in net gain/loss on fair value movements of derivatives in the Consolidated Statement of Comprehensive Income. Where derivatives qualify for hedge accounting and are designated in hedge relationships, the recognition of any gain or loss depends on the nature of the item being hedged. Refer to note 14(b) on hedge accounting. All of GPT's derivatives were valued using market observable inputs (level 2). For additional fair value disclosures refer to note 23.

	31 Dec 19 \$M	31 Dec 18 \$M
Derivative Assets		
Interest Rate Swaps – AUD	112.6	75.0
Cross Currency Interest Rate Swaps – fair value hedges	45.3	–
Cross Currency Interest Rate Swaps – fair value and cash flow hedges	380.0	265.4
Total Derivative Assets	537.9	340.4
Derivative Liabilities		
Interest Rate Swaps – AUD	98.2	123.4
Cross Currency Interest Rate Swaps – fair value and cash flow hedges	–	0.8
Total Derivative Liabilities	98.2	124.2
Net Derivative Assets	439.7	216.2
Net Interest Rate Swaps – AUD	14.4	(48.4)
Net Cross Currency Interest Rate Swaps	425.3	264.6

GPT enters into ISDA (International Swap Derivatives Association) Master Agreements with its derivative counterparties. Under the terms of these agreements, where certain credit events occur, there is a right to set-off the position owing/receivable to a single counterparty to a net position as long as all outstanding derivatives with that counterparty are terminated. As GPT does not presently have a legally enforceable right to set-off, these amounts have not been offset in the Consolidated Statement of Financial Position. In the event a credit event occurred, the ISDA Master Agreement would have the effect of netting, allowing a reduction to derivative assets and derivative liabilities of the same amount of \$94.0 million (2018: \$108.2 million).

(b) Hedge Accounting

GPT's objective is to manage the risk of volatility in FFO and NTA and whilst economic hedges exist to manage its financial market risks, GPT has elected to apply hedge accounting only in relation to foreign currency borrowings. Foreign exchange and interest rate risk arising from foreign currency borrowings is managed with cross currency interest rate swaps which convert foreign currency fixed interest rate cashflows into Australian dollar floating interest rate cashflows.

At inception of the hedge relationship, GPT designates and documents the relationship between the hedging instrument and hedged item and the proposed effectiveness of the risk management objective the hedge relationship addresses. GPT fully hedges 100% of its foreign currency exposure in respect of foreign currency borrowings with cross currency interest rate swaps and therefore applies a hedge ratio of 1:1. This means that whilst there are fair value movements from period to period, there is 100% matching of cash flows, resulting in nil fair value movements over the duration of the borrowings nor FFO impact in any period. On an ongoing basis, GPT determines and documents its assessment of prospective hedge effectiveness of all hedge relationships.

Cross currency interest rate swaps hedging foreign currency borrowings are designated in either dual fair value and cash flow hedges or fair value hedges only.

Notes to the Financial Statements – Year ended 31 December 2019

Fair value hedges

A fair value hedge is a hedge of the exposure to changes in fair value of the underlying item (foreign currency borrowings) that is attributable to a particular risk (movements in foreign benchmark interest rates and if applicable, foreign exchange rates). All changes in the fair value of the foreign currency borrowings relating to the risk being hedged are recognised in the Consolidated Statement of Comprehensive Income together with the changes in the fair value of cross currency interest rate swap with the net difference reflecting the hedge ineffectiveness.

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows attributable to a particular risk (movements in foreign exchange rates) associated with a liability (foreign currency borrowings). The portion of the fair value gain or loss on the hedging instrument that is effective (that which offsets the movement on the hedged item attributable to foreign exchange movements) is recognised in Other Comprehensive Income and accumulated in the cash flow hedge reserve in equity and any ineffective portion is recognised as net impact of foreign currency borrowings and associated hedging gain or loss directly in the Consolidated Statement of Comprehensive Income.

Currency basis

A component of the cross currency interest rate swap is the currency basis. This is a liquidity premium that is charged for exchanging different currencies, and changes over time. Where currency basis have been included in fair value hedge designations, movement in currency basis are recognised in the Consolidated Statement of Comprehensive Income. In all other cases, currency basis have been excluded from GPT's fair value hedge designation with movements recognised in Other Comprehensive Income and accumulated in the cost of hedging reserve in equity.

Hedging Instruments

The following table shows the nominal amount of derivatives designated in cash flow and/or fair value hedge relationships in time bands based on the maturity of each derivative.

	31 Dec 19				31 Dec 18			
	Less than 1 year \$M	1 to 5 years \$M	Over 5 years \$M	Total \$M	Less than 1 year \$M	1 to 5 years \$M	Over 5 years \$M	Total \$M
Cross currency interest rate swaps								
USD exposure								
AUD nominal amount	–	–	1,457.7	1,457.7	–	–	963.8	963.8
Average receive fixed interest rate	–	–	3.8%		–	–	3.8%	
Average contracted FX rate (AUD/USD)	–	–	0.8266		–	–	0.8819	
HKD exposure								
AUD nominal amount	–	–	258.0	258.0	–	–	258.0	258.0
Average receive fixed interest rate	–	–	3.4%		–	–	3.4%	
Average contracted FX rate (AUD/HKD)	–	–	6.7951		–	–	6.7951	

The following table shows the impact on the Consolidated Statement of Comprehensive Income relating to hedge ineffectiveness of fair value hedges and the impact on Other Comprehensive Income relating to movement in cash flow hedges and cost of hedging reserve.

	31 Dec 19 \$M	31 Dec 18 \$M
Fair Value Hedge Movements in Net profit		
Fair value movements on foreign borrowings	(161.6)	(116.1)
Movement in fair value hedges	150.8	114.6
Net loss from fair value hedge ineffectiveness in Net profit	(10.8)	(1.5)
Movement in Hedge Reserves in OCI		
Movement in Cash flow hedge reserve	15.6	(2.4)
Movement in Cost of hedging reserve	(5.7)	10.1
Share of movement in hedge reserves in equity accounted investments	0.1	(0.6)
Net increase in Hedge Reserves in OCI	10.0	7.1

Notes to the Financial Statements – Year ended 31 December 2019

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and GPT's own credit risk on the fair value of the swaps, which is not reflected in the fair value of the hedged item; and
- changes in Australian and foreign swap interest rates which will impact the fair value of the Australian dollar margin and implied foreign currency margin respectively.

(c) Interest rate risk

GPT's primary interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This mainly arises from borrowings. Interest rate risk inherent on borrowings issued at floating rates is managed by entering into interest rate swaps that are used to convert a portion of floating interest rate borrowings to fixed interest rates, which reduces GPT's exposure to interest rate volatility.

The following table provides a summary of GPT's gross interest rate risk exposure as at 31 December 2019 on interest bearing borrowings as well as the net effect of interest rate risk management transactions. This excludes unamortised establishment costs and fair value and other adjustments.

	31 Dec 19 \$M	31 Dec 18 \$M
Fixed Rate Exposure		
Fixed rate borrowings	2,655.7	2,346.8
Borrowings hedged via interest rate Swaps	159.3	843.2
Effective Fixed Rate Borrowings	2,815.0	3,190.0
Floating Rate Exposure		
Floating Rate Borrowings	794.1	1,479.7
Borrowings Hedged via interest rate Swaps	(159.3)	(843.2)
Effective Floating Rate Borrowings	634.8	636.5

Interest rate risk – sensitivity analysis

The impact on interest expense of a 1 per cent increase or decrease in market interest rates is shown below. Finance cost is sensitive to movements in market interest rates on floating rate debt (net of any derivatives).

	31 Dec 19 \$M	31 Dec 18 \$M
Impact on Statement of Comprehensive Income		
Increase in interest Rates of 1%	(6.3)	(6.4)
Decrease in interest Rates of 1%	6.3	6.4

(d) Liquidity risk

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

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

GPT manages liquidity risk by:

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

Notes to the Financial Statements – Year ended 31 December 2019

The following table provides an analysis of the undiscounted contractual maturities of liabilities which forms part of GPT's assessment of liquidity risk:

	31 Dec 19					31 Dec 18				
	1 year or less \$M	Over 1 year to 2 years \$M	Over 2 years to 5 years \$M	Over 5 years \$M	Total \$M	1 year or less \$M	Over 1 year to 2 years \$M	Over 2 years to 5 years \$M	Over 5 years \$M	Total \$M
Liabilities										
Non-derivatives										
Payables	456.4	–	–	–	456.4	411.0	–	–	–	411.0
Borrowings	478.2	88.5	762.0	2,121.1	3,449.8	516.0	312.7	1,201.0	1,796.8	3,826.5
Lease liabilities	6.8	7.8	26.9	19.1	60.6	–	–	–	–	–
Projected finance cost from borrowings ¹	98.1	94.1	256.5	386.1	834.8	136.3	132.2	299.4	392.3	960.2
Derivatives										
Projected finance cost from derivative liabilities ^{1,2}	28.2	30.5	61.3	1.2	121.2	23.3	22.2	54.6	11.5	111.6
Total liabilities	1,067.7	220.9	1,106.7	2,527.5	4,922.8	1,086.6	467.1	1,555.0	2,200.6	5,309.3
Less cash and cash equivalents	104.2	–	–	–	104.2	58.7	–	–	–	58.7
Total liquidity exposure	963.5	220.9	1,106.7	2,527.5	4,818.6	1,027.9	467.1	1,555.0	2,200.6	5,250.6
Projected reduction to finance costs from derivative assets ²	31.5	30.5	24.5	24.8	111.3	19.9	12.5	16.2	33.1	81.7
Net liquidity exposure	932.0	190.4	1,082.2	2,502.7	4,707.3	1,008.0	454.6	1,538.8	2,167.5	5,168.9

1 Projection is based on the likely outcome of contracts given the interest rates, margins, forecast interest rate forward curves as at 31 December 2019 and 31 December 2018 up until the contractual maturity of the contract. The projection is based on future non-discounted cash flows and does not ascribe any value to optionality on any instrument which may be included in the current market values. Projected interest on foreign currency borrowings is shown after the impact of associated hedging.

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

(e) Refinancing risk

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

As at 31 December 2019, GPT's exposure to refinancing risk can be monitored by the spreading of its contractual maturities on borrowings in the liquidity risk table above or with the information in note 13.

(f) Foreign exchange risk

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

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

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

Notes to the Financial Statements – Year ended 31 December 2019

Foreign currency assets and liabilities

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

	United States Dollars		Hong Kong Dollars	
	31 Dec 19 \$M	31 Dec 18 \$M	31 Dec 19 \$M	31 Dec 18 \$M
Assets				
Derivative financial instruments	355.0	211.0	70.3	53.6
	355.0	211.0	70.3	53.6
Liabilities				
Borrowings ¹	1,821.9	1,182.2	322.7	307.0
	1,821.9	1,182.2	322.7	307.0

1 Excluding unamortised establishment costs

(g) Credit risk

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

GPT manages this risk by:

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

Receivables are reviewed regularly throughout the year. A provision for doubtful debts is recognised at an amount equal to lifetime ECL. Refer to note 4(b) for the calculation of lifetime ECL. 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 2019 is the carrying amounts of financial assets recognised on GPT's Consolidated Statement of Financial Position. For more information refer to note 4.

Notes to the Financial Statements – Year ended 31 December 2019

Other disclosure items

15. Cash flow information

(a) Cash flows from operating activities

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

	31 Dec 19 \$M	31 Dec 18 \$M
Net profit for the year	880.0	1,451.7
Fair value gain on investment properties	(310.8)	(637.2)
Fair value loss on derivatives	74.4	40.0
Net impact of foreign currency borrowings and associated hedging loss	10.8	1.5
Gain on financial liability at amortised cost	(2.5)	(2.4)
Impairment (reversal)/expense	(12.1)	11.3
Share of after tax profit of equity accounted investments (net of distributions)	(97.0)	(335.2)
Profit on disposal of assets	–	(18.3)
Depreciation and amortisation	6.9	7.2
Non-cash employee benefits – security based payments	11.0	10.7
Non-cash revenue/expense adjustments	29.1	24.1
Profit on sale of inventories	(5.8)	(1.7)
Proceeds from sale of inventories	58.6	28.9
Payment for inventories	(21.0)	(21.4)
Movements in working capital and reserves	(10.8)	(18.0)
Net foreign exchange loss	–	0.5
Other	3.8	6.0
Net cash inflows from operating activities	614.6	547.7

(b) Net debt reconciliation

Reconciliation of net debt movements during the financial year:

	Cash \$M	Lease liabilities \$M	Borrowings \$M	Total net debt \$M
1 January 2018	49.9	–	3,300.6	
Cash inflow/(outflow)	8.8	–	697.7	
Foreign exchange adjustments	–	–	116.1	
Other non-cash movements	–	–	0.5	
31 December 2018	58.7	–	4,114.9	4,056.2
1 January 2019	58.7	–	4,114.9	
Cash inflow/(outflow)	45.5	(6.2)	(380.2)	
Foreign exchange adjustments	–	–	161.6	
Opening balance adjustment on adoption of AASB 16	–	34.5	–	
New leases and modification of lease	–	32.3	–	
Other non-cash movements	–	–	1.2	
31 December 2019	104.2	60.6	3,897.5	3,853.9

Notes to the Financial Statements – Year ended 31 December 2019

16. Lease revenue

Segment Result	31 Dec 2019				31 Dec 2018			
	Retail	Office	Logistics	Total	Retail	Office	Logistics	Total
Lease revenue	291.6	142.1	137.3	571.0	286.7	145.7	117.9	550.3
Recovery of operating costs	83.6	30.9	9.7	124.2	81.9	32.9	9.5	124.3
Share of rent from investment properties in equity accounted investments	1.1	93.1	–	94.2	1.9	74.7	–	76.6
	376.3	266.1	147.0	789.4	370.5	253.3	127.4	751.2
Less:								
Share of rent from investment properties in equity accounted investments				(94.2)				(76.5)
Amortisation of lease incentives and costs				(47.8)				(46.1)
Straightlining of leases				6.6				5.5
Eliminations of intra-group lease payments				(1.1)				–
Consolidated Statement of Comprehensive Income								
Rent from investment properties				652.9				634.1

Rent from investment properties

Rent from investment properties is recognised and measured in accordance with AASB 16 *Leases*. In addition to revenue generated directly from the lease, rent from investment properties includes non-lease revenue earned from tenants, predominately in relation to recovery of asset operating costs, which is recognised and measured under AASB 15 *Revenue from Contracts with Customers*.

17. Commitments

(a) Capital expenditure commitments

Commitments arising from contracts principally relating to the purchase and development of investment properties contracted for at balance date but not recognised on the Consolidated Statement of Financial Position.

	31 Dec 19 \$M	31 Dec 18 \$M
Retail	31.8	52.7
Office	86.1	44.9
Logistics	12.5	14.6
Properties under development	188.5	177.7
Corporate	3.7	4.9
Total capital expenditure commitments	322.6	294.8

In addition to the table above, during the year GPT contracted to purchase a logistics development site in Kemps Creek, Sydney and paid a deposit of \$10.0 million with settlement expected to occur in two tranches in 2020 and 2021. A total of \$28.7 million is committed to be paid by GPT on settlement of the first tranche in 2020 and an additional \$61.1 million on settlement of the second tranche in 2021.

GPT also contracted to purchase two logistics sites in Truganina, Melbourne. The first is a development site at 865 Boundary Road for which GPT paid a deposit of \$3.4 million, with \$30.6 million committed to be paid at settlement expected to occur in 2022. The second site is a logistics warehouse at 1 Botero Place for which GPT paid a deposit of \$1.1 million with, \$41.1 million committed to be paid at settlement expected to occur in 2020.

(b) Commitments relating to equity accounted investments

GPT's share of equity accounted investments' commitments at balance date are set out below:

	31 Dec 19 \$M	31 Dec 18 \$M
Capital expenditure	133.0	108.2
Total joint ventures and associates' commitments	133.0	108.2

Notes to the Financial Statements – Year ended 31 December 2019

18. Contingent liabilities

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

As at the end of 2019, GPT has no material contingent liabilities which need to be disclosed.

19. Security based payments

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

(a) GESOP

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

Under the plan individuals who participate receive an additional benefit equivalent to 10 per cent of their short term incentives (STIC). The amount after the deduction of income tax is invested in GPT securities to be held for a minimum of one year. The cost of this benefit is recognised as an expense during the year.

(b) BBESOP

Under the plan individuals who are not eligible to participate in any other employee security scheme may receive \$1,000 worth of GPT securities or \$1,000 cash if GPT achieves at least target level performance. Securities must be held for the earlier of three years or the end of employment. The cost of this benefit is recognised as an expense during the year.

(c) DSTI

Since 2014, STIC is delivered to the senior executives as 50 per cent in cash and 50 per cent in GPT stapled securities (a deferred component). The deferred component is initially awarded in the form of performance rights, with the rights converting to restricted GPT stapled securities to the extent the performance conditions are met. For the 2016 and any subsequent plans, all the awarded stapled securities will vest one year after conversion, subject to continued employment up to the vesting date.

(d) LTI

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

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

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

Fair value of performance rights issued under DSTI and LTI

The fair value of the performance rights is recognised as an employee benefit expense with a corresponding increase in the employee security scheme reserve in equity. For LTI, the fair value is measured at grant date. For DSTI, the fair value is measured at each reporting date until the performance rights are converted to securities. Total share based payment expense based on the fair value is recognised over the period from the grant date of the performance rights to the vesting date.

Non-market vesting conditions are included in assumptions about the number of rights that are expected to be vested. At each reporting date, GPT revises its estimate of the number of performance rights that are expected to be exercisable and the employee benefit expense recognised each reporting period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the Consolidated Statement of Comprehensive Income with a corresponding adjustment to equity.

Notes to the Financial Statements – Year ended 31 December 2019

Fair value of the performance rights issued under LTI is determined using the Monte Carlo simulation and the Black Scholes methodologies. Fair value of the performance rights issued under DSTI is determined using the security price. The following key inputs are taken into account:

	2019 LTI	2019 DSTI
Fair value of rights	\$3.94	\$5.60
Security price at valuation date	\$6.09	\$5.60
Total Securityholder Return	14.3%	N/A
Grant dates	2 April 2019	2 April 2019
Expected vesting dates	31 December 2021	31 December 2020
Security price at the grant date	\$6.09	\$6.09
Expected life	3 years (2 years remaining)	2 years (1 year remaining)
Distribution yield	4.4%	4.7%
Risk free interest rate	1.4%	N/A
Volatility ¹	16.3%	N/A

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

(e) Summary table of all employee security schemes

	Number of rights		
	DSTI	LTI	Total
Rights outstanding at 1 January 2018	1,338,498	8,346,213	9,684,711
Rights granted during 2018	1,308,548	2,712,482	4,021,030
Rights forfeited during 2018	(550,030)	(879,580)	(1,429,610)
Rights converted to GPT stapled securities during 2018 ¹	(875,344)	(2,332,026)	(3,207,370)
Rights outstanding at 31 December 2018	1,221,672	7,847,089	9,068,761
Rights outstanding at 1 January 2019	1,221,672	7,847,089	9,068,761
Rights granted during 2019	1,254,814	2,647,673	3,902,487
Rights forfeited during 2019	(466,861)	(887,611)	(1,354,472)
Rights converted to GPT stapled securities during 2019 ²	(774,921)	(2,146,497)	(2,921,418)
Rights outstanding at 31 December 2019	1,234,704	7,460,654	8,695,358

	Number of stapled securities		
	GESOP	BBESOP	Total
Securities outstanding at 1 January 2018	53,982	123,553	177,535
Securities granted during 2018	62,609	37,488	100,097
Securities vested during 2018	(53,982)	(46,277)	(100,259)
Securities outstanding at 31 December 2018	62,609	114,764	177,373
Securities outstanding at 1 January 2019	62,609	114,764	177,373
Securities granted during 2019	48,472	30,429	78,901
Securities vested during 2019	(70,161)	(48,055)	(118,216)
Securities outstanding at 31 December 2019	40,920	97,138	138,058

1 Rights under the 2017 DSTI plan were converted to GPT stapled securities on 19 March 2018 and rights under the 2015 LTI Plan were converted to GPT stapled securities on 13 February 2018.

2 Rights under the 2018 DSTI plan were converted to GPT stapled securities on 19 March 2019 and rights under the 2016 LTI Plan were converted to GPT stapled securities on 14 February 2019.

Notes to the Financial Statements – Year ended 31 December 2019

20. Related party transactions

General Property Trust is the ultimate parent entity.

Equity interests in joint ventures and associates are set out in note 3. Receivables from joint ventures and associates are on commercial terms and conditions with detail being set out in note 4.

Key management personnel

Key management personnel compensation was as follows:

	31 Dec 19 \$'000	31 Dec 18 \$'000
Short term employee benefits	7,174.0	6,943.4
Post employment benefits	181.4	178.3
Long term incentive award accrual	1,863.3	2,050.4
Total key management personnel compensation	9,218.7	9,172.1

Information regarding individual Directors' and Senior Executives' remuneration is provided in the Remuneration Report.

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

Transactions with related parties

	31 Dec 19 \$'000	31 Dec 18 \$'000
Transactions with related parties other than associates and joint ventures		
Expenses		
Contributions to superannuation funds on behalf of employees	(6,521.0)	(6,172.5)
Transactions with associates and joint ventures		
Revenue and expenses		
Responsible Entity fees from associates	61,869.6	58,233.0
Property management fees	16,643.5	17,654.2
Development management fees from associates	6,831.5	5,196.5
Rent expense	4,275.8	1,406.0
Management fees from associates	6,240.5	6,356.4
Distributions received/receivable from joint ventures	56,531.6	58,183.6
Distributions received/receivable from associates	112,817.4	104,331.3
Payroll costs recharged to associates	9,765.8	9,519.9
Other transactions		
Loans repaid from joint ventures	–	1,839.1
Increase in units in joint ventures	4,924.7	10,926.9
Increase in units in associates	535,322.8	–

Notes to the Financial Statements – Year ended 31 December 2019

21. Auditor's remuneration

	31 Dec 19 \$'000	31 Dec 18 \$'000
Audit services		
PricewaterhouseCoopers Australia		
Statutory audit and review of financial reports	1,343.5	1,266.2
Total remuneration for audit services	1,343.5	1,266.2
Other assurance services		
PricewaterhouseCoopers Australia		
Regulatory and contractually required audits	225.9	197.7
Total remuneration for other assurance services	225.9	197.7
Total remuneration for audit and assurance services	1,569.4	1,463.9
Non-audit related services		
PricewaterhouseCoopers Australia		
Other services	–	170.3
Total remuneration for non audit related services	–	170.3
Total auditor's remuneration	1,569.4	1,634.2

22. Parent entity financial information

	Parent entity	
	31 Dec 19 \$M	31 Dec 18 \$M
Assets		
Current assets	443.0	102.3
Non-current assets	16,166.4	15,431.9
Total assets	16,609.4	15,534.2
Liabilities		
Current liabilities	558.0	313.1
Non-current liabilities	4,305.5	4,533.2
Total liabilities	4,863.5	4,846.3
Net assets	11,745.9	10,687.9
Equity		
Equity attributable to securityholders of the parent entity		
Contributed equity	8,696.5	7,849.1
Reserves	4.0	(5.9)
Retained earnings	3,045.4	2,844.7
Total equity	11,745.9	10,687.9
Profit attributable to members of the parent entity	719.1	1,815.9
Total comprehensive income for the year, net of tax, attributable to members of the parent entity	719.1	1,815.9
Capital expenditure commitments		
Retail	11.3	32.7
Office	19.0	32.4
Logistics	5.6	3.9
Properties under development	126.3	177.7
Total capital expenditure commitments	162.2	246.7

Intercompany loan receivables are considered to be low risk, and therefore the impairment provision is determined as 12 months expected credit losses. Applying the expected credit risk model does not result in any significant loss allowance being recognised in 2019.

The parent entity had a deficiency of current net assets of \$115.0 million (2018: \$210.8 million) arising as a result of the inclusion of the provision for distribution payable to stapled securityholders. The parent has access to cash and undrawn financing facilities of \$1,399.0 million as set out in note 13.

Notes to the Financial Statements – Year ended 31 December 2019

23. Fair value disclosures

The most significant categories of assets for which fair values are used are investment properties and financial instruments. Information about how those values are calculated, including the valuation process, critical assumptions underlying the valuations, information on sensitivity and other information required by the accounting standards, is provided in this note.

(i) Fair value measurement, valuation techniques and inputs

A description of the valuation techniques and key inputs are included in the following table:

Class of assets/liabilities	Fair value hierarchy ¹	Valuation technique	Inputs used to measure fair value	Unobservable inputs 31 Dec 2019	Unobservable inputs 31 Dec 2018
Retail	Level 3	Discounted cash flow (DCF) and income capitalisation method	10 year average specialty market rental growth Gross market rent (per sqm p.a.) Adopted capitalisation rate Adopted terminal yield Adopted discount rate Lease incentives (gross)	2.8% – 3.6% \$1,330 – \$2,423 4.25% – 6.00% 4.50% – 6.25% 6.25% – 7.00% 5.0% – 7.5%	3.1% – 3.6% \$1,279 – \$2,306 4.13% – 5.50% 4.38% – 5.88% 6.25% – 7.00% 5.0% – 7.7%
Office	Level 3	DCF and income capitalisation method	Net market rent (per sqm p.a.) 10 year average market rental growth Adopted capitalisation rate Adopted terminal yield Adopted discount rate Lease incentives (gross)	\$425 – \$1,620 3.3% – 4.3% 4.39% – 5.50% 4.63% – 5.75% 6.25% – 6.75% 15.0% – 37.5%	\$410 – \$1,605 3.1% – 4.2% 4.63% – 5.50% 5.00% – 5.75% 6.38% – 6.75% 17.5% – 35.0%
Logistics	Level 3	DCF and income capitalisation method	Net market rent (per sqm p.a.) 10 year average market rental growth Adopted capitalisation rate Adopted terminal yield Adopted discount rate Lease incentives (net)	\$65 – \$515 2.8% – 3.2% 4.63% – 7.00% 5.00% – 7.25% 6.25% – 7.50% 10.0% – 30.0%	\$56 – \$490 2.8% – 3.1% 5.25% – 7.25% 5.50% – 7.50% 6.75% – 7.75% 10.0% – 25.0%
Properties under development	Level 3	Income capitalisation method, or land rate	Net market rent (per sqm p.a.) Adopted capitalisation rate Adopted terminal yield Adopted discount rate Land rate (per sqm) Profit and risk factor	\$85 – \$655 5.13% – 5.63% 5.50% – 6.00% 6.50% – 6.63% \$217 – \$531 5.0% – 15.0%	\$118 – \$635 5.13% – 5.50% 5.50% – 5.63% 6.63% – 6.75% \$184 – \$272 10.0% – 14.0%
Derivative financial instruments	Level 2	DCF (adjusted for counterparty credit worthiness)	Interest rates Basis CPI Volatility Foreign exchange rates	Not applicable – all inputs are market observable inputs	
Foreign currency borrowings	Level 2	DCF	Interest rates Foreign exchange rates		

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

Notes to the Financial Statements – Year ended 31 December 2019

DCF method	Under the DCF method, the fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the assets' or liabilities' life including an exit or terminal value. The DCF method involves the projection of a series of cash flows from the assets or liabilities. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the cash flow stream associated with the assets or liabilities.
Income capitalisation method	This method involves assessing the total net market income receivable from the property and capitalising this in perpetuity to derive a capital value, with allowances for capital expenditure and reversions.
Gross market rent	A gross market rent is the estimated amount of rent for which a property or space within a property should lease between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and wherein the parties have each acted knowledgeably, prudently and without compulsion.
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 and does not include the building outgoings or cleaning costs paid by the tenant.
10 year average specialty market rental growth	The expected annual rate of change in market rent over a 10 year forecast period in 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.
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.
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.
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.
Land rate (per sqm)	The land rate is the market land value per sqm.
Lease incentives	A lease incentive is often provided to a lessee upon the commencement of a lease. Incentives can be a combination of, or, one of the following: a rent free period, a fit-out contribution, a cash contribution or rental abatement.
Counterparty credit worthiness	Credit value adjustments are applied to derivatives assets based on that counterparty's credit risk using the observable credit default swaps curve as a benchmark for credit risk. Debit value adjustments are applied to derivatives liabilities based on GPT's credit risk using GPT's credit default swaps curve as a benchmark for credit risk.

(iii) Valuation process – investment properties

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

GPT has a Valuation Committee (committee) which is comprised of the Chief Operating Officer, Chief Financial Officer, Head of Funds Management, Head of Transactions, Deputy Chief Financial Officer and General Counsel.

The purpose of the committee is to:

- Approve the panel of independent valuers;
- Review valuation inputs and assumptions;
- Provide an escalation process where there are differences of opinion from various team members responsible for the valuation;
- Oversee the finalisation of the valuations; and
- Review the independent valuation sign-off and any comments that have been noted.

All independent valuations and internal tolerance checks are reviewed by the committee prior to these being presented to the Board for approval.

Independent valuations

GPT's independent valuations are performed by independent professionally qualified valuers who hold recognised relevant professional qualifications and have specialised expertise in the investment properties being valued. Selected independent valuation firms form part of a panel approved by the committee. Each valuation firm is limited to undertaking consecutive valuations of a property for a maximum period of two years. Where an exceptional circumstance arises, the extension of the valuer's term must be approved by the relevant Board.

The Valuation Policy requires an independent valuation at least annually for all completed investment properties. Properties under development with value of \$100 million or greater are independently valued at least every six months. Unimproved land is independently valued at least every three years. Additional valuations will be completed in the event an internal tolerance check identifies the requirement for an independent valuation.

Notes to the Financial Statements – Year ended 31 December 2019

Internal tolerance checks

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

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

Properties Under Development

The valuation of the properties under development is determined by a development feasibility analysis for each parcel of land within each asset. The development feasibility is prepared on an “as if complete” basis and is a combination of the income capitalisation method and where appropriate, the discounted cash flow method. The cost to complete the development includes development costs, finance costs

and an appropriate profit and risk margin. These costs are deducted from the “as if complete” valuation to determine the “as is” basis or “current fair value.”

Fair value of vacant land parcels is based on the market land value per square metre.

Highest and best use

Fair value for investment properties is calculated for the highest and best use whether or not current use reflects highest and best use. For all GPT investment properties current use equates to the highest and best use, with the exception of Sydney Olympic Park Town Centre.

The masterplan for Sydney Olympic Park provides long term opportunities for the Town Centre to significantly increase the floor space developed within the precinct, subject to development and planning approvals. The assets are currently leased and any future redevelopment is also subject to the expiration of these leases. It is noted that the determination is exclusive of 5 Figtree Drive, Sydney Olympic Park which has been determined by the independent valuer as at 31 December 2019 to retain its highest and best use as an investment property.

(iii) Sensitivity information – investment properties

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

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

Discounted cash flow approach

When assessing a discounted cash flow, the adopted discount rate and adopted terminal yield have a strong interrelationship because the discount rate will determine the rate at which the terminal value is discounted to the present value. In theory, an increase (softening) in the adopted discount rate and a decrease (tightening) in the adopted terminal yield could potentially offset the impact on fair value, and vice versa. If both the discount rate and terminal yield moved in the same direction, the impact on fair value would be magnified.

Income capitalisation approach

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

Notes to the Financial Statements – Year ended 31 December 2019

(iv) Financial instruments

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

	Derivative liabilities \$M	Total \$M
Opening balance 1 January 2018	(5.1)	(5.1)
Fair value movements in profit or loss	5.1	5.1
Closing balance 31 December 2018	–	–
Opening balance 1 January 2019	–	–
Fair value movements in profit or loss	–	–
Closing balance 31 December 2019	–	–

24. Accounting policies

(a) Basis of preparation

The financial statements are a general purpose financial report which has been prepared:

- in accordance with the requirements of the Trust's Constitution, *Corporations Act 2001*, Australian Accounting Standards (AAS) and other authoritative pronouncements of the Australian Accounting Standards Board and International Financial Reporting Standards;
- on a going concern basis in the belief that GPT will realise its assets and settle its liabilities and commitments in the normal course of business and for at least the amounts stated in the financial statements. The net deficiency of current assets over current liabilities at 31 December 2019 of \$712.5 million arises as a result of the inclusion of the provision for distribution payable to stapled securityholders and borrowings due within 12 months. GPT has access to cash and undrawn financing facilities of \$1,399.0 million as set out in note 13;
- under the historical cost convention, as modified by the revaluation for financial assets and liabilities and investment properties at fair value through the Consolidated Statement of Comprehensive Income;
- using consistent accounting policies with adjustments to bring into line any dissimilar accounting policies being adopted by the controlled entities, associates or joint ventures; and
- in Australian dollars with all values rounded in the nearest hundred thousand dollars in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, unless otherwise stated.

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 and represents the contributed equity of the Company.

Comparatives in the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position and notes to the financial statements have been restated to the current year presentation. There was no effect on the profit for the year.

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

The financial report was approved by the Board of Directors on 10 February 2020.

(b) Basis of consolidation

Controlled entities

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

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

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

Associates

Associates are entities over which GPT has significant influence but not control, generally accompanying a shareholding of between 20 per cent and 50 per cent of the voting rights. Management considered if GPT controls its associates and concluded that it does not based on the following considerations.

GPT has a 22.93 per cent equity interest in GPT Wholesale Office Fund (GWOF) and 28.49 per cent equity interest in GPT Wholesale Shopping Centre Fund (GWSCF) as at 31 December 2019. GPT Funds Management Limited (GPTFM), which is wholly owned by the GPT Group is the Responsible Entity (RE) of the Funds. The Board of GPT FM comprises six Directors, of which GPT can only appoint two. As a result, the Group has significant influence over GPT FM and accordingly accounts for it as an associate using the equity method. The Group also has significant influence over the Funds' and accounts for its interests in them using the equity method.

Notes to the Financial Statements – Year ended 31 December 2019

GPT RE Limited (GPTRE), which is wholly owned by the GPT Group owns 91.67 per cent of Darling Park Operator No.1 Pty Limited and Darling Park Operator No.2 Pty Limited, the Trustees of Darling Park Trust and Darling Park Trust No.2. These entities are governed by a Unitholder Committee. The Unitholder and Joint Venture Agreement stipulates that each unit holder has one member, with voting rights in proportion to their unitholding and all resolutions must be passed unanimously. As a result, management has determined that the Group has significant influence over these entities.

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

Joint arrangements

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

Joint operations

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

Joint ventures

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

(c) Other accounting policies

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

(i) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

Foreign operations

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

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

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

(ii) Goods and Services Tax (GST)

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

Cash flows are presented on a gross basis in the Consolidated 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.

Notes to the Financial Statements – Year ended 31 December 2019

(iii) Revenue

Revenue from contracts with customers

Revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits as the entity performs;
- the customer controls the asset as the entity creates or enhances it; or
- the seller's performance does not create an asset for which the seller has an alternative use and there is a right to payment for performance to date.

Where the above criteria is not met, revenue is recognised at a point in time.

Other revenue

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

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

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

The following table summarises the revenue recognition policies.

Type of revenue	Description	Recognised
Recoveries revenue	The Group recovers the costs associated with general building and tenancy operation from lessees in accordance with specific clauses within lease agreements. These are invoiced monthly based on an annual estimate. The consideration for the current month is due on the first day of the month. Revenue is recognised as the estimated costs are consumed by the tenant. Should any adjustment be required based on actual costs incurred, this is recognised in the Consolidated Statement of Financial Performance within the same reporting period and billed annually.	Over time
Recharge revenue	The Group recovers costs for any additional specific services requested by the lessee under the lease agreement. These costs are recovered in accordance with specific clauses within the lease agreements. Revenue from recharges is recognised as the services are provided. The lessee is invoiced on a monthly basis, where applicable. The consideration for the current month is due on the first day of the month.	Over time
Fund management fees	The Company provides fund management services to GPT Wholesale Office Fund (GWOF) and GPT Wholesale Shopping Centre Fund (GWSCF) (the Funds) in accordance with the Funds constitutions. The services are utilised on an ongoing basis and revenue is calculated and recognised in accordance with the relevant constitution. The fees are invoiced on a quarterly basis and consideration is payable within 21 days of the quarter end.	Over time
Fee income – property management fees	The Company provides property management services to the owners of property assets in accordance with property services agreements. The services are utilised on an ongoing basis and revenue is calculated and recognised in accordance with the specific agreement. The fees are invoiced monthly with variable payment terms depending on the individual agreements. Should an adjustment, as calculated in accordance with the property services agreement be required, this is recognised in the statement of financial performance within the same reporting period.	Over time
Fee income – property management leasing fees – over time	Under some property management agreements, the Company provides a lease management service to the owners. These services are delivered on an ongoing basis and revenue is recognised monthly, calculated in accordance with the property management agreement. The fees are invoiced monthly with variable payment terms depending on the individual agreements.	Over time
Fee income – property management leasing fees – point in time	Under some property management agreements, the Company provides a lease management service to the owners. The revenue is recognised when the specific service is delivered (e.g. on lease execution) and consideration is due 30 days from invoice date.	Point in time
Development management fees	The Company provides development management services to the owners of property assets in accordance with development management agreements. Revenue is calculated and recognised in accordance with the specific agreement. The fees are invoiced on a monthly basis, in arrears, and consideration is due 30 days from invoice date.	Over time/point in time
Development revenue	The Company provides development management services to the owners of property assets in accordance with development management agreements. Revenue is calculated in accordance with the specific agreement and invoiced in accordance with the contract terms. Consideration is due from the customer based on the specific terms agreed in the contract and is recognised when the Company has control of the benefit.	Point in time
Sale of inventory	Proceeds from the sale of inventory are recognised by the Company in accordance with a specific contract entered into with another party for the delivery of inventory. Revenue is calculated in accordance with the contract. Consideration is payable in accordance with the contract. Revenue is recognised when control has been transferred to the buyer.	Point in time

Notes to the Financial Statements – Year ended 31 December 2019

(iv) Expenses

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

(v) Finance costs

Finance costs include interest on borrowings and regular coupons paid or received under derivative instruments hedging GPT's interest rate risk on a portfolio basis, amortisation of discounts or premiums relating to borrowings and amortisation of ancillary costs incurred in connection with the arrangement of borrowings. Finance costs are expensed as incurred unless they relate to a qualifying asset.

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

(d) New and amended accounting standards and interpretations adopted from 1 January 2019

GPT has adopted AASB 16 *Leases* at 1 January 2019. AASB 16 replaces AASB 117 *Leases* and is effective for reporting periods on or after 1 January 2019. The impact on the GPT's previously reported financial position at 31 December 2018, as a result of the adoption of AASB 16 and its application is detailed in note 25.

(e) New accounting standards and interpretations issued but not yet adopted

There are no new standards or amendments to standards relevant to GPT.

25. Adoption of new accounting standard

AASB 16 *Leases*

GPT has adopted AASB 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening Consolidated Statement of Financial Position on 1 January 2019.

Policies applicable from 1 January 2019

Payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in the Consolidated Statement of Comprehensive Income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Lease liabilities are initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. If that rate cannot be determined, GPT's incremental borrowing rate is used. The incremental borrowing rate is calculated by interpolating or extrapolating secondary market yields on the Group's domestic medium term notes (MTNs) for a term equivalent to the lease. If there are no MTNs that mature within a reasonable proximity of the lease term, indicative pricing of where the Group can price a new debt capital market issue for a comparative term will be used in the calculation.

Lease liabilities are subsequently measured by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

Interest on the lease liability and any variable lease payments not included in the measurement of the lease liability are recognised in the Consolidated Statement of Comprehensive Income in the period in which they relate. Interest on lease liabilities included in Finance costs in the Consolidated Statement of Comprehensive Income totalled \$1.2 million for the year.

Right-of-use assets are measured at cost less depreciation and impairment and adjusted for any remeasurement of the lease liability. The cost of the asset includes:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration cost.

Additions to the right-of-use assets during the year were \$9.7 million.

Notes to the Financial Statements – Year ended 31 December 2019

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, unless they meet the definition of an investment property. Right-of-use assets which meet the definition of an investment property form part of the investment property balance and are measured at fair value in accordance with AASB 140 *Investment Property* (refer note 2 and following section on ground leases).

GPT determines the lease term as the non-cancellable period of a lease together with both:

- the periods covered by an option to extend the lease if it is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Management considers all the facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. This assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the year the financial effect of revising lease terms was an increase in recognised liabilities and right-of-use assets of \$23.1 million.

GPT tests right-of-use assets for impairment where there is an indicator that the asset may be impaired. 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.

GPT's right-of-use assets are all property leases.

Ground Leases

On adoption of AASB 16 on 1 January 2019, a lease liability reflecting the leasehold arrangements of investment properties needs to be separately disclosed in the Consolidated Statement of Financial Position and the carrying value of the investment properties will be adjusted (i.e. grossed up) so that the net of these two amounts equals the fair value of the investment properties. The lease liabilities are calculated as the net present value of the future lease payments discounted at the incremental borrowing rate. The weighted average incremental borrowing rate as of 1 January 2019 was 4.8 per cent. At 31 December 2019, \$6.4 million of lease liabilities for ground leases at Melbourne Central Retail and Sunshine Plaza has been recognised in the Consolidated Statement of Financial Position.

Adjustments recognised on adoption of AASB 16 Leases

On adoption of AASB 16, GPT recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using GPT's weighted average incremental borrowing rate as of 1 January 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.7 per cent.

The difference between the operating lease commitments disclosed at 31 December 2018 of \$38.0 million discounted using the incremental borrowing rate as 1 January 2019 and the balance of the lease liabilities recognised at 1 January 2019 reflects:

- the exclusion of leases committed to but for which the term had not yet commenced;
- the removal of contracts reassessed as service agreements; and
- adjustments as a result of different treatment of extension and termination options.

Right-of-use assets were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

Practical expedients applied

In applying AASB 16 for the first time, GPT has used the following practical expedients permitted by the standard:

- the use of a single discount rate to the portfolio of property leases where they have reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous; and
- the exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application.

GPT has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

26. Events subsequent to reporting date

The Directors are not aware of any matter or circumstance occurring since 31 December 2019 that has significantly or may significantly affect the operations of GPT, the results of those operations or the state of affairs of GPT in the subsequent financial years.

Directors' Declaration

Year ended 31 December 2019

In the Directors of the Responsible Entity's opinion:

- (a) The consolidated financial statements and notes set out on pages 28 to 73 are in accordance with the *Corporations Act 2001*, including:
- complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - giving a true and fair view of GPT's financial position as at 31 December 2019 and of its performance for the financial year ended on that date; and
- (b) the consolidated financial statements and notes comply with International Financial Reporting Standards as disclosed in note 24 to the financial statements.
- (c) There are reasonable grounds to believe that GPT will be able to pay its debts as and when they become due and payable. The net deficiency of current assets over current liabilities at 31 December 2019 of \$712.5 million arises as a result of the inclusion of the provision for distribution payable to stapled securityholders and borrowings due within 12 months. GPT has access to cash and undrawn financing facilities of \$1,399.0 million as set out in note 13 to the financial statements.

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

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



Vickki McFadden
Chairman



Bob Johnston
Chief Executive Officer and Managing Director

GPT RE Limited
Sydney
10 February 2020



Independent auditor's report

To the stapled security holders of The GPT Group

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of General Property Trust (GPT or the Registered Scheme) and its controlled entities (together, the Group or The GPT Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 31 December 2019
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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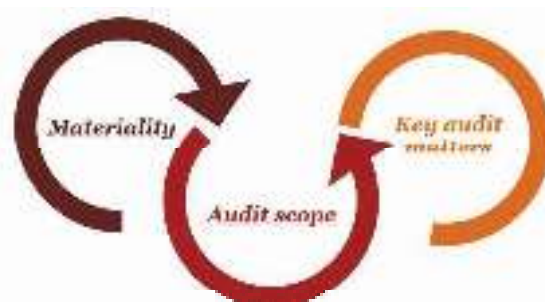
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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	Audit scope	Key audit matters
- For the purpose of our audit we used overall Group materiality of \$30.5 million, which represents approximately 5% of the Group's Funds from Operations (FFO). - We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. - We chose FFO because, in our view, it is the key performance indicator used by security holders to measure the performance of the Group. An explanation of what is included in FFO is located in Note 1, Segment information. - We selected 5% based on our professional judgement noting	- The structure of the Group is commonly referred to as a 'stapled group'. In a stapled group, the securities of two or more entities are 'stapled' together and cannot be traded separately. In the case of the Group, the units in GPT have been stapled to the shares in GPT Management Holdings Limited (GPT MH). For the purposes of consolidation accounting, GPT is the 'deemed' parent and the financial report reflects the consolidation of GPT and its controlled entities and GPT MH and its controlled entities. - Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. - The Group holds equity	- Amongst other relevant topics, we communicated the following key audit matters to the Audit Committee: - Valuation of investment properties (including those under development) - Carrying value of inventories - Valuation of derivatives - These are further described in the <i>Key audit matters</i> section of our report.



it is also within the range of commonly accepted profit related thresholds.

accounted investments in two wholesale real estate investment funds. The auditors of these funds ("component auditors") assisted in performing procedures on our behalf.

- We determined the level of involvement we needed to have in the audit work performed by the component auditors to be able to conclude whether sufficient appropriate audit evidence had been obtained. This included written instructions and active dialogue throughout the year.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
Valuation of investment properties (including those under development) <i>\$10,327.5 million (2018: \$10,128.8 million)</i> <i>Refer to note 2</i> The Group's investment property portfolio is comprised of office, retail and logistics properties including properties under development in those categories. Investment properties are valued at fair value at reporting date using the Group's policy as described in Note 23. The value of investment properties is dependent on the valuation methodology adopted and the inputs into the valuation model. Factors such as prevailing market conditions, the individual nature, condition and location of each property and the expected future income for each property directly impact fair values. Amongst others, the following assumptions are key in establishing fair value: • Capitalisation rate	We obtained a selection of the latest independent property market reports to develop an understanding of the prevailing market conditions in which the Group invests. For a sample of leases, we agreed the underlying lease terms to the tenancy schedule and, for a sample of properties, we compared the rental income used in the valuation and internal tolerance check models to the tenancy schedule. We compared capitalisation rates and discount rates used by the Group to the market data we considered to be relevant based on asset category, grade and location. For a sample of properties, including properties where capitalisation rates, discount rates and/or valuation movements fell outside our expectation, we performed the following procedures, amongst others: • discussed the specifics of the individually selected properties with management, for example new leases entered into during the year, lease expiries, capital expenditure and vacancy rates. • agreed significant underlying assumptions to



Key audit matter

- Discount rate.

In accordance with the Group's valuation policy, all investment properties (with the exception of unimproved land) must be externally valued by an independent valuation expert at least once every 12 months. If a property is not externally valued at balance date, an internal tolerance check is performed to determine whether the book value (most recent valuation plus capital expenditure) is in line with management's estimate of fair value or whether an external valuation is required.

We considered this a key audit matter because of the:

- Relative size of the investment property balance in the consolidated statement of financial position.
- Inherently subjective nature of the key assumptions that underpin the valuations, including capitalisation and discount rates.

How our audit addressed the key audit matter

supporting documentation such as new lease agreements.

- assessed other key inputs in the valuation to observable external market data such as comparable sales.

In addition to the above, for selected properties under development we:

- compared key inputs in the 'as if complete' valuation to underlying support.
- on a sample basis, compared key assumptions used within the development's 'cost to complete' schedule to underlying support, for example, expected future costs to contractor agreements.

External valuations

For all properties externally valued, we agreed the fair value per the final valuation reports to the Group's accounting records. We also:

- assessed the competency and capabilities of the external valuers
- read relevant aspects of the valuers' terms of engagement to identify whether there are any terms that might have affected their objectivity or imposed limitations on their work relevant to their valuation.

Internal tolerance check (ITC)

We confirmed with management that the capitalisation and discounted cash flow models utilised for the internal tolerance checks were consistent with the prior period. We also compared the total value in the ITC to the last independent external valuation to assess compliance with the valuation policy.

For a sample of internal tolerance checks we

- performed a mathematical accuracy check of the model.
- assessed the capitalisation rate and discount rate against comparable assets.

Carrying value of inventories

\$87.2 million (2018: \$144.3 million)

Refer to note 6

The Group develops a portfolio of sites for future sale which are classified as inventory. The Group's inventories are held at the lower of the cost and net

For each project we obtained the Group's latest feasibility models. We also:

- discussed project specifics with management, for example the life cycle of the project, key project risks, changes to project strategy, current and future estimated sales prices, construction progress and costs and any new and previous impairments.



Key audit matter

realisable value for each inventory project.

The cost of the inventory includes the cost of acquisition, development, capitalised interest and all other costs directly related to specific projects including an allocation of direct overhead expenses.

We considered the carrying value of inventories a key audit matter given the significant judgement required by the Group in estimating future selling prices, costs to complete projects and selling costs. These judgements may have a material impact on the calculation of net realisable value and therefore in determining whether the value of a project should be written down or have a previous impairment reversed.

How our audit addressed the key audit matter

- compared the estimated selling prices to market sales data in similar locations or to recent sales in the project.
- compared the forecasted costs to complete for the project to the relevant construction advice (if applicable).
- compared the carrying value to the net realisable value (NRV) to identify projects with potential impairments.
- obtained the transfer agreements for the sites transferred from inventory to investment property during the year and agreed the transfer prices in the agreements to the external valuations.
- traced a sample of capital expenditure additions to supporting documentation and tested whether they were valid costs that could be capitalised in accordance with the requirements of Australian Accounting Standards.

Valuation of derivatives

\$439.7 million (2018: \$216.2 million) (net valuation including current assets, non-current assets, current liabilities and non-current liabilities)

Refer to note 14

The Group issues debt denominated in both foreign and domestic currencies as part of its funding strategy and enters into derivative transactions to manage the associated foreign exchange and interest rate risk.

The Group only applies hedge accounting to the borrowings denominated in foreign currencies. Foreign currency and interest rate risk arising from borrowings denominated in foreign currencies is managed with Cross Currency Interest Rate Swaps (CCIRS). Some of the CCIRS are designated in hedge accounting relationships against Hong Kong Dollar and United States Dollar bonds. Other derivatives are not designated in hedge accounting relationships.

We considered the valuation of derivatives to be a key audit matter because of the:

- Nature and complexity involved in valuing derivative instruments.
- Relative size of the derivative balances and potential for variability in the size of these balances year on year.

We developed an understanding of the movements in the derivative balances during the year. We obtained independent counterparty confirmations to confirm the existence of each derivative at year end.

We selected a sample of derivative balances to test based on instrument type. For each sample:

- we agreed the key terms of the derivatives back to external confirmations or individual counterparty contracts.
- together with PwC treasury specialists, we calculated the fair value of the derivatives, independently sourcing market data inputs used in the valuation calculations.

Through inquiry with management and inspection of a sample of hedge documentation, we identified the application of hedge accounting on new and existing derivative instruments.

To test the application of hedge accounting in accordance with Australian Accounting Standards, we performed the following procedures, amongst others, in conjunction with PwC treasury specialists for a sample of hedge relationships:

- assessed whether the Group's hedge documentation, designation and effectiveness testing approach was in accordance with the hedge accounting requirements of Australian



Key audit matter

- Complexity involved in the application of hedge accounting in accordance with Australian Accounting Standards.

How our audit addressed the key audit matter

- Accounting Standards.
- inspected the hedge documentation for new hedge relationships to assess whether hedge accounting criteria were met.
 - assessed whether the hedge effectiveness criteria continued to be met.
 - assessed the appropriateness of hedge accounting journals across the relevant accounts (cash flow hedge reserve, cost of hedging reserve, fair value adjustment of the borrowings and profit or loss) based on changes in fair value of the hedge accounted derivatives and underlying hedged items. The recognition and presentation of gains and losses was agreed to the consolidated financial statements.

Other information

The directors of the Responsible Entity of GPT, GPT RE Limited (the directors) are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the



going concern basis of accounting unless the directors intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 15 to 26 of the directors report for the year ended 31 December 2019.

In our opinion, the remuneration report of The GPT Group for the year ended 31 December 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors 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.

PricewaterhouseCoopers

Susan Horlin
Partner

Sydney
10 February 2020

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Annual Financial Report of GPT Management Holdings Limited and its Controlled Entities

Year ended 31 December 2019

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This financial report covers both GPT Management Holdings Limited (the Company) as an individual entity and the Consolidated Entity consisting of GPT Management Holdings Limited and its controlled entities.

GPT Management Holdings Limited is a company limited by shares, incorporated and domiciled in Australia.

Through GPT's internet site, GPT has ensured that its corporate reporting is timely, complete and available globally at minimum cost to the Company. All press releases, financial reports and other information is available on GPT's website: www.gpt.com.au.

Directors' Report

Year ended 31 December 2019

The Directors of GPT Management Holdings Limited (the Company), present their report together with the financial statements of GPT Management Holdings Limited and its controlled entities (the Consolidated Entity) for the financial year ended 31 December 2019. The Consolidated Entity is a for profit entity and is stapled to the General Property Trust. The GPT Group (GPT or the Group) financial statements include the results of the stapled entity as a whole.

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

1. Operating and financial review

The Consolidated Entity's results are largely driven by the results of General Property Trust (the Trust) and the Wholesale Funds managed by the Consolidated Entity given that management and other fees are driven by the asset value and performance of the underlying properties within these entities.

About GPT

GPT is an owner and manager of a \$14.85 billion diversified portfolio of high quality Australian retail, office and logistics property assets and together with GPT's funds management platform the Group has \$25.3 billion of property assets under management (AUM).

GPT owns some of Australia's most prominent real estate assets, including Melbourne Central and Highpoint Shopping Centre in Melbourne, Australia Square, Governor Phillip Tower & Governor Macquarie Tower, Darling Park and 2 Park Street in Sydney 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 \$10.9 billion. GPT is one of the top 50 listed stocks on the ASX by market capitalisation as at 31 December 2019.

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

A key performance measure for GPT is Total Return. Total Return is calculated as the change in Net Tangible Assets (NTA) per security plus distributions per security declared over the year, divided by the NTA per security at the beginning of the year. This focus on Total Return is aligned with securityholders' long term investment aspirations. In 2019 GPT achieved a Total Return of 8.7 per cent.

GPT focuses on maintaining a strong balance sheet. GPT's gearing as at 31 December 2019 was 22.1 per cent and it has maintained a long weighted average debt expiry of 7.7 years. The average cost of debt for 2019 was 3.6 per cent.

Review of operations

The Consolidated Entity's financial performance for the year ended 31 December 2019 is summarised below.

The net profit after tax for the year ended 31 December 2019 is \$9,565,000 (2018: loss of \$40,962,000).

	31 Dec 19 \$'000	31 Dec 18 \$'000	Change %
Property management fees	44,331	43,511	2%
Development management fees and revenue	23,014	21,634	6%
Fund management fees	86,497	84,619	2%
Management costs recharged	30,608	32,059	(5%)
Proceeds from sale of inventory	96,670	28,883	235%
Other income	539	685	(21%)
Expenses	(252,083)	(229,156)	(10%)
Profit/(loss) from continuing operations before income tax expense	29,576	(17,765)	266%
Income tax expense	(9,961)	(7,670)	(30%)
Profit/(loss) after income tax for continuing operations	19,615	(25,435)	177%
Loss from discontinued operations	(10,050)	(15,527)	35%
Net profit/(loss) for the year	9,565	(40,962)	123%

Directors' Report – Year ended 31 December 2019

Consolidated Entity result

The net profit after tax compared to the loss recognised at December 2018 is largely attributable to the reversal of impairment expense and lower revaluation of financial arrangements.

Property management

Retail

The Consolidated Entity is responsible for property management activities across the retail sector. Property management fees decreased to \$27,341,000 in 2019 primarily as a result of lower leasing fees and the sale of Homemaker Centre, Maribyrnong in December 2018.

Office

The Consolidated Entity is responsible for property management activities across the office sector. Property management fees increased to \$14,516,000 in 2019 primarily as a result of increased membership income for Space&Co from the opening of new venues in the second half of 2018 and the expansion of existing venues in 2019.

Logistics

The Consolidated Entity is responsible for property management activities across the logistics sector. Property management fees increased to \$2,474,000 in 2019 as a result of property acquisitions and the conversion of properties from development assets to operating assets.

Development management fees and revenue

Development management fees have increased by 6 per cent overall to \$23,014,000 primarily due to increased development activity across the office and logistics portfolios including Queen and Collins, 32 Smith Street Parramatta, 21 Shiny Drive Truganina and the Berrinba assets. This is partially offset by the completion of the 4 Murray Rose Sydney Olympic Park development in 2018 and the practical completion of 50 Old Wallgrove Road Eastern Creek in January 2019.

Funds Management

GPT Wholesale Office Fund (GWOFF)

GWOFF's total assets increased to \$8.8 billion, up \$1.0 billion from 2018 and the fund delivered a one year equity IRR of 10.3 per cent. The management fee income earned from GWOFF for 2019 increased by \$4.0 million as compared to 2018 due to the increase in the asset value of the portfolio.

As a result of GPT not participating in GWOFF's Distribution Reinvestment Plan (DRP) or equity raisings, GPT's ownership reduced to 22.93 per cent (Dec 2018: 23.83 per cent).

GPT Wholesale Shopping Centre Fund (GWSCF)

The fund delivered a one year equity IRR of (-3.0 per cent). GWSCF's total assets decreased to \$4.5 billion, down \$0.3 billion from 2018, primarily driven by the sale of Norton Plaza in October 2019 and asset devaluations. Management fee income earned from GWSCF decreased by \$0.3 million as compared with 2018.

As a result of GPT not participating in GWSCF's DRP, GPT's ownership reduced to 28.49 per cent (Dec 2018: 28.57 per cent).

Management costs recharged

Management costs recharged reduced by 5 per cent overall to \$30,608,000 primarily due to the sale of Homemaker Centre, Maribyrnong in December 2018, MLC Centre in April 2019 and Norton Plaza in October 2019.

Expenses

Expenses have increased by 10 per cent overall to \$252,083,000 primarily due to increased costs relating to the sale of inventory, partially offset by lower revaluation of financial arrangements.

Financial position

	31 Dec 19 \$'000	31 Dec 18 \$'000	Change %
Current assets	83,120	107,299	(23%)
Non-current assets	265,548	239,101	11%
Total assets	348,668	346,400	1%
Current liabilities	103,826	70,751	47%
Non-current liabilities	128,868	175,759	(27%)
Total liabilities	232,694	246,510	(6%)
Net assets	115,974	99,890	16%

Total assets increased by 1 per cent to \$348,668,000 in 2019 (Dec 2018: \$346,400,000) primarily due to the recognition of right-of-use assets under AASB 16 *Leases* (refer to note 26 of the financial statements for details) partially offset by the sale of inventories.

Total liabilities decreased by 6 per cent to \$232,694,000 in 2019 (Dec 2018: \$246,510,000) due to reduced borrowings partially offset by the recognition of lease liabilities under AASB 16.

Capital management

The Consolidated Entity has an external loan relating to the Metroplex joint venture.

The Consolidated Entity has related party borrowings from the Trust and its subsidiaries. Under Australian Accounting Standards, the loans are revalued to fair value each reporting period.

Directors' Report – Year ended 31 December 2019

Cash flows

The cash balance at 31 December 2019 increased to \$21,677,000 (Dec 2018: \$19,259,000).

Operating activities

Net cash inflows from operating activities have increased in 2019 to \$111,412,000 (Dec 2018: \$72,706,000) driven by higher proceeds on sale of inventory and lower income tax paid, partially offset by lower cash receipts.

The following table shows the reconciliation from net profit/(loss) to the cash flow from operating activities:

	31 Dec 19 \$'000	31 Dec 18 \$'000	Change %
Net profit/(loss) for the year	9,565	(40,962)	123%
Non-cash items included in net profit/loss	39,163	94,419	(59%)
Timing difference	62,684	19,249	226%
Net cash flows from operating activities	111,412	72,706	53%

Investing activities

Net cash flows outflows from investing activities have increased to \$14,522,000 in 2019 (Dec 2018: \$5,371,000) due to higher costs associated with the acquisition of intangible assets.

Financing activities

Net cash outflows from financing activities have increased to \$94,472,000 in 2019 (Dec 2018: \$68,109,000) primarily due to repayment of related party borrowings.

Dividends

The Directors have not declared any dividends for the year ended 31 December 2019 (2018: nil).

Prospects

The following details the prospects of the Trust and the Wholesale Funds, as the management and other fees earned by the Consolidated Entity are driven by the asset value and performance of the underlying properties within these entities.

Group

GPT retains a portfolio of high quality assets with high occupancy levels and structured rental growth. As at 31 December 2019, the Group's balance sheet is in a strong position, with a smooth, long debt expiry profile and net gearing below the Group's target gearing range of 25 to 35 per cent due to the sale of MLC Centre and the equity raise during the period.

Retail

Despite challenging conditions facing the retail environment, the retail portfolio has delivered positive sales productivity growth with weighted total centre MAT per sqm up 1.1 per cent and total specialty MAT per sqm

up 1.9 per cent and remains well leased with occupancy at 99.6 per cent. GPT's assets are predominantly located in NSW and Vic which continue to experience solid economic and population growth. The Group continues to invest in its retail assets to provide engaging places for customers, to attract best in class retailers which will result in delivering consistent long term returns. The expansion of Melbourne Central and Rouse Hill will be opportunities for GPT to deliver leading examples on how retail assets need to evolve and adapt to meet the changing needs of today's retail consumer.

Office

GPT is progressing its future development pipeline in Sydney and Melbourne. Stage 1 Development Approval has been achieved for the proposed new office tower and retail precinct of up to 73,000sqm at Darling Park in Sydney. An International Design Competition for this project is nearing completion. In Melbourne, the Group is seeking a pre-commitment tenant for a proposed 20,000sqm office tower at Melbourne Central.

The Eastern Seaboard CBD office markets continued to experience favourable conditions during the past 12 months with vacancy rates in Sydney and Melbourne remaining low, at 5.0 per cent and 3.4 per cent respectively as at December 2019. Brisbane's vacancy rate has contracted in the 12 months from 13.2 per cent to 11.7 per cent. Vacancy rates in Sydney and Melbourne are forecast to increase over the short to medium term as new supply is delivered, while Brisbane vacancy is expected to decline as a result of the improving Queensland economy and limited supply forecast to be delivered in the near term.

Logistics

GPT is executing on its strategy to increase its portfolio weighting to the Logistics sector through the acquisition of investment assets and build out of the development pipeline. Industrial markets continue to benefit from sustained occupier demand, underpinned by infrastructure spending, population growth and e-commerce driving increased supply chain sophistication. These factors, together with strong investor demand for prime logistics facilities has resulted in firming of capitalisation rates.

Funds management

GPT has a large funds management platform which has experienced significant growth in the value of assets under management over the past five years. The funds management team will continue to actively manage the existing portfolios, with new acquisitions, divestments and developments in line with the investment objectives of each fund.

Guidance for 2020

In 2020 GPT expects to deliver 3.5 per cent growth in FFO per ordinary security and 3.5 per cent growth in distribution per ordinary security. Achieving this target is subject to risks detailed in the following section.

Directors' Report – Year ended 31 December 2019

Risk management

GPT's approach to risk management incorporates culture, people, processes and systems to enable the organisation to realise potential opportunities whilst managing potential adverse effects. This commitment to integrated risk management is consistent with AS/NZS ISO 31000:2018: Risk Management.

GPT has an enterprise-wide Risk Management Framework which is overseen by the Board and which consists of the following key elements:

- **Risk Policy** – The Risk Policy sets out GPT's approach to risk management. It is reviewed annually by the Sustainability and Risk Committee (a sub-committee of the GPT Board) and is available on the GPT website.
- **Risk Appetite** – The Board sets GPT's risk appetite to align with the company's vision, purpose and strategy. The risk appetite is documented in the Group's Risk Appetite Statement, against which all key investment decisions are measured.
- **Risk Governance** – The Board is supported in its oversight of the Risk Management Framework by the Sustainability and Risk Committee which reviews the effectiveness of the Framework, and by the Audit Committee, the Leadership Team and the Investment Committee.
- **Risk Culture** – GPT is committed to maintaining a transparent and accountable culture where risk is actively considered and managed in our day-to-day activities.
- **Risk Management Processes** – GPT has robust processes in place for the identification, assessment, treatment and reporting of risk.

The following table sets out GPT's material risks and opportunities and what we are doing in response to them.

Risks and Opportunities	Our Response
Portfolio Operating and Financial Performance Our portfolio operating and financial performance is influenced by internal and external factors including our investment decisions, market conditions, interest rates, economic factors and potential disruption.	• GPT's portfolio is diversified by sector and geography. • Review of market conditions twice a year, including briefings from economists. • Scenario modelling and stress testing of assumptions. • A disciplined investment approval process, including extensive due diligence requirements. • A development pipeline to enhance asset returns and maintain asset quality. • Active management of our assets, including leasing, to ensure a large and diversified tenant base with limited single tenant exposure. • Experienced management, supplemented with external capabilities where appropriate. • A structured program of investor engagement.
Development Development provides the Group with access to new, high quality assets. Delivering assets that exceed our risk adjusted return requirements and meet our sustainability objectives is critical to our success.	• A disciplined investment approval process, including extensive due diligence requirements. • Oversight of developments through regular cross-functional Project Control Group meetings. • Scenario modelling and stress testing of assumptions. • Experienced management capability. • Limits on the proportion of the portfolio under development at any time. • Limits on individual contractor exposure. • Appropriate minimum leasing pre-commitments to be achieved prior to construction commencement.
Capital Management Effective capital management is imperative to meet the Group's ongoing funding requirements and to withstand market volatility.	• Maximum gearing range of 25 to 35 per cent consistent with a stable investment grade "A category" credit rating. • Maintenance of a minimum liquidity buffer in cash and surplus committed credit facilities. • Diversified funding sources. • Maintenance of a long weighted average debt term, with limits on the maximum amount of debt expiring in any 12 month period. • Hedging of interest rates to keep exposure within prescribed limits. • Limits on currency exposure. • Limits on exposure to counterparties.
Health and Safety GPT is committed to promoting and protecting the health, safety and wellbeing of its people, customers, contractors and all users of its assets.	• A culture of safety first and integration of safety risk management across the business. • Comprehensive Health and Safety management systems. • Training and education of employees and induction of contractors. • Engagement of specialist safety consultants to assist in identifying risks and appropriate mitigation actions. • Prompt and thorough investigation of all safety incidents to ascertain root causes and prevent future occurrences. Participation in knowledge sharing within the industry. • Comprehensive Crisis Management and Business Continuity Plans, tested annually.

Directors' Report – Year ended 31 December 2019

Risks and Opportunities	Our Response
People and Culture Our ongoing success depends on our ability to attract, engage and retain a motivated and high-performing workforce to deliver our strategic objectives and an inclusive culture that supports GPT's core values.	• Active adoption and promotion of GPT's Values and Code of Conduct. • A comprehensive Code of Conduct (including consequences for non-compliance). • Employee Engagement Surveys every two years with action plans to address results. • An annual performance management process, setting objectives and accountability. • Promotion of an inclusive workplace culture where differences are valued, supported by policies and training. • A Diversity and Inclusion Working Group, chaired by the GPT CEO. • Monitoring of both risk culture and conduct risk. • An incentive system with capacity for discretionary adjustments and clawback policy. • Benchmarking and setting competitive remuneration. • Development and succession planning. • Workforce planning.
Environmental and Social Sustainability Delivering sustainable outcomes for investors, customers, communities and the environment, today and for future generations, is essential. GPT understands and recognises that changes to the environment can affect our assets and business operations.	• An Environment and Sustainability Management System, including policies and procedures for managing environmental and social sustainability risks. • Participation in the Dow Jones Sustainability Index, Global Real Estate Sustainability Benchmark and other industry benchmarks. • Climate related risks and potential financial impacts are assessed within GPT's enterprise-wide Risk Management Framework. • Climate change reporting in line with the recommendations of the Task Force on Climate-related Financial Disclosures. • Active community engagement via the GPT Foundation, GPT's Reconciliation Action Plan and other targeted programs. • Supply chain review, changes to the procurement process and amendment of standard contracts in response to Modern Slavery legislation.
Technology and Cyber Security Our ability to respond to a major cyber security threat and breaches of our information technology systems is vital to ensure ongoing business continuity and the safety of people and assets.	• Technology risk management framework including third party risk management procedures around cyber security. • Privacy policy, guidelines and procedures. • Compulsory cyber security awareness training twice a year. • Annual security testing completed by a specialist external security firm, including penetration testing, phishing exercises and social engineering testing. • A comprehensive Cyber Security Incident Response Plan. • A Disaster Recovery Plan including annual disaster recovery testing. • Technology solutions in place to monitor GPT platforms and provide alerts to anomalous behaviour. • An Information Security Risk and Compliance Committee which oversees the Information Security Policy and related policies. • Alignment to the National Institute of Standards and Technology (NIST) Cyber Security Framework.
Compliance and Regulation We ensure compliance with all applicable regulatory requirements through our established policies and frameworks.	• An experienced management team with Legal, Tax, Finance, Compliance and Risk Management expertise. • Engagement of external expert advisors as required. • An internal and external audit program overseen by the Audit Committee of the Board. • Active management of the Group's Compliance Plans, in accordance with the requirements of the Corporations Law. • Internal Committees such as a Continuous Disclosure Committee, a Data Privacy Committee and a Cyber Security Governance Committee to monitor key compliance risks. • An Anti-money Laundering and Counter-terrorism Financing Policy, a Conflicts Management Policy, a Code of Conduct and other internal policies and procedures which are regularly reviewed and actively enforced. • An ongoing program of training which addresses all key compliance requirements. • Active involvement in the Property Council of Australia and other industry bodies.

Directors' Report – Year ended 31 December 2019

2. Task Force on Climate-Related Financial Disclosure

Climate change is a global challenge. GPT recognises that changes to the environment can influence the operation of our business and our assets, and we are committed to identifying and managing climate change risks across our business.

As a market leading owner and manager of a \$25.3 billion portfolio of office, logistics and retail properties across Australia, GPT recognises the importance of transparently identifying and managing the foreseeable climate-related risks and opportunities likely to impact on the property sector. These impacts are already starting to manifest, with the world seeing an increase in the frequency and intensity of extreme weather events as a consequence of climate change.

In 2019, GPT undertook work to create a series of climate change disclosures aligned to the Taskforce on Climate-related Financial Disclosure (TCFD) recommendations. The TCFD provides a framework for more effective climate-related financial disclosures, addressing four key areas: governance, strategy, risk management and metrics and targets.

In preparing this report, a cross-functional reference group was established to identify foreseeable risks and opportunities under three different climate change related scenarios and to formulate GPT's ongoing climate change response plans.

GPT's detailed TCFD disclosure statement is available on our website: gpt.com.au/index.php/sustainability

Governance

Our approach to managing and reporting climate change risks and opportunities is guided by our overarching commitment to sustainability, outlined in our Sustainability Policy.

Climate change risks and potential financial impacts are assessed within GPT's Risk Management Framework, and GPT's Board of Directors ("Board") has ultimate responsibility for overseeing the application and management of the Framework. The Board established the Sustainability and Risk Committee ("Committee") to assist it in meeting certain areas of its responsibilities. Key areas of responsibility for the Committee includes oversight of the risk management, compliance and internal controls frameworks of GPT. In addition, the Audit Committee also supports the Board by considering material risks in the context of GPT's financial reporting.

GPT's Chief Executive Officer (CEO) and Managing Director is accountable for ensuring that the Group is identifying, assessing and managing climate change risks and opportunities in accordance with GPT's Risk Management Framework. The Chief Risk Officer (CRO) has direct responsibility for managing GPT's Sustainability Team, which has responsibility for formulating and implementing GPT's sustainability initiatives across the business.

Accountability for the Group's sustainability targets and outcomes is reinforced through Key Performance Indicators (KPIs) that are included in the performance agreements of the CEO, the Leadership Team, all members of the Sustainability Team and key operational level staff members. In the case of the CEO, and the Leadership Team, these KPIs are directly linked to financial outcomes.

Strategy

In October 2017, GPT announced its target to operate its buildings on a carbon neutral basis by 2030. We are focused on eliminating emissions within our control and working proactively to influence and assist others to reduce their emissions. GPT's target, and the approach to managing emissions and energy consumption, are outlined in the Group's Climate Change and Energy Policy and are delivered through an ISO 14001 Environmental Management System.

To better understand the potential impact of climate change on our business, and to test the resilience of our strategy, GPT undertook scenario analysis in line with TCFD recommendations. A detailed summary of the scenarios adopted by GPT and potential risks and opportunities that may impact GPT as identified by this analysis can be found in the Group's detailed TCFD disclosure statement which is available on our website. The following scenarios were considered:

- The high emissions scenario assumed a long term average temperature rise of 4°C. This reflects a business as usual scenario where little to no additional action is taken by the broader global community to curb emissions growth. Under this scenario, physical risks are expected to increase in line with climatic changes, with minimal transitional impacts;
- GPT's medium emissions scenario broadly aligns with the Paris Agreement's 2°C goal and is based on an emissions outcome that would see Australia's economy fully decarbonised by approximately 2050. Under this scenario, the property sector will face a mix of physical and transition climate risks and opportunities; and
- The low emissions scenario represents the most ambitious global emissions outcome and is broadly aligned with limiting global warming to 1.5°C. Under this scenario, global greenhouse gas (GHG) emissions would peak in the near term, declining thereafter.

GPT has developed an Energy Master Plan to support the achievement of our net zero carbon emissions targets. The Plan provides a roadmap for the Group to achieve its net zero carbon emissions targets. The Plan takes a holistic approach to energy management with a view to mitigating the impacts of the transition to a low carbon economy and possible changes in energy policy over time.

GPT's approach to reducing or eliminating carbon emissions as part of our carbon neutral pathway is achieved in several ways, including reducing energy use by the implementation of energy efficiency programs, generating and purchasing renewable energy and eliminating gas use in buildings. As we are not yet able to eliminate all waste, gas or fugitive emissions, GPT purchases carbon offsets to address these residual emissions.

Directors' Report – Year ended 31 December 2019

Risk Management

Effective risk management is fundamental to achieving our strategic and operational objectives. GPT's Risk Team applies an enterprise wide Risk Management Framework ("Framework") to monitor the operation of risk management processes and assist in the identification, assessment, treatment and monitoring of identified risks. The Risk Team supports the GPT Leadership Team, Board sub-committees and the GPT Board in ensuring that the business is managing risk appropriately.

To support the business in identifying and assessing climate change risks and opportunities, the TCFD Reference Group was established. The Reference Group identified and assessed the climate change risks and opportunities for each of the three climate scenarios adopted by GPT by applying GPT's Risk Assessment Matrix and Consequence Table, which define measures of likelihood and consequence. The likelihood assessment of physical climate change risks was based on the degree to which the frequency of the event is expected to change in the future under the three climate scenarios. Transition risk likelihood was assessed by considering the likelihood of policy, market, technology and reputational changes impacting GPT based on the expected global emissions reduction ambitions under each scenario.

Climate change risks and potential financial impacts are assessed within the Framework and are recorded in the Sustainability and Risk Committee's Key Risk Dashboard.

The financial effects of GPT's response to identified climate change risks and opportunities are embedded in our capital and operational expenditure plans. Our management of environmental issues is also a qualitative part of the GPT brand that contributes to decision making for our tenants in choosing our buildings and for investors choosing to invest in GPT and our funds.

Metrics & Targets

GPT monitors its direct climate change impacts, and reports on its emissions, energy, water and waste on a property by property basis annually. This information is publicly available in our Environment Data Pack, which includes a portfolio level summary for all indices (electricity, water, fuels, materials, recycling and emissions) since 2005.

The Group obtains external assurance over sustainability performance data including the following climate-related metrics for its portfolio, including: energy consumption and energy production in base building and tenancies, Scope 1, 2 and 3 greenhouse gas, water consumption, waste inputs and outcomes by grade.

The operations of GPT's corporate offices, which includes travel and consumables, have been on a carbon neutral basis since 2011. GPT obtains external validation of its carbon neutral status through the Australian Government's Climate Active certification (formerly NCOS). The certifications cover material Scope 1, 2 and 3 emissions. Adjusting for the purchase of Green Power and carbon offsets, GPT's net emissions from its operations are zero.

Next Steps

In 2020, the Group will be progressing the integration of climate change risks and opportunities into GPT's business planning and operations, including additional disclosure of how this is being achieved.

Further detailed analysis of climate scenarios will also be undertaken, with the results of this analysis to be reflected in the Group's strategic plans. GPT will also seek to put plans in place for each sector portfolio to achieve carbon neutrality.

The Group will undertake ongoing analysis of the climate change risks and opportunities, the results of which will be used to update the Group's risk registers and inform future management activities. In addition, the Group plans to adopt relevant metrics to monitor and measure progress in managing climate change risks and opportunities.

3. 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 significant 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 subject to the reporting requirements of the National Greenhouse and Energy Reporting Act 2007 ("NGER Act"). The NGER Act requires GPT to report its annual greenhouse gas emissions and energy use. The measurement period for GPT is 1 July to 30 June each year. GPT has implemented systems and processes for the collection and calculation of the data required which enables submission of its report to the Department of Climate Change and Energy Efficiency within the legislative deadline of 31 October each year. GPT has submitted its report to the Department of Climate Change and Energy Efficiency for the period ended 30 June 2019 within the required timeframe.

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

4. Events subsequent to reporting date

The Consolidated Entity sold lot 312 on 24 January 2020 at 30 Nashos Place, Wacol (Metroplex). The Consolidated Entity's share of the total consideration for this sale was \$735,000.

Other than the above, the Directors are not aware of any matter or circumstances occurring since 31 December 2019 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' Report – Year ended 31 December 2019

5. Directors and secretary

Information on Directors

Vickki McFadden – Chairman

Vickki was appointed to the Board on 1 March 2018 and is also the Chairman of the Nomination Committee and a member of the Human Resources and Remuneration Committee. She brings a broad range of skills and experience to the Group gained during an 19 year career spanning investment banking, corporate finance and corporate law, and through her current and previous board-level positions.

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

- Tabcorp Holdings Limited (since 2017);
- Newcrest Mining Limited (since 2016); and
- Myer Family Investments Pty Limited (since 2011).

She is also a Member of Chief Executive Women and a Member of the Advisory Board and Executive Committee of the UNSW Business School.

Vickki was previously Chairman of Eftpos Payments Australia Limited, Chairman of Skilled Group Limited (prior to its acquisition by Programmed Maintenance Services Limited), a Non-Executive Director of Leighton Holdings Limited, President of the Takeovers Panel and a Managing Director of Investment Banking at Merrill Lynch Australia.

As at the date of this report she holds 52,525 GPT stapled securities.

Robert Johnston – Chief Executive Officer and Managing Director

Bob was appointed to the Board as Chief Executive Officer and Managing Director in September 2015. Bob is also a member of the Nomination Committee. He has 32 years' experience in the property sector including investment, development, project management and construction in Australia, Asia, the US and UK. Prior to joining GPT, Bob was the Managing Director of listed Australand Property Group which became Frasers Australand in September 2014.

As at the date of this report he holds 1,314,463 GPT stapled securities.

Eileen Doyle (retired in May 2019)

Eileen was appointed to the Board in March 2010. At the time of her retirement from the Board she was the Chairman of the Sustainability and Risk Committee and a member of the Nomination Committee and the Audit Committee. She has diverse and substantial business experience having held senior executive roles and directorships in a wide range of industries, including research, financial services, building and construction, steel, mining, logistics and export. Eileen is also a Fellow of the Australian Academy of Technological Sciences and Engineering.

At the time of her retirement from the Board, Eileen held the position of Non-Executive Director in the following listed and other entities:

- Boral Limited (since 2010); and
- Oil Search Limited (since 2016).

Eileen was also previously a Director of Bradken Limited from 2011 to November 2015.

As at the date of retirement from the Board she held 45,462 GPT stapled securities.

Swe Guan Lim (retired in December 2019)

Swe Guan was appointed to the Board in March 2015 and at the date of his retirement from the Board was a member of the Nomination Committee and the Audit Committee. Swe Guan brought significant Australian real estate skills and experience and capital markets knowledge to the Board, having spent most of his executive career as a Managing Director in the Government Investment Corporation (GIC) in Singapore.

Swe Guan is currently Chairman of Cromwell European REIT in Singapore (since 2017) and a Director of Sunway Berhad in Malaysia (since 2011). Swe Guan is also a member of the Investment Committee of CIMB Trust Cap Advisors and was formerly a Director of Global Logistics Property in Singapore until January 2018.

As at the date of retirement from the Board he held 39,000 GPT stapled securities.

Michelle Somerville

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

Michelle currently holds the position of Non-Executive Director in the following entities:

- IOOF Holdings Limited (since 2019);
- Bank Australia Limited (since 2014);
- Save the Children (Australia) (since 2012); and
- Down Syndrome Australia (since 2011).

Michelle is also an independent consultant to the UniSuper Ltd Audit, Risk and Compliance Committee since 2015 and she was previously a Non-Executive Director of Challenger Retirement and Investment Services Ltd.

As at the date of this report she holds 36,663 GPT stapled securities.

Directors' Report – Year ended 31 December 2019

Gene Tilbrook

Gene was appointed to the Board in May 2010 and is also the Chairman of the Sustainability and Risk Committee and a member of the Nomination Committee and the Audit Committee. He brings extensive experience in finance, corporate strategy, investments and capital management.

Gene currently holds the position of Non-Executive Director in the following listed entities:

- Orica Limited (since 2013); and
- Woodside Petroleum Limited (since 2014).

Gene was also previously a Director of other listed entities including Fletcher Building Limited and Aurizon Holdings Limited (2010 to February 2016).

As at the date of this report he holds 51,071 GPT stapled securities.

Angus McNaughton

Angus was appointed to the Board in November 2018 and is also a member of the Human Resources and Remuneration Committee, Nomination Committee and the Audit Committee. He brings extensive experience in property investment, development and management and funds investment.

Angus was previously the CEO and Managing Director of Vicinity Centres from August 2015 until December 2017. Prior to that time, Angus served as the Managing Director Property for Colonial First State Global Asset Management from 2011, before becoming the CEO and Managing Director of ASX-listed Novion Property Group in 2014. Angus led Novion through to the completion of the merger between Novion and Federation Centres, renamed as Vicinity Centres, in June 2015.

Angus does not currently hold any Non-Executive Director roles in other listed entities. Angus is a member of the REST Due Diligence Review Panel.

He was also previously Director, Real Estate of First State Investments in Singapore and Chief Executive Officer of Kiwi Income Property Trust in New Zealand.

As at the date of this report he holds 8,196 GPT stapled securities.

Tracey Horton AO (appointed 1 May 2019)

Tracey joined the GPT Board in May 2019 and is Chairman of the Human Resources and Remuneration Committee, and a member of the Nomination Committee and the Sustainability and Risk Committee.

Tracey currently holds the position of Non-Executive Director of listed entity Nearmap Ltd (since 2019) and is Acting President of the Australian Takeovers Panel and Deputy Chairman of the Australian Institute of Company Directors. Tracey is also Chair of the Australian Industry and Skills Committee and a Commissioner for Tourism Western Australia.

Tracey was previously a Non-Executive Director of Navitas Limited from June 2012 to July 2019 (Chairman from November 2016 to July 2019), a Non-Executive Director of Skilled Group and Automotive Holdings Group, president of the Chamber of Commerce and Industry (WA) and Winthrop Professor and Dean of the University of Western Australia's Business School. Prior to that she held executive and senior management roles in North America with Bain & Company in North America, and in Australia with Poynton and Partners and the Reserve Bank of Australia.

As at the date of this report she holds 7,525 GPT stapled securities.

Mark Menhinnitt (appointed 1 October 2019)

Mark joined the GPT Board in October 2019 and is a member of the Nomination Committee and the Sustainability and Risk Committee.

Mark has significant investment management, construction, development and urban regeneration experience in the real estate and infrastructure sectors, drawn from his 30 year career at Lend Lease including as CEO of Lendlease Australia.

Mark does not currently hold any Non-Executive roles in other listed entities.

Mark is a graduate member of the Australian Institute of Company Directors and a fellow of the Governance Institute of Australia.

As at the date of this report he holds 15,000 GPT stapled securities.

James Coyne – General Counsel and Company Secretary

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

Lisa Bau – Senior Legal Counsel and Company Secretary

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

Directors' Report – Year ended 31 December 2019

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 Committee		Human Resources and Remuneration Committee		Sustainability and Risk Committee		Nomination Committee	
	No. of meetings	Attended	No. of meetings	Attended	No. of meetings	Attended	No. of meetings	Attended	No. of meetings	Attended
Vickki McFadden ¹	13	13	–	–	6	6	–	–	3	3
Bob Johnston ¹	13	13	–	–	–	–	–	–	3	3
Eileen Doyle	4	4	2	2	–	–	1	1	2	2
Tracey Horton AO	10	10	–	–	4	4	3	3	1	1
Swe Guan Lim	13	13	6	6	–	–	3	3	3	3
Angus McNaughton	13	13	6	6	6	6	–	–	3	3
Mark Menhinnitt	4	4	–	–	–	–	1	1	1	1
Michelle Somerville	13	13	6	6	–	–	4	4	3	3
Gene Tilbrook	13	13	4	4	2	2	3	3	3	3

1 Vickki McFadden and Bob Johnston attended all meetings of the Committees as non-members. All directors may attend any Committee meeting.

6. Other disclosures

Indemnification and insurance of directors, officers and auditor

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

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

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

Non-audit services

During the year PricewaterhouseCoopers, GPT's auditor, has performed other services in addition to their statutory duties. Details of the amounts paid to the auditor, which includes amounts paid for non-audit services and other assurance services, are set out in note 21 to the financial statements.

The Directors have considered the non-audit services and other assurance services provided by the auditor during the financial year. In accordance with advice received from the Audit 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 Committee reviewed the non-audit services and other assurance services 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 Committee concluded that the auditor independence was not compromised, having regard to the Board's policy with respect to the engagement of GPT's auditor; and
- the fact that none of the non-audit services provided by PricewaterhouseCoopers during the financial year had the characteristics of management, decision-making, self-review, advocacy or joint sharing of risks.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 107 and forms part of the Directors' Report.

Rounding of amounts

The amounts contained in this report and in the financial statements have been rounded to the nearest thousand dollars unless otherwise stated (where rounding is applicable) under the option available to the Consolidated Entity under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Consolidated Entity is an entity to which the Instrument applies.

Directors' Report – Year ended 31 December 2019

7. Remuneration report

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

The Board aims to ensure that the GPT Group's remuneration platform is both market competitive and fair to all stakeholders; aligns performance measures to the achievement of GPT's strategic objectives; and communicates the remuneration outcomes clearly and transparently.

Governance

Who are the members of the Committee?	The Committee consists of the following three Non-Executive Directors: - Tracey Horton AO (Committee Chairman) - Vickki McFadden - Angus McNaughton 2019 saw renewal and change on the Committee in line with changes to the Board: - Tracey Horton joined GPT on 1 May 2019 and was appointed Chairman of the Committee from 16 May 2019 while Gene Tilbrook stepped down from the Committee on 16 May 2019.
What is the scope of work of the Committee?	In 2019 the Committee undertook the following activities on behalf of the Board: - Oversee the management of culture. - Implement, monitor, evaluate and oversee GPT's remuneration framework. - Review and recommend to the Board for approval the remuneration for the Board, Chief Executive Officer and Managing Director (CEO) and approve remuneration for executives that are direct reports to the CEO. - Review and recommend to the Board for approval the key performance indicators for the CEO and assess the CEO's performance against those key performance indicators. - Review compliance with legal and regulatory requirements associated with the activities of the Committee. - Oversee the succession planning process for the Leadership Team (excluding the CEO, which is a responsibility of the Nomination Committee¹). - Approve and oversee the implementation of GPT's diversity & inclusion strategy, initiatives and policies. - Receive reports in relation to talent development and employee engagement initiatives.
Who is included in the Remuneration Report?	GPT's Key Management Personnel (KMP) are the individuals responsible for planning, controlling and managing the GPT Group (being the Non-Executive Directors, CEO, Chief Financial Officer (CFO), and the Chief Operating Officer (COO)).

¹ Effective 1 January 2019 a Nomination Committee was formed consisting of the full Board. Further information about the role and responsibility of both the Committee and the Nomination Committee is set out in their respective Charters, which are available on GPT's website (www.gpt.com.au). No additional fees are paid for membership of the Nomination Committee.

Directors' Report – Year ended 31 December 2019

Committee key decisions and remuneration outcomes in 2019

Platform component	Key decisions and outcomes
Base Pay (Fixed)	- Implemented the annual review of employee base pay effective 1 January 2019, with an overall increase of 2.51%. - Following benchmarking, implemented an annual review of Non-Executive Director base and committee fees effective 1 January 2019, with an average increase of 1.72% to bring Non-Executive Directors' remuneration closer to market.
Short Term Incentive Compensation (STIC)	- Maintained Funds from Operations (FFO) growth per security as the primary measure of Group financial performance. - The Group achieved an FFO growth per security outcome of 2.6%. The Committee exercised its discretion to adjust the FFO per security outcome taking into account the dilution resulting from the equity raise and interest expense savings from the hedge restructure. This resulted in an outcome between target and stretch and a STIC pool of \$15.8 million. - Maintained a deferred equity component of STIC vesting in one tranche at the end of the year following the conclusion of the performance period. - Determined that the calculation for the number of securities to be issued under the security-based component of GPT's STIC award be made by reference to the 30-day Volume Weighted Average Price (VWAP) immediately before the end of the relevant performance period from 2020 onward¹.
Long Term Incentive (LTI) Compensation	- Achieved a compound annual Total Return² for the 2017-19 period of 13.19%, exceeding the benchmark of 10% for maximum award, and delivered a Total Securityholder Return (TSR)³ of 41.33% which exceeded the ASX 200 AREIT Accumulation Index (the Index) performance of 40.85% by 0.48%⁴. - Implemented the 2019-2021 LTI with two performance measures, Total Return and Relative TSR. - Maintained the same performance hurdles, ranges and vesting schedules as the prior year's LTI plan. - Determined that the calculation for the number of performance rights issued under future LTI plans be made by reference to the 30-day VWAP immediately prior to the commencement of the performance period from 2020 onward⁵.
Other employee ownership plans	- Continued the General Employee Security Ownership Plan (GESOP) for 108 STIC eligible employees not in the LTI. Under GESOP each participant receives an amount equal to 10% of their STIC (less tax) delivered in GPT securities, which must be held for at least 1 year. - Continued the Broad Based Employee Security Ownership Plan (BBESOP) for 258 employees ineligible for GESOP. Under BBESOP, subject to GPT achieving the annual FFO growth per security target, participants receive \$1,000 worth of GPT securities that cannot be transferred or sold until the earlier of 3 years from the allocation date or cessation of employment (or \$1,000 cash (less tax) at the election of the individual).
Policy and governance	- Operated in accordance with the Human Resources and Remuneration Committee Charter⁶. - Completed an annual review of the Charter. - Ensured clear accountabilities for culture and that systems to monitor it were in place. - Ensured that the remuneration framework balances risk and return and promotes appropriate risk taking behaviours. - Oversaw the implementation of key policies and practices in support of GPT's remuneration and incentive framework. - Sought independent external advice on market compensation benchmarks and practice, prevailing regulatory and governance standards⁷.

¹ The number of securities to be issued under the security-based component of GPT's STIC and LTI award is currently calculated with reference to the Quarter 4 (Q4), VWAP immediately preceding the commencement of the performance period i.e. 1 October 2018 to 31 December 2018.

² Total Return is defined as the sum of the change in Net Tangible Assets (NTA) and distributions over the performance period, divided by the NTA at the beginning of the performance period.

³ TSR represents an investor's return, calculated as the percentage difference between an initial amount invested in stapled securities and the final value of those stapled securities at the end of the relevant period, assuming distributions were reinvested.

⁴ 2017-19 LTI vesting outcome set out in Group Financial Performance and Incentive Outcomes section (refer Table 5).

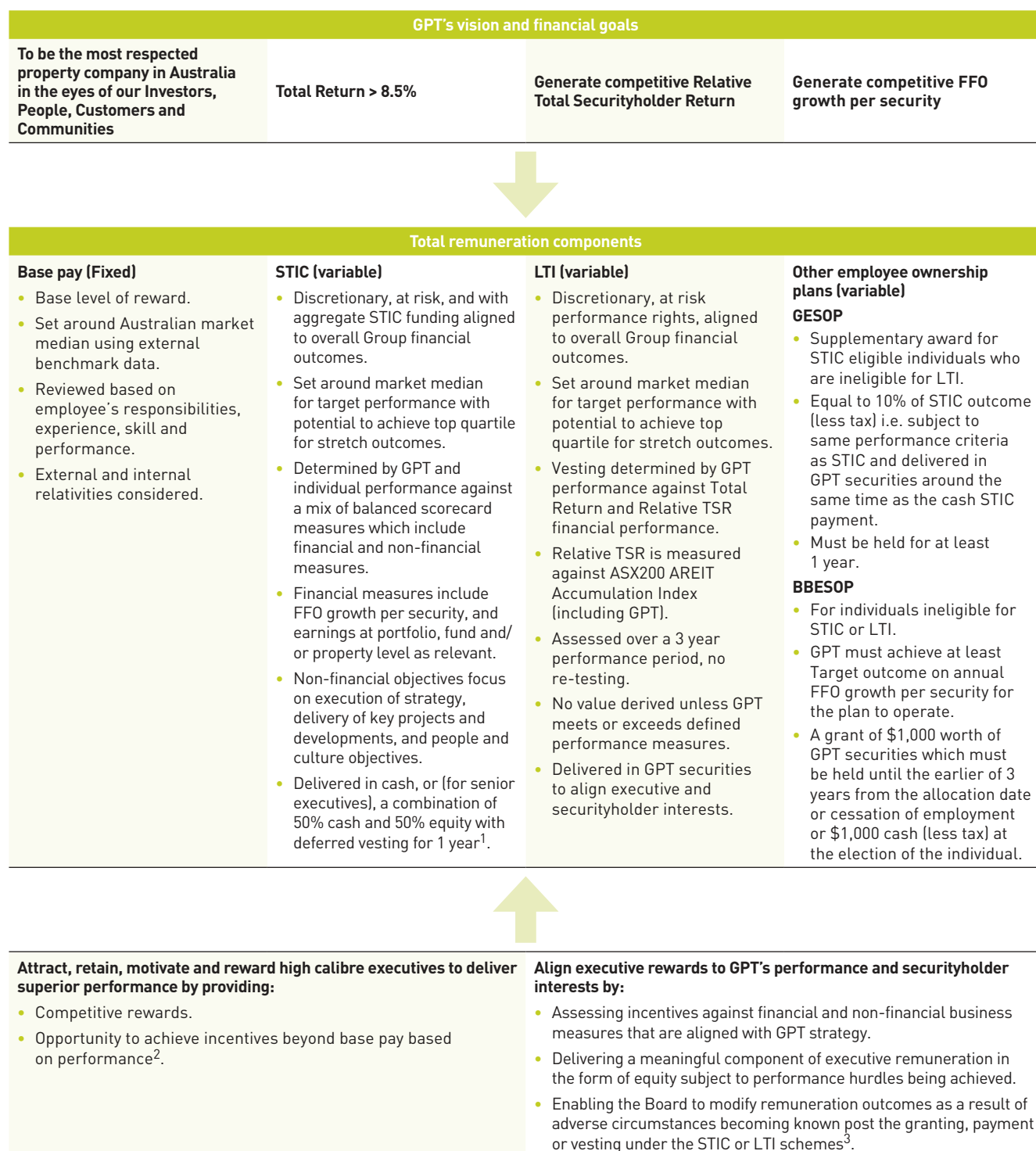
⁵ Refer to footnote 1 above.

⁶ The Charter is available on GPT's website (www.gpt.com.au).

⁷ During 2019, no remuneration recommendations in relation to Key Management Personnel, as defined by Division 1 of Part 1.2 of Chapter 1 of the *Corporations Act 2001*, were made by these or other consultants.

Directors' Report – Year ended 31 December 2019

GPT's vision and financial goals linked to remuneration structures



1 Where deferred securities are awarded, the number allocated is determined by dividing 50% of the value of the total STIC by the Q4, VWAP immediately preceding the commencement of the performance period. The value of the award on the conversion date may vary as a result of security price having increased or decreased since that point in time.

2 Eligibility to participate in the STIC, LTI, GESOP and BBESOP schemes is generally limited to individuals who are employed on a permanent basis, satisfy the minimum service criteria applicable under each scheme, have not given or received notice of cessation of employment and are not subject to any formal performance management process.

3 All GPT employees who participate in STIC and LTI are subject to these awards being clawed back if the recipient has acted fraudulently, dishonestly, or where there has been a material misstatement or omission in the Group's financial statements leading to the receipt of an unfair benefit.

Directors' Report – Year ended 31 December 2019

GPT's Values and Culture

GPT is focussed on creating the conditions in which its people can realise their potential and consistently deliver high performance. GPT does this through the combination of a diverse workforce and inclusive culture, a dynamic and flexible work environment, advanced systems, mobile technology and a lean management structure to minimise costs and drive productivity. GPT's shared sense of purpose – to create value by delivering superior returns to investors, and to provide environments that enable our people to excel and customers and communities to prosper – is underpinned by a culture that emphasises the following core values:



**SAFETY FIRST –
EVERYONE, ALWAYS**



**DELIVER TODAY,
CREATE TOMORROW**



**VALUE DIFFERENCES,
PLAY AS A TEAM**



SPEAK UP



RAISE THE BAR

A Culture Dashboard was developed during 2019 to assist the Committee to monitor GPT's performance in this area. Key areas of focus throughout the year include:

Focus Area	Commentary
Engagement	GPT has a high calibre workforce, characterised by strong levels of employee engagement. Engaged, energised and enabled employees lead to superior business outcomes. GPT strives to enable a consultative work environment where employee views are sought out, respected, and where appropriate, acted upon. Typically, GPT conducts employee engagement surveys every 18 to 24 months and pulse surveys on focussed topics during the intervening period. In 2019, GPT achieved an overall sustainable engagement score of 80% (comparing favourably to the Australian National Norm) and a participation rate of 86%. GPT celebrates this result as it demonstrates strong employee alignment to our vision, purpose, values and strategy.
Equal Opportunity	GPT is committed to creating a diverse and inclusive workplace by providing equal opportunity in all aspects of employment. GPT is an inclusive employer where differences such as sexuality, sex, gender identity, race, beliefs, age or abilities are valued. The Board and management recognise that a diverse workforce reflects GPT's diverse customer base and generates diversity in thought that enhances decision making processes and Group performance. During 2019, GPT achieved its second consecutive Workplace Gender Equality Agency (WGEA) Employer of Choice citation recognising GPT's performance in this area as among the best employers in Australia. Sponsorship of the Property Council of Australia 500 Women in Property program continued as did GPT's commitment to the CareerTrackers Indigenous Internship Program by signing a 10 year partnership with the not for profit organisation.
Behaviour and Consequences	GPT is proud of its reputation for applying the highest ethical and moral standards in all its dealings. The Code of Conduct (the Code) sets out the standard of behaviour expected of all employees, and aligns to GPT's vision to be the most respected property company in Australia. The Code was updated during the year, better clarifying the expectations GPT holds of its employees and emphasising personal responsibility for meeting them. Disciplinary Guidelines were added to the Code and include possible actions should standards not be met. GPT's expectations of its employees are regularly reinforced via compulsory training and direct communications from management.
Safety	Everyone at GPT plays a part in ensuring that our colleagues and people that visit our assets go home safely – whether they be customers, contractors or members of the broader community. GPT is unequivocal in its commitment to ensuring that safety remains a key priority for every employee across every workplace. Safety has always been part of GPT's DNA, and in 2019 the Group sought to emphasise its importance. During the period, GPT engaged an external partner to assist in a safety risk culture review which will form part of a holistic safety program, focussed on cultural transformation and safety leadership. A two day safety leadership conference was held for selected employees with the learnings shared across the broader employee base. The organisational values were also enhanced to include a new value "Safety First – Everyone, Always" demonstrating GPT's explicit objective in this area.
Risk Culture	GPT's approach to risk management incorporates culture, people, processes and systems to enable the organisation to realise potential opportunities whilst managing potential adverse effects. GPT is committed to maintaining a transparent and accountable culture where risk is actively considered and managed in our day-to-day activities.

Directors' Report – Year ended 31 December 2019

Employment Terms

1. Employment terms – Chief Executive Officer and Managing Director

Term	Conditions
Contract duration	Open ended.
Termination by Executive	6 months' notice. GPT may elect to make a payment in lieu of notice.
Remuneration Package	Bob Johnston's 2019 remuneration arrangements were as follows: Base pay: \$1,460,000. STIC: \$0 to \$1,825,000 (i.e. 0% to 125% of base pay) based on performance, 50% of the award paid in cash and 50% delivered as deferred GPT securities¹. The securities component vests one year after the conclusion of the performance year. LTI: A grant of performance rights with the face value at time of grant of \$2,190,000 (i.e. 150% of base pay) with vesting outcomes dependent on performance and continued service, and delivered in restricted GPT securities.
Termination by Company for cause	No notice requirement or termination benefits (other than accrued entitlements).
Termination by Company (other)	12 months' notice. Treatment of unvested STIC and LTI will be at the Board's discretion under the terms of the relevant plans and GPT policy.
Post-employment restraints	6 months non-compete, and 12 months non-solicitation of GPT employees.
External Directorships	Bob Johnston is a Director on the Boards of the Property Industry Foundation (PIF) and the Property Council of Australia (PCA). He does not receive remuneration for these roles.
Clawback Policy	All GPT employees who participate in STIC and LTI are subject to these awards being clawed back if the recipient has acted fraudulently, dishonestly, or where there has been a material misstatement or omission in the Group's financial statements leading to the receipt of an unfair benefit.

2. Employment terms – Executive KMP

Term	Conditions												
Contract duration	Open ended.												
Termination by Executive	3 months’ notice. GPT may elect to make a payment in lieu of notice.												
Remuneration Package	<table><tr><th>Component</th><th>Mark Fookes</th><th>Anastasia Clarke</th></tr><tr><td>Base pay</td><td>\$830,000</td><td>\$850,000</td></tr><tr><td>STIC</td><td>\$0 to \$830,000</td><td>\$0 to \$850,000</td></tr><tr><td>LTI</td><td>\$0 to \$830,000</td><td>\$0 to \$850,000</td></tr></table>	Component	Mark Fookes	Anastasia Clarke	Base pay	\$830,000	\$850,000	STIC	\$0 to \$830,000	\$0 to \$850,000	LTI	\$0 to \$830,000	\$0 to \$850,000
	Component	Mark Fookes	Anastasia Clarke										
	Base pay	\$830,000	\$850,000										
	STIC	\$0 to \$830,000	\$0 to \$850,000										
LTI	\$0 to \$830,000	\$0 to \$850,000											
Termination by Company for cause	No notice requirement or termination benefits (other than accrued entitlements).												
Termination by Company (other)	3 months’ notice. Severance payments may be made subject to GPT policy and capped at the three year average of the executive’s annual base (fixed) pay. Treatment of unvested STIC and LTI will be at the Board’s discretion under the terms of the relevant plans and GPT policy.												
Post-employment restraints	12 months non-solicitation of GPT employees.												

3. Compensation mix at maximum STIC and LTI outcomes

Executive KMP	Position	Fixed remuneration	Variable or "at risk" remuneration ²	
		Base pay	STI	LTI
Bob Johnston	Chief Executive Officer and Managing Director	26.7%	33.3%	40.0%
Anastasia Clarke	Chief Financial Officer	33.4%	33.3%	33.3%
Mark Fookes	Chief Operating Officer	33.4%	33.3%	33.3%

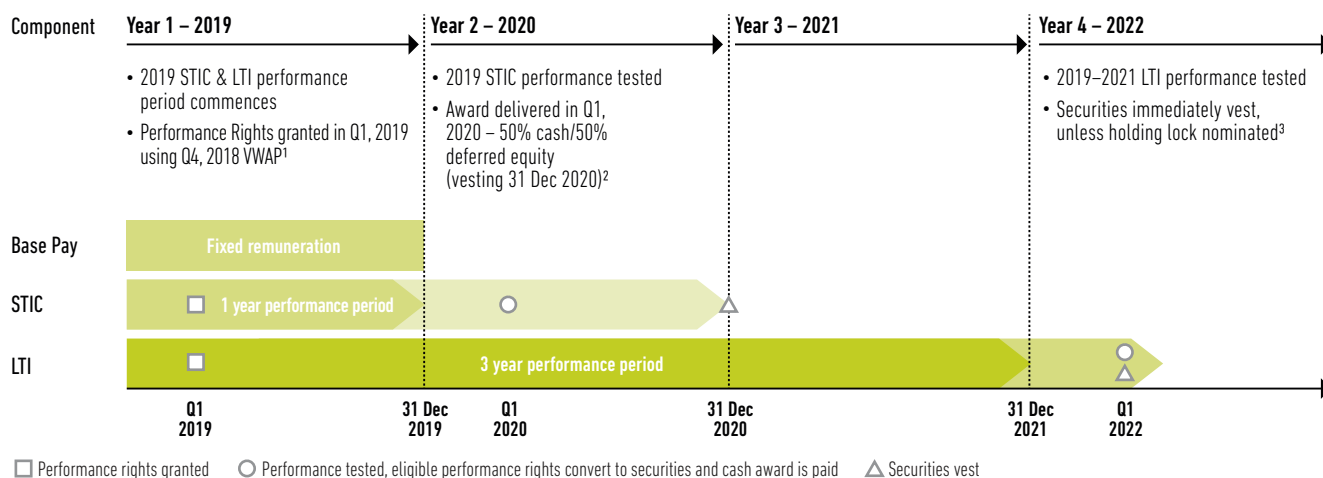
¹ The percentages vary dependent on the movement of the GPT security price during the performance period. See footnote 1 on page 96.

² The percentage of each component of total remuneration is calculated with reference to maximum or stretch potential outcomes as set out in the Remuneration Packages detailed in Tables 1 and 2 of the Employment Terms section.

Directors' Report – Year ended 31 December 2019

4. Executive Compensation

The timeline below outlines how remuneration is delivered using financial year 2019 as an example.



- From 2020 onward, the number of securities awarded under the STIC scheme will be made by reference to the 30-day VWAP immediately preceding the conclusion of the performance period. For LTI plans commencing from 2020 onward, the number of performance rights granted will be made by reference to the 30-day VWAP immediately prior to the commencement of the performance period.
- The percentages vary dependent on the movement of the GPT security price during the performance period. See footnote 1 on page 96.
- Participants may elect at the commencement of the LTI plan to apply additional dealing restrictions of up to a maximum of 4 years post vesting. A taxing point will arise in the financial year securities vest and become unrestricted. Note also GPT's Minimum Security Holding Requirement (MSHR) guideline requires the CEO to acquire and maintain a holding equal to 150% of base salary. For other KMP and Leadership Team members the holding requirement is equal to 100% of base salary. Individuals have four years from commencement of employment to achieve the MSHR before it is assessed for the first time.

Directors' Report – Year ended 31 December 2019**Group Financial Performance and Incentive Outcomes****1. Five year Group financial performance**

	2019	2018	2017	2016	2015
Total Securityholder Return (TSR) ¹ (%)	9.6	9.6	6.6	10.1	15.4
Total Return (%)	8.7	15.8	15.2	15.5	11.5
NTA per security (\$)	5.80	5.58	5.04	4.59	4.17
FFO per security (cents)	32.68	31.84	30.77	29.88	28.28
FFO per security growth (%)	2.6	3.5	3.0	5.6	5.5
Security price at end of calendar year (\$)	5.60	5.34	5.11	5.03	4.78

1 TSR is calculated as the percentage growth in GPT's security price from the last trading date of the previous financial year to the last trading date of the current financial year, together with the value of distributions received during the year, assuming that all of those distributions are reinvested into new securities. For LTI purposes, the average security price for the last 30 trading days is utilised in the calculation of the TSR.

2. Summary of CEO Objectives and Performance Outcomes

The CEO objectives and performance outcomes are summarised in the table below. The Board has assessed the CEO against these objectives and has approved an achievement score that results in 67.4 per cent of maximum STIC (84.3 per cent of target) being awarded.

	Performance measure	Weighting	Commentary
Financial	FFO growth per security targets.	50%	The Group achieved the Board approved FFO growth target for 2019. Office & Logistics and Funds Management contributions exceeded their respective targets, while the Retail sector contribution was below target.
Strategy	Strategy objectives focused on exploring growth opportunities for GPT, as well as development and implementation of strategic plans for each division.	25%	Management continued to execute on strategies approved by the Board. This included: - The sale of GPT's interest in the MLC Centre, acquisition of an interest in Darling Park 1 and 2 plus the acquisition of a number of logistics assets consistent with the Group's strategy to increase capital allocation to the Office and Logistics sectors. - Successfully completing an \$867 million equity raising to fund acquisition and growth opportunities. - Maintaining prudent gearing levels and enhanced credit metrics. - Strengthening the Group's development pipeline for the Office and Logistics sector.
Performance	Operational objectives focused on driving performance of the investment portfolio, key milestones in the development pipeline, and other projects.	15%	Results across the Group in this area include: - Achievement of Logistics development targets and growth in development pipeline. - Achievement of development targets for 32 Smith Street, Parramatta. - Partial achievement of targets for the Melbourne Central and Rouse Hill developments. - Achievement of leasing targets across the portfolio. - Completion of a successful capital raising for GWOF. - Achievement of Sustainability targets including the establishment of an energy masterplan for the portfolio, strong Dow Jones Sustainability Index (DJSI) and Global Real Estate Sustainability Benchmark (GRESB) performance scores and implementation of reporting in line with Task Force on Climate-related Financial Disclosures (TCFD) requirements.
People	People objectives centred on increasing employee engagement, progressing GPT's diversity and inclusion strategy and embedding a strong risk culture.	10%	Achievements during the period include: - Elevating the Group's focus on safety and safety leadership. - GPT received its second consecutive Workplace Gender Equality Agency (WGEA) Employer of Choice for Gender Equality citation in February 2019. - High levels of employee engagement, as evidenced by the Sustainable Engagement score of 80%. - The percentage of females in the top quartile increased from 42% in 2018 to 46% in 2019. - Establishment of a Risk Culture Dashboard, with favourable results overall demonstrating a strong risk culture across the Group.

Directors' Report – Year ended 31 December 2019

3. STIC Framework

The CEO objectives are cascaded (in full or in part) to KMP and all STIC participants where applicable. Performance measures and weightings may vary according to areas of responsibility for each STIC participant. GPT Group and segment financial KPI's and performance KPI's in relation to occupancy, leasing, progress on developments, investment performance and operational efficiency are included. Performance objectives are then measured to determine performance outcomes and generate STIC recommendations.

The following table shows the distribution of the 2018 STIC outcomes as a percentage of the individual's maximum STIC opportunity.

2018 STIC Received as a % of Maximum STIC potential	0-50%	50-60%	60-70%	70-80%	80-90%	90-100%
Percentage of STIC participants	2.92%	11.68%	43.06%	32.85%	9.49%	0.0%

4. 2019 STIC outcomes by Executive KMP¹

The 2019 STIC outcomes for the KMP are in the table below, while STIC determination for the balance of the eligible employees² is to occur in March 2020 post the issue of the 2019 Remuneration Report.

Executive KMP	Position	Actual STIC awarded	Actual STIC awarded as a % of maximum STIC	% of maximum STIC award forfeited	Cash component	Equity component (# of GPT securities) ³
Bob Johnston	Chief Executive Officer and Managing Director	\$1,230,000	67.40%	32.60%	\$615,000	116,134
Anastasia Clarke	Chief Financial Officer	\$640,000	75.29%	24.71%	\$320,000	60,428
Mark Fookes	Chief Operating Officer	\$610,000	73.49%	26.51%	\$305,000	57,595

1 Excluding the impact of movements in the GPT security price on deferred STIC value received.

2 i.e. excluding the KMP.

3 The number of deferred GPT securities granted are calculated by dividing 50% of the Actual STIC awarded by GPT's Q4 2018 VWAP of \$5.2956. The deferred GPT securities vest subject to service on 31 December 2019.

5. Group performance measures for LTI Plans currently relevant

LTI	LTI performance measurement period	Performance measure	Performance measure hurdle	Weighting	Results	Vesting % by performance measure	Overall Plan Vesting Outcome (%)
2017	2017-19	Relative TSR versus ASX200 AREIT Accumulation Index (including GPT) (Index)	10% of performance rights (PR) vest at Index performance, up to 100% at Index plus 10% (pro-rata vesting in between)	50%	GPT's TSR performance exceeded the Index by 0.48%	14.32%	57.16%
		Total Return	0% of PR vest at 8% Total Return, up to 100% at 9.5% Total Return (pro-rata vesting in between)	50%	13.19%	100.00%	
2018	2018-20	Relative TSR versus ASX200 AREIT Accumulation Index (including GPT)	10% of PR vest at Index performance, up to 100% at Index plus 10% (pro-rata vesting in between)	50%	N/A	N/A	N/A
		Total Return	10% of PR vest at 8.5% Total Return, up to 100% at 10.0% Total Return (pro-rata vesting in between)	50%	N/A	N/A	
2019	2019-21	Relative TSR versus ASX200 AREIT Accumulation Index (including GPT)	10% of PR vest at Index performance, up to 100% at Index plus 10% (pro-rata vesting in between)	50%	N/A	N/A	N/A
		Total Return	10% of PR vest at 8.5% Total Return, up to 100% at 10.0% Total Return (pro-rata vesting in between)	50%	N/A	N/A	

Directors' Report – Year ended 31 December 2019

6. 2017-2019 LTI outcomes by Executive KMP

Senior Executive	Position	Performance rights granted	Performance rights vested	Performance rights lapsed
Bob Johnston	Chief Executive Officer and Managing Director	452,206	258,481	193,725
Anastasia Clarke	Chief Financial Officer	157,563	90,063	67,500
Mark Fookes	Chief Operating Officer	172,269	98,469	73,800

7. LTI outcomes – fair value and maximum value recognised in future years¹

Executive KMP	Year	Grant date	Fair value per performance right	Performance rights granted as at 31 Dec 19	Vesting date	Maximum value to be recognised in future years
Bob Johnston Chief Executive Officer and Managing Director	2019	24 May 2019	\$3.94	413,551	31 Dec 21	\$997,079
	2018	10 May 2018	\$2.62	420,467	31 Dec 20	\$1,222,712
Anastasia Clarke Chief Financial Officer	2019	2 April 2019	\$3.94	160,511	31 Dec 21	\$447,992
	2018	29 March 2018	\$2.62	153,595	31 Dec 20	\$438,169
Mark Fookes Chief Operating Officer	2019	2 April 2019	\$3.94	156,734	31 Dec 21	\$444,531
	2018	29 March 2018	\$2.62	157,435	31 Dec 20	\$459,154

8. Reported remuneration – Executive KMP – Actual Amounts Received²

Executive KMP	Year	Fixed pay		Variable or "at risk" ³			Total
		Base pay	Superannuation	Other ⁴	STIC	LTI	
Bob Johnston Chief Executive Officer and Managing Director	2019	\$1,439,233	\$20,767	\$8,455	\$1,314,232	\$1,556,288	\$4,338,975
	2018	\$1,439,710	\$20,290	\$8,354	\$1,237,259	\$1,972,002	\$4,677,615
Anastasia Clarke Chief Financial Officer	2019	\$829,233	\$20,767	\$4,985	\$683,828	\$542,260	\$2,081,073
	2018	\$779,710	\$20,290	\$5,275	\$579,807	\$610,381	\$1,995,463
Mark Fookes Chief Operating Officer	2019	\$809,233	\$20,767	\$10,050	\$651,774	\$592,872	\$2,084,696
	2018	\$799,710	\$20,290	\$10,585	\$579,807	\$751,244	\$2,161,636
Total	2019	\$3,077,699	\$62,301	\$23,490	\$2,649,834	\$2,691,420	\$8,504,744
	2018	\$3,019,130	\$60,870	\$24,214	\$2,396,873	\$3,333,627	\$8,834,714

9. Reported remuneration – Executive KMP – AIFRS Accounting⁵

Executive KMP	Year	Fixed pay		Variable or "at risk"			Total
		Base pay	Superannuation	Other	STIC ⁶	LTI ⁷	
Bob Johnston Chief Executive Officer and Managing Director	2019	\$1,418,885	\$20,767	\$8,455	\$1,302,460	\$1,038,467	\$3,789,034
	2018	\$1,520,636	\$20,290	\$8,354	\$1,210,570	\$1,168,869	\$3,928,719
Anastasia Clarke Chief Financial Officer	2019	\$860,899	\$20,767	\$4,985	\$658,420	\$405,098	\$1,950,169
	2018	\$794,923	\$20,290	\$5,275	\$548,232	\$414,417	\$1,783,137
Mark Fookes Chief Operating Officer	2019	\$827,474	\$20,767	\$10,050	\$636,642	\$419,781	\$1,914,714
	2018	\$825,109	\$20,290	\$10,585	\$559,068	\$467,160	\$1,882,212
Total	2019	\$3,107,258	\$62,301	\$23,490	\$2,597,522	\$1,863,346	\$7,653,917
	2018	\$3,140,668	\$60,870	\$24,214	\$2,317,870	\$2,050,446	\$7,594,068

1 For the avoidance of doubt, the GPT incentive plans (i.e. STIC and LTI) use face value grants of performance rights based on the VWAP of GPT securities for specified periods; reference to fair value per performance right is included in this table to comply with accounting standards.

2 This table discloses the cash and other benefit amounts actually received by GPT's executive KMP, as distinct from the accounting expense. As a result, it does not align to Australian Accounting Standards.

3 Gross dollar values for the equity components have been calculated by multiplying the number of securities by GPT's Q4 VWAP for the applicable year; 2019: \$6.0209 (2018: \$5.2956).

4 Other may include death and total/permanent disability insurance premiums, service awards, GPT superannuation plan administration fees, professional memberships, subscriptions and/or other benefits.

5 This table provides a breakdown of remuneration for executive KMP in accordance with statutory requirements and Australian accounting standards.

6 This column records the amount of the fair value of performance rights under the various STIC plans expensed in the relevant financial years calculated on an equity settled basis (in accordance with the treatment in the Group financial statements), and does not represent actual STIC awards made to executives or the face value grant method.

7 This column records the amount of the fair value of performance rights under the various LTI plans expensed in the relevant financial years calculated on an equity settled basis (in accordance with the treatment in the Group financial statements), and does not represent actual LTI awards made to executives or the face value grant method.

Directors' Report – Year ended 31 December 2019

10. GPT security ownership – Executive KMP as at 31 December 2019

Executive KMP	GPT Holdings (start of period) ¹	Employee Security Schemes (ESS)			Purchase /(Sales) during period ²	GPT Holdings (end of period) ³	Gross Value of GPT Holdings ⁴	MSHR Guideline ⁵
		2019 DSTIC	2017-19 LTI	TOTAL ESS for 2019				
Bob Johnston Chief Executive Officer and Managing Director	1,311,938	116,134	258,481	374,615	2,525	1,689,078	\$10,169,770	\$2,190,000
Anastasia Clarke Chief Financial Officer	409,206	60,428	90,063	150,491	(170,116)	389,581	\$2,345,628	\$850,000
Mark Fookes Chief Operating Officer	1,159,315	57,595	98,469	156,064	(93,017)	1,222,362	\$7,359,719	\$830,000

11. GPT performance rights – Executive KMP

Executive KMP		Performance rights	
		Performance rights that lapsed in 2019 ⁶ (# of rights)	Performance rights still on foot at 31 Dec 19 ⁷ (# of rights)
Bob Johnston	Chief Executive Officer and Managing Director	249,904	834,018
Anastasia Clarke	Chief Financial Officer	87,327	314,106
Mark Fookes	Chief Operating Officer	94,571	314,169

1 GPT Holdings (start of period) include GPT securities obtained as sign on grants (Mr Johnston only), DSTIC up to and including 2018, LTI plans up to and including the 2016-18 LTI plan, and private holdings.

2 Movement in GPT security holdings as a result of the sale of vested, unrestricted security holdings and/or the sale or purchase of additional private holdings on the individuals own account during the 2019 calendar year.

3 GPT Holdings (end of period) is the sum of GPT Holdings (start of the period) plus DSTIC and LTI securities obtained under ESS and adjusted for any purchases or sales during the period. Note that some of the securities do not become actual holdings for the individual until after the conclusion of the performance year when Group results are known which allow the conversion of performance rights under the various plan terms.

4 The GPT Holdings (end of period) multiplied by GPT's Q4 2019 VWAP of \$6.0209 to derive a dollar value.

5 GPT's Minimum Security Holding Requirement (MSHR) guideline requires the CEO to acquire and maintain a holding equal to 150% of base salary. For other KMP and Leadership Team members the holding requirement is equal to 100% of base salary. Individuals have four years from commencement of employment to achieve the MSHR before it is assessed for the first time.

6 The sum of performance rights that were awarded to a participant in the 2017-2019 LTI that did not vest at the end of the 2017-2019 performance period, and as a result, lapsed and/or performance rights granted under the 2019 DSTIC that also lapsed.

7 The total of unvested performance rights currently on foot excluding any GPT securities or performance rights that may have lapsed up to 31 December 2019. This represents the current maximum number of additional GPT securities to which the individual may become entitled subject to satisfying the applicable performance measures in the 2018-20 and 2019-21 LTI plans on foot; as such, these performance rights represent the incentive opportunity over multiple future years, are subject to performance and hence "at risk", and as a result may never vest.

Directors' Report – Year ended 31 December 2019

Remuneration – Non-Executive Directors

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

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

1. Board and committee fees^{1,2}

	Year	Board Fee ³	Audit Committee	Sustainability and Risk Committee	Nomination and Remuneration Committee
Chairman	2019	\$430,000	\$40,000	\$34,000	\$34,000
	2018	\$400,000	\$37,000	\$31,000	\$31,000
Members	2019	\$170,000	\$20,000	\$17,000	\$17,000
	2018	\$152,000	\$18,500	\$15,500	\$15,500

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

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

3 Fees for Non-Executive Directors are inclusive of superannuation from 2019 onward i.e. 2018 figures represent base salary only.

Directors' Report – Year ended 31 December 2019**2. Reported remuneration – Non-Executive Directors – AIFRS accounting^{1,2}**

Non-Executive Director	Year	Fixed pay			Total
		Salary and fees	Superannuation	Other ³	
Current					
Vickki McFadden ⁴ Chairman	2019	\$409,233	\$20,767	–	\$430,000
	2018	\$289,851	\$16,481	–	\$306,332
Tracey Horton A0 ⁵	2019	\$132,695	\$12,606	–	\$145,301
	2018	–	–	–	–
Swe Guan Lim ⁶	2019	\$189,041	\$17,959	\$507	\$207,507
	2018	\$186,000	\$17,670	\$908	\$204,578
Mark Menhinnitt ⁷	2019	\$38,813	\$3,687	–	\$42,500
	2018	–	–	–	–
Angus McNaughton ⁸	2019	\$192,124	\$18,252	–	\$210,376
	2018	\$27,917	\$2,652	–	\$30,569
Michelle Somerville	2019	\$207,306	\$19,694	–	\$227,000
	2018	\$204,500	\$19,428	–	\$223,928
Gene Tilbrook	2019	\$197,750	\$18,786	\$1,377	\$217,913
	2018	\$183,000	\$17,385	\$1,103	\$201,488
Former					
Rob Ferguson ⁹	2019	–	–	–	–
	2018	\$137,949	\$8,617	–	\$146,566
Brendan Crotty ¹⁰	2019	–	–	–	–
	2018	\$159,292	\$15,133	–	\$174,425
Eileen Doyle ¹¹	2019	\$76,843	\$7,300	–	\$84,143
	2018	\$214,596	\$20,094	–	\$234,690
Total	2019	\$1,443,805	\$119,051	\$1,884	\$1,564,740
	2018	\$1,403,105	\$117,460	\$2,011	\$1,522,576

1 This table provides a breakdown of remuneration for Non-Executive Directors in accordance with statutory requirements and Australian accounting standards.

2 No termination benefits were paid during the financial year.

3 Other may include death and total/permanent disability insurance premiums and/or GPT superannuation plan administration fees.

4 Ms McFadden joined GPT on 1 March 2018 and was appointed Chairman of GPT from 3 May 2018.

5 Ms Horton joined GPT on 1 May 2019, and was appointed Chairman of the Human Resources and Remuneration Committee from 16 May 2019.

6 Mr Lim retired from the GPT Board on 31 December 2019.

7 Mr Menhinnitt joined GPT on 1 October 2019.

8 Mr McNaughton joined GPT on 1 November 2018.

9 Mr Ferguson retired from the GPT Board on 2 May 2018.

10 Mr Crotty retired from the GPT Board on 8 November 2018.

11 Ms Doyle retired from the GPT Board on 15 May 2019.

3. Non-Executive Director – GPT security holdings

Non-Executive Director	Private holdings (# of securities)			Minimum security holding requirement (MSHR)		
	Balance 31 Dec 18	Purchase/ (Sale)	Balance 31 Dec 19	Gross value ¹	MSHR guideline ²	MSHR assessment date
Vickki McFadden	50,000	2,525	52,525	\$316,248	\$430,000	March 2022
Tracey Horton	–	7,525	7,525	\$45,307	\$170,000	May 2023
Angus McNaughton	–	8,196	8,196	\$49,347	\$170,000	November 2022
Mark Menhinnitt	–	15,000	15,000	\$90,314	\$170,000	October 2023
Michelle Somerville	36,663	–	36,663	\$220,744	\$170,000	December 2019
Gene Tilbrook	48,546	2,525	51,071	\$307,493	\$170,000	May 2020
Swe Guan Lim	39,000	–	39,000	\$234,815	\$170,000	March 2020

1 Non-Executive Directors holdings multiplied by GPT's Q4 2019 VWAP of \$6.0209 to derive a dollar value.

2 The MSHR for Non-Executive Directors is equal to 100% of base fees. Individuals have four years from commencement of employment to achieve the MSHR before it is assessed for the first time.

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



Vickki McFadden
Chairman



Bob Johnston
Chief Executive Officer and Managing Director

Sydney
10 February 2020



Auditor's Independence Declaration

As lead auditor for the audit of GPT Management Holdings Limited for the year ended 31 December 2019, 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 'S. Horlin', written in a cursive style.

Susan Horlin
Partner
PricewaterhouseCoopers

Sydney
10 February 2020

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Financial Statements

Consolidated Statement of Comprehensive Income

Year ended 31 December 2019

	Note	31 Dec 19 \$'000	31 Dec 18 \$'000
Revenue			
Fund management fees		86,497	84,619
Property management fees		44,331	43,511
Development management fees		23,014	21,634
Management costs recharged		30,608	32,059
		184,450	181,823
Other income			
Interest revenue		539	685
Proceeds from sale of inventory		96,670	28,883
		97,209	29,568
Total revenue and other income		281,659	211,391
Expenses			
Remuneration expenses		122,655	121,435
Cost of sale of inventory		92,193	27,214
Share of after tax loss/(profit) of equity accounted investments	2(c)	93	(5,003)
Property expenses and outgoings		4,048	9,014
Repairs and maintenance		5,135	4,762
Professional fees		5,453	5,766
Depreciation of right-of-use asset		7,714	-
Depreciation		2,023	2,014
Amortisation		4,955	5,205
Revaluation of financial arrangements		10,407	42,018
Impairment (reversal)/expense		(12,898)	11,256
Finance costs		2,822	1,263
Other expenses		7,483	4,212
Total expenses		252,083	229,156
Profit/(loss) before income tax		29,576	(17,765)
Income tax expense	10(a)	9,961	7,670
Profit/(loss) after income tax from continuing operations		19,615	(25,435)
Loss from discontinued operations	24(b)	(10,050)	(15,527)
Net profit/(loss) for the year		9,565	(40,962)
Other comprehensive income from discontinued operations			
<i>Items that may be reclassified to profit and loss</i>			
Net foreign exchange translation adjustments	11(b)	(5)	(16,770)
Total comprehensive profit/(loss) for the year		9,560	(57,732)
Net profit/(loss) attributable to:			
- Members of the Company		9,324	(41,524)
- Non-controlling interest		241	562
Total comprehensive income/(loss) attributable to:			
- Members of the Company		9,319	(58,294)
- Non-controlling interest		241	562
Earnings per share attributable to the ordinary equity holders of the Company			
Basic and diluted earnings per share (cents per share) from continuing operations	12(a)	1.03	(1.44)
Basic and diluted earnings per share (cents per share) - Total	12(a)	0.50	(2.30)

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

Consolidated Statement of Financial Position

At 31 December 2019

	Note	31 Dec 19 \$'000	31 Dec 18 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		21,677	19,259
Trade receivables	3	46,497	45,476
Other receivables		160	4,507
Current tax asset	10(c)	2,163	763
Inventories	5	9,403	34,654
Prepayments		3,220	2,640
Total current assets		83,120	107,299
Non-current assets			
Intangible assets	4	35,344	26,799
Property, plant and equipment	6	10,492	12,661
Inventories	5	108,615	143,618
Equity accounted investments	2	21,367	21,423
Right-of-use asset		59,533	–
Deferred tax asset	10(d)	21,524	21,091
Deferred acquisition costs		–	545
Other assets	7	8,673	12,964
Total non-current assets		265,548	239,101
Total assets		348,668	346,400
LIABILITIES			
Current liabilities			
Payables	8	36,168	36,889
Provisions	9	35,743	33,862
Borrowings	14	23,875	–
Lease liabilities		8,040	–
Total current liabilities		103,826	70,751
Non-current liabilities			
Borrowings	14	61,654	154,618
Provisions	9	11,870	13,602
Lease liabilities		55,344	–
Other liabilities		–	7,539
Total non-current liabilities		128,868	175,759
Total liabilities		232,694	246,510
Net assets		115,974	99,890
EQUITY			
Contributed equity	11(a)	331,974	325,855
Reserves	11(b)	20,243	19,794
Accumulated losses	11(c)	(252,524)	(261,799)
Total equity attributable to Company members		99,693	83,850
Non-controlling interests		16,281	16,040
Total equity		115,974	99,890

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2019

	Note	Company				Non-controlling interests			Total equity \$'000
		Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Total \$'000	Contributed equity \$'000	Accumulated losses \$'000	Total \$'000	
Equity attributable to Company Members									
At 1 January 2018		325,703	37,803	(220,275)	143,231	22,060	(9,396)	12,664	155,895
Foreign currency translation reserve	11(b)	–	(16,770)	–	(16,770)	–	–	–	(16,770)
Other comprehensive income for the year		–	(16,770)	–	(16,770)	–	–	–	(16,770)
(Loss)/profit for the year	11(c)	–	–	(41,524)	(41,524)	–	562	562	(40,962)
Total comprehensive income for the year		–	(16,770)	(41,524)	(58,294)	–	562	562	(57,732)
Transactions with Members in their capacity as Members									
Return of capital		–	–	–	–	(888)	–	(888)	(888)
Issue of securities	11(a)	152	–	–	152	–	–	–	152
Movement in employee incentive security scheme reserve net of tax	11(b)	–	(1,239)	–	(1,239)	–	–	–	(1,239)
Distributions	11(c)	–	–	–	–	–	3,702	3,702	3,702
At 31 December 2018		325,855	19,794	(261,799)	83,850	21,172	(5,132)	16,040	99,890
Equity attributable to Company Members									
At 31 December 2018		325,855	19,794	(261,799)	83,850	21,172	(5,132)	16,040	99,890
Adoption of new accounting standard ¹		–	–	(49)	(49)	–	–	–	(49)
At 1 January 2019		325,855	19,794	(261,848)	83,801	21,172	(5,132)	16,040	99,841
Foreign currency translation reserve	11(b)	–	(5)	–	(5)	–	–	–	(5)
Other comprehensive income for the year		–	(5)	–	(5)	–	–	–	(5)
Profit for the year	11(c)	–	–	9,324	9,324	–	241	241	9,565
Total comprehensive income for the year		–	(5)	9,324	9,319	–	241	241	9,560
Transactions with Members in their capacity as Members									
Issue of securities	11(a)	6,119	–	–	6,119	–	–	–	6,119
Movement in employee incentive security scheme reserve net of tax	11(b)	–	454	–	454	–	–	–	454
At 31 December 2019		331,974	20,243	(252,524)	99,693	21,172	(4,891)	16,281	115,974

¹ Refer to note 26 for details.

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

Consolidated Statement of Cash Flows

Year ended 31 December 2019

	Note	31 Dec 19 \$'000	31 Dec 18 \$'000
Cash flows from operating activities			
Receipts in the course of operations (inclusive of GST)		202,261	264,045
Payments in the course of operations (inclusive of GST)		(161,384)	(179,400)
Proceeds from the sale of inventories		96,670	28,883
Payments for inventories		(14,065)	(24,502)
Distributions received from equity accounted investments		81	4,770
Interest received		539	685
Finance costs paid		(2,463)	(899)
Income taxes paid		(10,227)	(20,876)
Net cash inflows from operating activities	16	111,412	72,706
Cash flows from investing activities			
Payments for property, plant and equipment		(1,013)	(3,007)
Payments for intangibles		(13,508)	(3,326)
Payment for equity accounted investments		(1)	962
Net cash outflows from investing activities		(14,522)	(5,371)
Cash flows from financing activities			
Proceeds from issue of securities net of transaction costs		6,119	–
Repayment of related party borrowings		(252,406)	(206,305)
Proceeds from related party borrowings		167,119	145,668
Repayments of borrowings		(10,975)	(28,404)
Proceeds from borrowings		3,009	20,932
Principal elements of lease payments		(7,338)	–
Net cash outflows from financing activities		(94,472)	(68,109)
Net cash increase/(decrease) in cash and cash equivalents		2,418	(774)
Cash and cash equivalents at the beginning of the year		19,259	20,033
Cash and cash equivalents at the end of the year		21,677	19,259

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

Notes to the Financial Statements

Year ended 31 December 2019

These are the consolidated financial statements of GPT Management Holdings Limited and its controlled entities (the Consolidated Entity).

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

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

Note 1 – Result for the year: focuses on results and performance of the Consolidated Entity.

Notes 2 to 10 – Operating assets and liabilities: provides information on the assets and liabilities used to generate the Consolidated Entity's trading performance.

Notes 11 to 15 – Capital structure: outlines how the Consolidated Entity manages its capital structure and various financial risks.

Notes 16 to 27 – Other disclosure items: provides information on other items that must be disclosed to comply with Australian Accounting Standards and other regulatory pronouncements.

Key judgements, estimates and assumptions

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

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

Area of judgements and estimates	Assumptions underlying	Note
Management rights with indefinite life	Impairment trigger and recoverable amounts	4
IT development and software	Impairment trigger and recoverable amounts	4
Inventories	Lower of cost and net realisable value	5
Deferred tax assets	Recoverability	10
Security based payments	Fair value	19
Investment in financial assets	Fair value	23
Investment in equity accounted investments	Assessment of control versus disclosure guidance	25(b)
Lease liabilities	Lease term and incremental borrowing rate	26

Result for the year

1. Segment information

The chief operating decision makers monitor the performance of the business 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.

Notes to the Financial Statements – Year ended 31 December 2019

Operating assets and liabilities

2. Equity accounted investments

	Note	31 Dec 19 \$'000	31 Dec 18 \$'000
Investments in joint ventures	(i)	11,366	11,333
Investments in associates	(iii)	10,001	10,090
Total equity accounted investments		21,367	21,423

(a) Details of equity accounted investments

Name	Principal activity	Ownership interest		31 Dec 19 \$'000	31 Dec 18 \$'000
		31 Dec 19 %	31 Dec 18 %		
(i) Joint ventures					
Lendlease GPT (Rouse Hill) Pty Limited ¹	Property development	50.00	50.00	11,366	11,324
Erskine Park Trust	Property development	50.00	50.00	–	9
Total investment in joint ventures				11,366	11,333
(ii) Associates					
DPT Operator No. 1 Pty Limited ²	Management	91.67	50.00	–	90
DPT Operator No. 2 Pty Limited ²	Management	91.67	50.00	1	–
GPT Funds Management Limited	Funds management	100.00	100.00	10,000	10,000
Total investment in associates				10,001	10,090

1 The entity has a 30 June balance date. The Consolidated Entity has a 50 per cent interest in Lendlease GPT (Rouse Hill) Pty Limited, a joint venture developing residential and commercial land at Rouse Hill, in partnership with Landcom and the NSW Department of Planning. The Consolidated Entity's interest is held through a subsidiary that is 52 per cent owned by the Consolidated Entity and 48 per cent owned by the Trust.

2 During the year the consolidated entity acquired a further 41.67 per cent in both DPT Operator No.1 Pty Limited and DPT Operator No. 2 Pty Limited for a total consideration of \$832.

(b) Summarised financial information for joint ventures and associates

The information disclosed reflects the amounts presented in the financial results of the relevant joint ventures and associates and not the Consolidated Entity'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.

	31 Dec 19 \$'000	31 Dec 18 \$'000
Cash and cash equivalents ¹	17,915	21,817
Other assets	18,526	18,464
Property investments and loans	14,792	11,812
Total assets	51,233	52,093
Liabilities	19,288	19,755
Total liabilities	19,288	19,755
Net assets	31,945	32,338
Consolidated entity's share of net assets	20,973	21,169
Additional ownership costs	394	254
Total equity accounted investment	21,367	21,423

1 Dec 2019: \$10,001,000 relates to the investment in associates (Dec 2018: \$10,090,000).

Notes to the Financial Statements – Year ended 31 December 2019

(c) Share of after tax profit of equity accounted investments

	31 Dec 19 \$'000	31 Dec 18 \$'000
Revenue	144	24,052
Expenses	(413)	(12,201)
(Loss)/profit before income tax expense	(269)	11,851
Income tax expense	84	(1)
(Loss)/profit after income tax expense	(185)	11,850
Share of after tax (loss)/profit of joint ventures and associates	(93)	5,925
Additional ownership costs	–	(922)
Share of after tax (loss)/profit of equity accounted investments	(93)	5,003

(d) Reconciliation of the carrying amount of investments in joint ventures and associates

	31 Dec 19 \$'000	31 Dec 18 \$'000
Opening balance at the beginning of the year	21,423	21,988
Acquisitions	1	–
Return of capital	–	(1,850)
Write down of investment on acquisition	(1)	–
Share of after tax (loss)/profit of joint ventures and associates	(93)	5,925
Distributions received/receivable	(103)	(4,747)
Closing balance at the end of the year	21,227	21,316
Additional ownership costs	140	107
Carrying amount of equity accounted investments	21,367	21,423

3. Trade receivables

	31 Dec 19 \$'000	31 Dec 18 \$'000
Trade receivables ¹	28,634	30,948
Less: impairment of trade receivables	(32)	(622)
	28,602	30,326
Accrued income	518	188
Related party receivables ²	17,377	14,962
Trade receivables	46,497	45,476

1 The trade receivables balance includes amounts receivable from GWOFF and GWSCF. See note 20 for more details on related party transactions.

2 The related party receivables are from the Trust and have been agreed on commercial terms and conditions.

The table below shows the ageing analysis of the Consolidated Entity's receivables.

	31 Dec 19						31 Dec 18					
	Not Due \$'000	0-30 days \$'000	31-60 days \$'000	61-90 days \$'000	90+ days \$'000	Total \$'000	Not Due \$'000	0-30 days \$'000	31-60 days \$'000	61-90 days \$'000	90+ days \$'000	Total \$'000
Trade receivables	–	42,278	3,567	112	572	46,529	188	39,259	1,122	3,434	2,095	46,098
Impairment of trade receivables	–	–	–	–	(32)	(32)	–	–	–	–	(622)	(622)
Total trade receivables	–	42,278	3,567	112	540	46,497	188	39,259	1,122	3,434	1,473	45,476

Loans and receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method less any allowance under the 'expected credit loss' (ECL) model. The Consolidated Entity holds these financial assets in order to collect the contractual cash flows and the contractual terms are solely payments of outstanding principal and interest on the principal amount outstanding.

All loans and receivables with maturities greater than 12 months after the balance date are classified as non-current assets.

Notes to the Financial Statements – Year ended 31 December 2019

Recoverability of loans and receivables

At each reporting date, the Consolidated Entity assesses whether financial assets carried at amortised cost are 'credit-impaired'. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset is expected to occur.

The Consolidated Entity recognises loss allowances at an amount equal to lifetime ECL on trade and other receivables. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the trade receivable and are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Consolidated Entity expects to receive).

The Consolidated Entity analyses the age of outstanding receivable balances and applies historical default percentages adjusted for other current observable data as a means to estimate lifetime ECL. Other current observable data may include:

- forecasts of economic conditions such as unemployment, interest rates, gross domestic product and inflation; and
- financial difficulties of a counterparty or probability that a counterparty will enter bankruptcy.

Debts that are known to be uncollectable are written off when identified.

4. Intangible assets

	Management rights \$'000	IT development and software \$'000	Total \$'000
Cost			
At 1 January 2018	55,825	63,235	119,060
Additions	–	3,498	3,498
Transfers	–	(2,395)	(2,395)
At 31 December 2018	55,825	64,338	120,163
Additions	–	14,754	14,754
Transfers	–	901	901
Disposal	–	(4,720)	(4,720)
At 31 December 2019	55,825	75,273	131,098
Accumulated amortisation and impairment			
At 1 January 2018	(45,420)	(42,739)	(88,159)
Amortisation	(138)	(5,067)	(5,205)
At 31 December 2018	(45,558)	(47,806)	(93,364)
Amortisation	(48)	(4,907)	(4,955)
Impairment	–	(2,155)	(2,155)
Disposal	–	4,720	4,720
At 31 December 2019	(45,606)	(50,148)	(95,754)
Carrying amounts			
At 31 December 2018	10,267	16,532	26,799
At 31 December 2019	10,219	25,125	35,344

Notes to the Financial Statements – Year ended 31 December 2019

Management rights

Management rights include property management and development management rights. Rights are initially measured at cost and rights with a definite life are subsequently amortised over their useful life.

For the management rights of Highpoint Shopping Centre, management considers the useful life as indefinite as there is no fixed term included in the management agreement. Therefore, the Consolidated Entity tests for impairment at balance date. Assets are impaired if the carrying value exceeds their recoverable amount. The recoverable amount is determined using a multiples approach. A range of multiples from 10-15x have been used in the calculation.

IT development and software

Costs incurred in developing systems and acquiring software and licenses that will contribute future financial benefits are capitalised. These include external direct costs of materials and services and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straightline basis over the length of time over which the benefits are expected to be received, generally ranging from 3 to 10 years.

IT development and software are assessed for impairment at each reporting date by evaluating if any impairment triggers exist. Where impairment triggers exist, management calculate the recoverable amount. The asset will be impaired if the carrying amount exceeds the recoverable amount. Critical judgements are made by management in setting appropriate impairment triggers and assumptions used to determine the recoverable amount.

5. Inventories

	31 Dec 19 \$'000	31 Dec 18 \$'000
Development properties	9,403	34,654
Current inventories	9,403	34,654
Development properties	108,615	143,618
Non-current inventories	108,615	143,618
Total inventories	118,018	178,272

During the financial year impairment expense of \$15,053,000 was reversed due to recent sales activity.

Development properties held as inventory to be sold are stated at the lower of cost and net realisable value (NRV).

Cost

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

Net realisable value (NRV)

The NRV is the estimated selling price in the ordinary course of business less estimated costs to sell. At each reporting date, management reviews these estimates by taking into consideration:

- the most reliable evidence; and
- any events which confirm conditions existing at the year end and cause any fluctuations of selling price and costs to sell.

The amount of any inventories write down is recognised as an impairment expense in the Consolidated Statement of Comprehensive Income.

Notes to the Financial Statements – Year ended 31 December 2019

6. Property, plant and equipment

	31 Dec 19 \$'000	31 Dec 18 \$'000
Computers		
At cost	16,013	15,008
Less: accumulated depreciation	(13,570)	(12,314)
Total computers	2,443	2,694
Office fixtures and fittings		
At cost	16,381	17,532
Less: accumulated depreciation	(8,332)	(7,565)
Total office fixtures and fittings	8,049	9,967
Total property, plant and equipment	10,492	12,661

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

	Computers \$'000	Office fixtures & fittings \$'000	Total \$'000
At 1 January 2018			
Opening carrying value	4,015	5,895	9,910
Additions	–	2,578	2,578
Transfers	(84)	2,271	2,187
Depreciation	(1,237)	(777)	(2,014)
At 31 December 2018	2,694	9,967	12,661
At 1 January 2019			
Opening carrying value	2,694	9,967	12,661
Additions	79	676	755
Transfers	926	(1,827)	(901)
Depreciation	(1,256)	(767)	(2,023)
At 31 December 2019	2,443	8,049	10,492

The value of property, plant and equipment is measured as the cost of the asset less depreciation and impairment. The cost of the asset includes acquisition costs and any costs directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation

Items of property, plant and equipment are depreciated on a straightline basis over their useful lives. The estimated useful life is between 3 and 40 years.

Impairment

The Consolidated Entity tests property, plant and equipment for impairment where there is an indicator that the asset may be impaired. 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.

Disposals

Gains and losses on disposals are determined by comparing proceeds from disposals with the carrying amount of the property, plant and equipment and are included in the Consolidated Statement of Comprehensive Income in the year of disposal.

Notes to the Financial Statements – Year ended 31 December 2019

7. Other assets

	31 Dec 19 \$'000	31 Dec 18 \$'000
Lease incentive asset	416	5,338
Investment in financial asset	4,394	4,576
Other asset	3,863	3,050
Total other assets	8,673	12,964

8. Payables

	31 Dec 19 \$'000	31 Dec 18 \$'000
Trade payables	2,982	1,932
Accruals	26,271	24,813
Other payables	6,915	10,144
Total payables	36,168	36,889

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

9. Provisions

	31 Dec 19 \$'000	31 Dec 18 \$'000
Current provisions		
Employee benefits	32,303	29,623
Other	3,440	4,239
Total current provisions	35,743	33,862
Non-current provisions		
Employee benefits	10,148	11,942
Other	1,722	1,660
Total non-current provisions	11,870	13,602
Total provisions	47,613	47,464

	Employee benefits \$'000	Other \$'000	Total \$'000
As at 1 January 2018	38,712	10,253	48,965
Arising during the year	21,368	1,641	23,009
Utilised during the year	(18,515)	(5,995)	(24,510)
As at 31 December 2018	41,565	5,899	47,464
As at 1 January 2019	41,565	5,899	47,464
Arising during the year	26,802	2,626	29,428
Utilised during the year	(25,916)	(3,363)	(29,279)
As at 31 December 2019	42,451	5,162	47,613

Provisions are recognised when:

- the Consolidated Entity has a present obligation (legal or constructive) as a result of a past event;
- it is probable that resources will be expended to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

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

Notes to the Financial Statements – Year ended 31 December 2019

Provision for employee benefits

The provision for employee benefits represents annual leave, long service leave and parental leave entitlements accrued for employees. The employee benefit liability expected to be settled within twelve months after the end of the reporting period is recognised in current liabilities. The non-current provision relates to entitlements, including long service leave, which are due to be payable after more than twelve months from the balance sheet date. It is measured as the present value of expected future payments for the service provided by employees up to the reporting 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 high quality corporate 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.

10. Taxation

(a) Income tax expense

	31 Dec 19 \$'000	31 Dec 18 \$'000
Current income tax expense	8,827	11,554
Deferred income tax expense/(credit)	1,134	(3,884)
Income tax expense in the Consolidated Statement of Comprehensive Income	9,961	7,670
Income tax expense attributable to:		
Profit from continuing operations	9,961	7,670
Aggregate income tax expense	9,961	7,670

(b) Reconciliation of income tax expense to prima facie tax payable

	31 Dec 19 Gross \$'000	31 Dec 19 Tax effect \$'000	31 Dec 18 Gross \$'000	31 Dec 18 Tax effect \$'000
Profit/(loss) from continuing operations before income tax expense	29,576	8,873	(17,765)	(5,330)
Loss from discontinued operations before income tax expense	(10,050)	(3,015)	(15,527)	(4,658)
Profit/(loss) which is subject to taxation at 30% tax rate	19,526	5,858	(33,292)	(9,988)
Tax effect of amounts not deductible/assessable in calculating income tax expense:				
Non-deductible revaluation items	20,407	6,122	75,083	22,525
Amounts released from foreign currency translation reserve	–	–	(16,953)	(5,086)
Reversal of impairment	(5,603)	(1,681)	–	–
Equity accounted losses/(profits) from joint ventures in the Company	107	32	(5,925)	(1,778)
Distribution received from joint ventures taxable to the Company	–	–	4,770	1,431
Profit used to calculate effective tax rate	34,437	10,331	23,683	7,104
Other (non assessable)/non deductible items	(1,234)	(370)	1,886	566
Income tax expense	33,203	9,961	25,569	7,670
Effective tax rate		29%		32%

(c) Current tax asset

	31 Dec 19 \$'000	31 Dec 18 \$'000
Opening balance at the beginning of the year	763	(8,559)
Income tax expense	(9,961)	(7,670)
Tax payments made to tax authorities	10,227	20,876
Other deferred tax asset charged to income	1,496	(2,955)
Movements in employee benefits	(1,598)	(457)
Movement in provisions and accruals	849	84
Movement in reserves	387	(556)
Closing balance at the end of the year	2,163	763

Notes to the Financial Statements – Year ended 31 December 2019**(d) Deferred tax asset**

	31 Dec 19 \$'000	31 Dec 18 \$'000
Employee credits	17,504	15,906
Provisions and accruals	2,014	2,863
Other	2,006	2,322
Net deferred tax asset	21,524	21,091
Movement in temporary differences during the year		
Opening balance at the beginning of the year	21,091	17,763
Adoption of AASB 16	1,180	–
Income tax (credit)/expense	(1,134)	3,884
Movement in reserves	387	(556)
Closing balance at the end of the year	21,524	21,091

Adoption of Voluntary Tax Transparency Code

The Board of Taxation has released a voluntary Tax Transparency Code (TTC). The TTC sets out a recommended set of principles and minimum standards regarding the disclosure of tax information for businesses. The Consolidated Entity is committed to the TTC. The non-IFRS income tax disclosures above and in note 10(b) include the recommended additional disclosures.

The Australian Accounting Standards Board have issued a Draft Appendix to the TTC outlining the method to calculate the effective tax rate as shown in the table above, using:

- accounting profit before tax adjusted to exclude transactions which are not reflected in the calculation of income tax expense; and
- tax expense adjusted to exclude carry forward tax losses that have been recognised and prior year under/overstatements.

Income tax expense

Income tax expense for the financial year is the tax payable on the current year's taxable income. This is adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

Deferred income tax liabilities and assets – recognition

Deferred income tax liabilities are recognised for all taxable temporary differences.

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

Deferred income tax assets and liabilities – measurement

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided on temporary differences at the reporting date between accounting carrying amounts and the tax cost bases of assets and liabilities, other than for the following:

- Where taxable temporary differences relate to investments in subsidiaries, associates and interests in joint ventures:
 - Deferred tax liabilities are not recognised if the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
 - Deferred tax assets are not recognised if it is not probable that the temporary differences will reverse in the foreseeable future and taxable profit will not be available to utilise the temporary differences.

Tax relating to equity items

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

Notes to the Financial Statements – Year ended 31 December 2019

Capital structure

11. Equity and reserves

(a) Contributed equity

	Number	\$'000
Ordinary stapled securities		
Opening securities on issue at 1 January 2018	1,801,640,882	325,703
Securities issued – Long Term Incentive Plan	2,332,026	92
Securities issued – Deferred Short Term Incentive Plan	875,344	57
Securities issued – Broad Based Employee Security Ownership Plan	42,174	3
Closing securities on issue at 31 December 2018	1,804,890,426	325,855
Opening securities on issue at 1 January 2019	1,804,890,426	325,855
Securities issued – institutional placement ¹	131,795,717	5,735
Security Purchase Plan ¹	11,243,173	479
Transaction costs	–	(95)
Closing securities on issue at 31 December 2019	1,947,929,316	331,974

¹ On 19 June 2019, GPT undertook an institutional placement at an offer price of \$6.07 per stapled security and a Security Purchase Plan at an offer price of \$5.94. A total of \$866.8 million was raised with total transaction costs of \$13.2 million.

Ordinary securities are classified as equity and recognised at the fair value of the consideration received by the Consolidated Entity. 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.

(b) Reserves

	Foreign Currency Translation Reserve \$'000	Employee Incentive Scheme Reserve \$'000	Total Reserve \$'000
Balance at 1 January 2018	34,943	2,860	37,803
Net foreign exchange translation adjustments	(16,770)	–	(16,770)
Employee incentive schemes expense, net of tax	–	(531)	(531)
Tax on incentives valued at reporting date	–	(556)	(556)
Issue of securities	–	(152)	(152)
Balance at 31 December 2018	18,173	1,621	19,794
Balance at 1 January 2019	18,173	1,621	19,794
Net foreign exchange translation adjustments	(5)	–	(5)
Employee incentive schemes expense, net of tax	–	(260)	(260)
Tax on incentives valued at reporting date	–	386	386
Issue of securities	–	328	328
Balance at 31 December 2019	18,168	2,075	20,243

Nature and purpose of reserves

Foreign currency translation reserve

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

Employee incentive scheme reserve

The reserve is used to recognise the fair value of equity-settled security-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to note 19 for further details of security based payments.

Notes to the Financial Statements – Year ended 31 December 2019

(c) Accumulated losses

	Company \$'000	Non-controlling interest \$'000	Total \$'000
Balance at 1 January 2018	(220,275)	(9,396)	(229,671)
Net (loss)/profit for the year	(41,524)	562	(40,962)
Distributions	–	3,702	3,702
Balance at 31 December 2018	(261,799)	(5,132)	(266,931)
Balance at 1 January 2019	(261,799)	(5,132)	(266,931)
Adoption of new accounting standard	(49)	–	(49)
Adjusted balance at 1 January 2019	(261,848)	(5,132)	(266,980)
Net profit for the year	9,324	241	9,565
Balance at 31 December 2019	(252,524)	(4,891)	(257,415)

12. Earnings per share

(a) Basic and diluted earnings per share

	31 Dec 19 Cents	31 Dec 18 Cents
Basic and diluted earnings per share – profit/(loss) from continuing operations	1.03	(1.44)
Basic and diluted loss per share – loss from discontinued operations	(0.53)	(0.86)
Total basic and diluted earnings per share	0.50	(2.30)

(b) The profit used in the calculation of the basic and diluted earnings per share is as follows:

	31 Dec 19 \$'000	31 Dec 18 \$'000
Profit/(loss) reconciliation – basic and diluted		
Profit/(loss) from continuing operations	19,374	(25,997)
Loss from discontinued operations	(10,050)	(15,527)
Profit attributed to external non-controlling interest	241	562
	9,565	(40,962)

(c) WANOS

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

	31 Dec 19 Number of shares '000s	31 Dec 18 Number of shares '000s
WANOS used as denominator in calculating basic earnings per ordinary share	1,878,125	1,804,400
Performance security rights (weighted average basis) ¹	1,845	2,654
WANOS used as denominator in calculating diluted earnings per ordinary share	1,879,970	1,807,054

1 Performance security rights granted under the Long Term Incentive plan are only included in dilutive earnings per ordinary share where the performance hurdles are met as at the year end.

Calculation of earnings per share

Basic earnings per share is calculated as net profit or loss attributable to ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding during the financial year which is adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share is calculated as net profit or loss attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares and dilutive potential ordinary securities. Where there is no difference between basic earnings per share and diluted earnings per share, the term basic and diluted earnings per ordinary share is used.

Notes to the Financial Statements – Year ended 31 December 2019

13. Dividends paid and payable

No dividends have been paid or declared for the 2019 financial year (2018: nil).

14. Borrowings

	31 Dec 19		31 Dec 18	
	Carrying amount ¹ \$'000	Fair value ² \$'000	Carrying amount ¹ \$'000	Fair value ² \$'000
Current borrowings at amortised cost – secured	4,651	4,670	–	–
Current related party borrowings from GPT Trust at amortised cost	19,224	19,224	–	–
Current borrowings	23,875	23,894	–	–
Non-current borrowings at amortised cost – secured	–	–	12,587	12,636
Non-current related party borrowings from GPT Trust at amortised cost	61,654	61,654	142,031	142,031
Non-current borrowings	61,654	61,654	154,618	154,667
Total borrowings	85,529	85,548	154,618	154,667

1 Including unamortised establishment costs.

2 For the majority of borrowings, the carrying amount approximates its fair value. The fair value of fixed rate interest-bearing borrowings is estimated by discounting the future contractual cash flows at the current market interest rate curve. Excluding unamortised establishment costs.

The unsecured borrowings below have been provided by the Trust and its subsidiaries and are subject to limited recourse. These have been revalued to nil at 31 December 2019 (Dec 2018: nil) based on an adjusted working capital calculation, in accordance with the loan agreements.

- The amount outstanding on the loan facility to GPT Management Holdings Limited at 31 December 2019 is \$327,527,776 (Dec 2018: \$332,527,776). This facility expires on 31 December 2030.
- The amount outstanding on the loan facility to GPT International Pty Limited at 31 December 2019 is \$54,359,269 (Dec 2018: \$59,359,269). This facility expires on 12 June 2032.
- The amount outstanding on the loan facility to Voyages Hotels & Resorts (Loan 1) at 31 December 2019 is \$11,347,082 (Dec 2018: \$16,347,082). This facility expires on 3 January 2035.
- The amount outstanding on the loan facility to Voyages Hotels & Resorts (Loan 2) at 31 December 2019 is \$26,683,609 (Dec 2018: \$31,683,609). This facility expires on 30 June 2032.

No interest is payable in connection with the above loans from 3 September 2015. The loans are non-revolving interest free borrowings that are revalued each reporting date in accordance with accounting standards.

Borrowings are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. Under this method, any transaction fees, costs, discounts and premiums directly related to the borrowings are recognised in the Consolidated Statement of Comprehensive Income over the expected life of the borrowings.

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

When the terms of a financial liability are modified, AASB 9 requires an entity to perform an assessment to determine whether the modified terms are substantially different from the existing financial liability. Where a modification is substantial, it will be accounted for as an extinguishment of the original financial liability and a recognition of a new financial liability. Where the modification does not result in extinguishment, the difference between the existing carrying amount of the financial liability and the modified cash flows discounted at the original effective interest rate is recognised in the Consolidated Statement of Comprehensive Income as gain/loss on modification of financial liability. There were no modified terms relevant to the Consolidated Entity's intercompany loans for the year ended 31 December 2019.

The maturity profile of borrowings is provided below:

	Total facility ¹ \$'000	Used facility ¹ \$'000	Unused facility \$'000
Due within one year	24,224	23,894	330
Due between one and five years	121,700	32,822	88,878
Due after five years	501,918	448,749	53,169
	647,842	505,465	142,377
Cash and cash equivalents			21,677
Total financing resources available at the end of the year			164,054

1 Excludes unamortised establishment costs.

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

Notes to the Financial Statements – Year ended 31 December 2019

15. Financial risk management

The Board approve the Consolidated Entity's treasury policy which:

- establishes a framework for the management of risks inherent to the capital structure;
- defines the role of the Consolidated Entity's treasury; and
- sets out the policies, limits, monitoring and reporting requirements for cash, borrowings, liquidity, credit risk, foreign exchange and interest rate instruments.

(a) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Consolidated Entity's primary interest rate risk arises from interest bearing borrowings. The table below provides a summary of the Consolidated Entity's gross interest rate risk exposure as at 31 December 2019 on interest bearing borrowings together with the net effect of interest rate risk management transactions. This excludes unamortised establishment costs.

	Gross exposure		Net exposure	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Floating rate interest-bearing borrowings	85,529	154,618	85,529	154,618
	85,529	154,618	85,529	154,618

The impact on interest expense and interest revenue of a 1 per cent increase or decrease in market interest rates is shown below.

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

	2019 (+1%) \$'000	2019 (-1%) \$'000	2018 (+1%) \$'000	2018 (-1%) \$'000
Impact on Statement of Comprehensive Income				
Impact on interest revenue increase/(decrease)	217	(217)	193	(193)
Impact on interest expense (increase)/decrease	(855)	855	(1,547)	1,547
	(638)	638	(1,354)	1,354

(b) Liquidity risk

Liquidity risk is the risk that the Consolidated Entity, as a result of its operations:

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

The Consolidated Entity manages liquidity risk by:

- maintaining sufficient cash;
- maintaining an adequate amount of committed credit facilities;
- maintaining a minimum liquidity buffer in cash and surplus committed facilities for the forward rolling twelve month period; and
- maintaining the ability to close out market positions.

Notes to the Financial Statements – Year ended 31 December 2019

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

	31 Dec 19				Total \$'000
	1 year or less \$'000	Over 1 year to 2 years \$'000	Over 2 years to 5 years \$'000	Over 5 years \$'000	
Liabilities					
Non-derivatives					
Payables	36,168	–	–	–	36,168
Lease liability	8,040	8,762	29,941	16,641	63,384
Borrowings ¹	23,894	–	32,822	448,749	505,465
Projected interest cost from borrowings	2,507	1,783	5,413	996	10,699
Total liabilities	70,609	10,545	68,176	466,386	615,716
Less cash and equivalents	21,677	–	–	–	21,677
Total liquidity exposure	48,932	10,545	68,176	466,386	594,039

¹ Excluding unamortised establishment costs and fair value adjustments. Includes unsecured borrowings provided by the Trust and its subsidiaries which have been revalued to nil as per note 14.

	31 Dec 18				Total \$'000
	1 year or less \$'000	Over 1 year to 2 years \$'000	Over 2 years to 5 years \$'000	Over 5 years \$'000	
Liabilities					
Non-derivatives					
Payables	36,889	–	–	–	36,889
Borrowings ¹	–	31,860	–	562,724	594,584
Projected interest cost from borrowings	10,429	9,569	27,097	5,993	53,088
Total liabilities	47,318	41,429	27,097	568,717	684,561
Less cash and equivalents	19,259	–	–	–	19,259
Total liquidity exposure	28,059	41,429	27,097	568,717	665,302

¹ Excluding unamortised establishment costs and fair value adjustments. Includes unsecured borrowings provided by the Trust and its subsidiaries which have been revalued to nil as per note 14.

(c) Refinancing risk

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

As at 31 December 2019, the Consolidated Entity's exposure to refinancing risk can be monitored by the spreading of its contractual maturities on borrowings in the liquidity risk table above or with the information in note 14.

(d) Foreign exchange risk

Foreign exchange risk refers to the risk that the value of a financial commitment, asset or liability will fluctuate due to changes in foreign exchange rates. The Consolidated Entity's foreign exchange risk arises primarily from:

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

Sensitivity to foreign exchange is deemed insignificant.

Notes to the Financial Statements – Year ended 31 December 2019

(e) Credit risk

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

The Consolidated Entity manages this risk by:

- establishing credit limits for financial institutions and monitoring credit exposures for customers to ensure that the Consolidated Entity only trades and invests with approved counterparties;
- providing loans to joint ventures, associates and third parties, only where the Consolidated Entity is comfortable with the underlying property exposure within that entity;
- regularly monitoring loans and receivables balances;
- regularly monitoring the performance of its associates, joint ventures and third parties; and
- obtaining collateral as security (where appropriate).

Receivables are reviewed regularly throughout the year.

The maximum exposure to credit risk as at 31 December 2019 is the carrying amounts of financial assets recognised on the Consolidated Statement of Financial Position. For more information, refer to note 3.

Other disclosure items

16. Cash flow information

(a) Cash flows from operating activities

Reconciliation of net profit/(loss) after tax to net cash inflows from operating activities:

	31 Dec 19 \$'000	31 Dec 18 \$'000
Net profit/(loss) for the year	9,565	(40,962)
Share of after tax loss/(profit) of equity accounted investments (net of distributions)	93	(233)
Impairment (reversal)/expense	(12,898)	11,256
Profit on transfer from foreign cash translation reserve	–	(16,954)
Non-cash employee benefits – security based payments	16,759	16,608
Fair value movement of investment in Trust	407	(443)
Interest capitalised	(4,448)	(5,910)
Amortisation of rental abatement	300	392
Depreciation expense	2,023	2,014
Depreciation of right-of-use asset	7,714	–
Amortisation expense	4,955	5,205
Amortisation of deferred acquisition costs	545	653
Finance costs	4,555	5,260
Revaluation of financial arrangements	20,000	75,000
Profit on sale of inventory	(4,477)	(1,669)
Payments for inventories	(14,065)	(24,502)
Proceeds from inventories	96,670	28,883
(Increase)/decrease in operating assets	(2,610)	47,589
Decrease in operating liabilities	(12,835)	(30,608)
Other	(841)	1,127
Net cash inflows from operating activities	111,412	72,706

Notes to the Financial Statements – Year ended 31 December 2019

(b) Net debt reconciliation

Reconciliation of net debt movements during the financial year:

	Lease liability \$'000	Borrowings \$'000	Less: Cash \$'000	Net Debt \$'000
At 1 January 2018	–	119,067	20,033	
Cash inflows/(outflows)	–	6,892	(774)	
Other non-cash movements	–	28,659	–	
At 31 December 2018	–	154,618	19,259	135,359
At 1 January 2019	–	154,618	19,259	
Cash inflows/(outflows)	(7,338)	(73,253)	2,418	
Other non-cash movements ¹	70,722	4,164	–	
At 31 December 2019	63,384	85,529	21,677	127,236

¹ Lease liability includes opening balance adjustment on adoption of AASB 16, new leases, modifications and financing costs.

² Dec 2019: Excludes \$20,000,000 in repayments of unsecured borrowings provided by the Trust and its subsidiaries revalued to nil (Dec 2018: \$75,000,000).

17. Commitments

(a) Capital expenditure commitments

Capital expenditure commitments at 31 December 2019 were \$3,924,000 (Dec 2018: \$10,019,000).

Commitments arise from the purchase of plant and equipment and intangibles, which have been contracted for at balance date but not recognised on the Consolidated Statement of Financial Position.

(b) Commitments relating to equity accounted investments

	31 Dec 19 \$'000	31 Dec 18 \$'000
Capital expenditure commitments	334	40
Total joint venture and associates commitments	334	40

The capital expenditure commitments in the Consolidated Entity's equity accounted investments at 31 December 2019 relate to Lendlease GPT (Rouse Hill) Pty Limited (Dec 2018: Lendlease GPT (Rouse Hill) Pty Limited).

18. Contingent liabilities

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

GPT Management Holdings Ltd has provided guarantees over GPT RE Limited as responsible entity of the Trust's obligations under the note purchase and guarantee agreements in relation to US Private Placement issuances totalling US\$1,205,000,000 and A\$65,000,000 until July 2034.

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

19. Security based payments

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

(a) GESOP

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

Under the plan individuals who participate receive an additional benefit equivalent to 10 per cent of their short term incentives (STIC) which is (after the deduction of income tax) invested in GPT securities to be held for a minimum of one year. The cost of this benefit is recognised as an expense during the year.

Notes to the Financial Statements – Year ended 31 December 2019

(b) BBESOP

Under the plan individuals who are not eligible to participate in any other employee security scheme may receive \$1,000 worth of GPT securities or \$1,000 cash if GPT achieves at least target level performance. Securities must be held for the earlier of three years or the end of employment. The cost of this benefit is recognised as an expense during the year.

(c) DSTI

Since 2014, STIC is delivered to the senior executives as 50 per cent in cash and 50 per cent in GPT stapled securities (a deferred component). The deferred component is initially awarded in the form of performance rights, with the rights converting to restricted GPT stapled securities to the extent the performance conditions are met. For the 2014 and 2015 plans, half of the awarded stapled securities will vest one year after conversion with the remaining half vesting two years after conversion, subject to continued employment up to the vesting dates. For the 2016 and any subsequent plans, all the awarded stapled securities will vest one year after conversion, subject to continued employment up to the vesting date.

(d) LTI

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

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

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

Fair value of performance rights issued under DSTI and LTI

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

Fair value of the performance rights issued under LTI is determined using the Monte Carlo simulation and the Black Scholes methodologies. Fair value of the performance rights issued under DSTI is determined using the security price. The following key inputs are taken into account:

	2019 LTI	2019 DSTI
Fair value of rights at valuation date	\$3.31	\$5.60
Security price at valuation date	\$5.60	\$5.60
Total Securityholder Return	14.3%	N/A
Grant dates	2 April 2019	2 April 2019
Expected vesting dates	31 December 2021	31 December 2020
Security Price at the grant date	\$6.09	\$6.09
Expected life	3 years (2 years remaining)	2 years (1 year remaining)
Distribution yield	4.7%	4.7%
Risk free interest rate	0.9%	N/A
Volatility ¹	17.2%	N/A

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

Notes to the Financial Statements – Year ended 31 December 2019

(e) Summary table of all employee security schemes

	Number of rights		
	DSTI	LTI	Total
Rights outstanding at 1 January 2018	1,338,498	8,346,213	9,684,711
Rights granted during 2018	1,308,548	2,712,482	4,021,030
Rights forfeited during 2018	(550,030)	(879,580)	(1,429,610)
Rights converted to GPT stapled securities during 2018 ¹	(875,344)	(2,332,026)	(3,207,370)
Rights outstanding at 31 December 2018	1,221,672	7,847,089	9,068,761
Rights outstanding at 1 January 2019	1,221,672	7,847,089	9,068,761
Rights granted during 2019	1,254,814	2,647,673	3,902,487
Rights forfeited during 2019	(466,861)	(887,611)	(1,354,472)
Rights converted to GPT stapled securities during 2019 ²	(774,921)	(2,146,497)	(2,921,418)
Rights outstanding at 31 December 2019	1,234,704	7,460,654	8,695,358

1 Rights under the 2017 DSTI plan were converted to GPT stapled securities on 19 March 2018 and rights under the 2015 LTI Plan were converted to GPT stapled securities on 13 February 2018.

2 Rights under the 2018 DSTI plan were converted to GPT stapled securities on 19 March 2019 and rights under the 2016 LTI Plan were converted to GPT stapled securities on 14 February 2019.

	Number of stapled securities		
	GESOP	BBESOP	Total
Securities outstanding at 1 January 2018	53,982	123,553	177,535
Securities granted during 2018	62,609	37,488	100,097
Securities vested during 2018	(53,982)	(46,277)	(100,259)
Securities outstanding at 31 December 2018	62,609	114,764	177,373
Securities outstanding at 1 January 2019	62,609	114,764	177,373
Securities granted during 2019	48,472	30,429	78,901
Securities vested during 2019	(70,161)	(48,055)	(118,216)
Securities outstanding at 31 December 2019	40,920	97,138	138,058

20. Related party transactions

GPT Management Holdings Limited is the ultimate parent entity. The Consolidated Entity is stapled to the Trust and the Group financial statements include the results of the stapled entity as a whole.

Equity interests in joint ventures and associates are set out in note 2. Payables and loans with the Trust are set out in note 8 and note 14 respectively.

All related party transactions have been agreed on commercial terms and conditions.

Key management personnel

Key management personnel compensation was as follows:

	31 Dec 19 \$	31 Dec 18 \$
Short term employee benefits	7,173,959	6,943,395
Post employment benefits	181,352	178,330
Long term incentive award accrual	1,863,346	2,050,446
Total key management personnel compensation	9,218,657	9,172,171

Information regarding individual Directors' and Senior Executives' remuneration is provided in the Remuneration Report.

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

Notes to the Financial Statements – Year ended 31 December 2019**Transactions with related parties**

	31 Dec 19	31 Dec 18
	\$	\$
Transactions with related parties other than associates and joint ventures		
Transactions with General Property Trust (Trust):		
Revenue and expenses		
Fund management fees from Trust	23,374,999	25,087,668
Property management fees from Trust	14,855,934	14,160,874
Development management fees from Trust	18,464,865	20,472,495
Option fees received from Trust	–	538,500
Management costs recharged from Trust	7,086,164	7,516,215
Property rent and outgoings paid to Trust	(2,831,741)	(3,774,934)
Interest expense payable to Trust	(4,935,270)	(5,725,395)
Receivables		
Current receivables	17,376,670	14,961,590
Other non-current financial asset receivable	3,075,000	3,050,000
Other transactions		
Revaluation of arrangements with Trust – continued and discontinued operations	20,000,000	75,000,000
Purchase of inventory from Trust	–	5,925,000
Sale of inventory to Trust	38,100,000	–
Transactions with employees		
Contributions to superannuation funds on behalf of employees	(6,520,992)	(6,172,487)
Transactions with GWOF and GWSCF:		
Revenue		
Responsible Entity fees	61,869,565	58,232,953
Asset management fees	16,643,525	17,654,198
Development management fees	6,831,465	5,196,484
Directors fees recharged	659,320	657,717
Management costs recharged	5,581,166	5,698,709
Payroll costs recharged	9,765,827	9,519,877
Expense		
Rent expenses	(4,275,776)	(1,406,006)
Receivables and payables		
Current receivable outstanding	5,582,448	7,200,079
Current fund management fee receivable	17,383,913	14,934,895

Notes to the Financial Statements – Year ended 31 December 2019

21. Auditors remuneration

	31 Dec 19 \$	31 Dec 18 \$
Audit services		
PricewaterhouseCoopers Australia		
Statutory audit and review of financial reports	377,996	278,996
Total remuneration for audit services	377,996	278,996
Other assurance services		
PricewaterhouseCoopers Australia		
Regulatory and contractually required audits	105,897	257,813
Total remuneration for other assurance service	105,897	257,813
Total remuneration for audit and assurance service	483,893	536,809
Non-audit related services		
PricewaterhouseCoopers Australia		
Other services	–	15,300
Total remuneration for non-audit related services	–	15,300
Total auditor's remuneration	483,893	552,109

22. Parent entity financial information

	Parent entity	
	31 Dec 19 \$'000	31 Dec 18 \$'000
Assets		
Total current assets	398,869	387,757
Total non-current assets	213,494	116,561
Total assets	612,363	504,318
Liabilities		
Total current liabilities	256,507	208,364
Total non-current liabilities	67,215	21,139
Total liabilities	323,722	229,503
Net assets	288,641	274,815
Equity		
Contributed equity	331,974	325,855
Reserves	4,879	4,426
Accumulated losses	(48,212)	(55,466)
Total equity	288,641	274,815
Profit attributable to members of the parent entity	7,296	145,651
Total comprehensive income for the year attributable to members of the parent entity	7,296	145,651

Capital expenditure commitments

The parent entity has \$3,327,000 capital expenditure commitments at 31 December 2019 (Dec 2018: \$7,893,000).

Parent entity financial information

The financial information for the parent entity of the Consolidated Entity, GPT Management Holdings Limited, has been prepared on the same basis as the consolidated financial statements, except where set out below.

Investments in subsidiaries, associates and joint ventures

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

Notes to the Financial Statements – Year ended 31 December 2019

23. Fair value disclosures

Information about how the fair value of financial instruments is calculated and other information required by the accounting standards, including the valuation process and critical assumptions underlying the valuations are disclosed below.

(a) Fair value measurement, valuation techniques and inputs

Class of assets	Fair value hierarchy	Valuation technique	Classification under AASB 9	Inputs used to measure fair value	Range of unobservable inputs	
					31 Dec 19	31 Dec 18
Investment in financial assets	Level 1	Market price	Fair value through the profit and loss	Market price	Not applicable – observable input	

The different levels of the fair value hierarchy have been defined as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

24. Discontinued operations and available for sale financial assets

(a) Discontinued operations

At 31 December 2019, there are two discontinued operations: Hotel/Tourism portfolio and Funds Management – Europe portfolio.

Hotel/Tourism

The Consolidated Entity has substantially completed its exit from the Hotel/Tourism portfolio.

Funds Management – Europe

Relates to equity investments in wholly owned foreign subsidiaries (a legacy of GPT's ownership of GPT Halverton).

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

The table below sets out the financial performance and cash flow information for the discontinued operations that continue to be owned by the Consolidated Entity at reporting date.

	31 Dec 19 \$'000	31 Dec 18 \$'000
Revenue	–	17,015
Expenses	(10,050)	(32,542)
Loss before income tax	(10,050)	(15,527)
Income tax	–	–
Loss after income tax of discontinued operations	(10,050)	(15,527)
Net cash outflow from operating activities	–	–
Net decrease in cash from discontinued operations	–	–

Discontinued operation

A discontinued operation is a part of the Consolidated Entity'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 Consolidated Statement of Comprehensive Income and the assets and liabilities are presented separately on the face of the Consolidated Statement of Financial Position.

Notes to the Financial Statements – Year ended 31 December 2019

25. Accounting policies

(a) Basis of preparation

The general purpose financial report has been prepared:

- in accordance with the requirements of the Company's constitution, *Corporations Act 2001*, Australian Accounting Standards (AAS) and other authoritative pronouncements of the Australian Accounting Standards Board and International Financial Reporting Standards;
- on a going concern basis in the belief that the Consolidated Entity will realise its assets and settle its liabilities and commitments in the normal course of business and for at least the amounts stated in the financial statements. The Consolidated Entity has access to undrawn financing facilities of \$142,377,000 as set out in note 14;
- under the historical cost convention, as modified by the revaluation for financial assets and liabilities at fair value through the Consolidated Statement of Comprehensive Income;
- using consistent accounting policies and adjustments to bring into line any dissimilar accounting policies being adopted by the controlled entities, associates or joint ventures; and
- in Australian dollars with all values rounded to the nearest thousand dollars, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, unless otherwise stated.

Comparatives in the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position and notes to the financial statements have been restated to the current year presentation. There was no effect on the loss for the year.

The financial report was approved by the Board of Directors on 10 February 2020.

(b) Basis of consolidation

Controlled entities

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

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

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

Associates

Associates are entities over which the Consolidated Entity has significant influence but not control, generally accompanying a shareholding of between 20 per cent and 50 per cent of the voting rights.

GPT Funds Management Limited (GPTFM), which is wholly owned by the Company is the Responsible Entity (RE) of the Funds. The Board of GPTFM comprises six Directors, of which GPT can only appoint two. As a result, the Company has significant influence over GPTFM and accordingly accounts for it as an associate using the equity method.

GPT RE Limited (GPTRE), which is wholly owned by the Company owns 91.67 per cent of Darling Park Operator No.1 Pty Limited and Darling Park Operator No.2 Pty Limited, the Trustees of Darling Park Trust and Darling Park Trust No.2. These entities are governed by a Unitholder Committee. The Unitholder and Joint Venture Agreement stipulates that each unit holder has one member, with voting rights in proportion to their unitholding and all resolutions must be passed unanimously. As a result, management has determined that the Company has significant influence over these entities and accordingly accounts for them as an associate using the equity accounted method.

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

Joint arrangements

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

Joint ventures

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

(c) Other accounting policies

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

Notes to the Financial Statements – Year ended 31 December 2019

Other accounting policies include:

(i) Revenue

Revenue from contracts with customers

Revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits as the entity performs;
- the customer controls the asset as the entity creates or enhances it; or
- the seller's performance does not create an asset for which the seller has an alternative use and there is a right to payment for performance to date.

Where the above criteria is not met, revenue is recognised at a point in time.

Type of revenue	Description	Recognised
Fund management fees	The Consolidated Entity provides fund management services to GPT Wholesale Office Fund (GWOF) and GPT Wholesale Shopping Centre Fund (GWSCF) (the Funds) in accordance with the Funds constitutions. The services are utilised on an ongoing basis and revenue is calculated and recognised in accordance with the relevant constitution. The fees are invoiced on a quarterly basis and consideration is payable within 21 days of the quarter end.	Over time
Fee income – property management fees	The Consolidated Entity provides property management services to the owners of property assets in accordance with property services agreements. The services are utilised on an ongoing basis and revenue is calculated and recognised in accordance with the specific agreement. The fees are invoiced monthly with variable payment terms depending on the individual agreements. Should an adjustment, as calculated in accordance with the property services agreement be required, this is recognised in the Consolidated Statement of Comprehensive Income within the same reporting period.	Over time
Fee income – property management leasing fees – over time	Under some property management agreements, the Consolidated Entity provides a lease management service to the owners. These services are delivered on an ongoing basis and revenue is recognised monthly, calculated in accordance with the property management agreement. The fees are invoiced monthly with variable payment terms depending on the individual agreements.	Over time
Fee income – property management leasing fees – point in time	Under some property management agreements, the Consolidated Entity provides leasing management services to the owners. The revenue is recognised when the specific service is delivered (e.g. on lease execution) and consideration is due 30 days from invoice date.	Point in time
Development management fees	The Consolidated Entity provides development management services to the owners of property assets in accordance with development management agreements. Revenue is calculated and recognised in accordance with the specific agreement. The fees are invoiced on a monthly basis, in arrears, and consideration is due 30 days from invoice date.	Over time/Point in time
Development revenue	The Consolidated Entity provides development management services to the owners of property assets in accordance with development management agreements. Revenue is calculated in accordance with the specific agreement and invoiced in accordance with the contract terms. Consideration is due from the customer based on the specific terms agreed in the contract and is recognised when the Consolidated Entity has control of the benefit.	Point in time
Sale of inventory	Proceeds from the sale of inventory are recognised by the Consolidated Entity in accordance with a specific contract entered into with another party for the delivery of inventory. Revenue is calculated in accordance with the contract. Consideration is payable in accordance with the contract. Revenue is recognised when control has been transferred to the buyer.	Point in time

Notes to the Financial Statements – Year ended 31 December 2019

(ii) Other revenue

Rental revenue is recognised on a straightline basis over the lease term. When the Consolidated Entity provides lease incentives to tenants, any costs are recognised on a straightline basis over the lease term.

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

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

(iii) Expenses

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

(iv) Finance costs

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

A qualifying asset is an asset under development which generally takes a substantial period of time to bring to its intended use or sale. Finance costs incurred for the acquisition and construction of a qualifying asset are capitalised to the cost of the asset until completion of the asset. Where funds are borrowed specifically for a development project, finance costs associated with the development facility are capitalised. Where funds are used from group borrowings, finance costs are capitalised using the relevant capitalisation rate taking into account the Group's weighted average cost of debt.

(v) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

Foreign operations

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

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

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

(vi) Goods and Services Tax (GST)

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

Cash flows are presented on a gross basis in the Consolidated 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.

(vii) Deferred acquisition costs

Deferred acquisition costs associated with the property management business are costs that are directly related to and incremental to earning property management fee income. These costs are recorded as an asset and are amortised in the income statement on the same basis as the recognition of property management fee revenue.

(d) New and amended accounting standards and interpretations adopted from 1 January 2019

The Consolidated Entity has adopted AASB 16 at 1 January 2019. AASB 16 replaces AASB 117 *Leases* and is effective for reporting periods on or after 1 January 2019. The impact on the Consolidated Entity's previously reported financial position at 31 December 2018 as a result of the adoption of AASB 16 and its application is detailed in note 26.

(e) New accounting standards and interpretations issued but not yet adopted

There are no new standards or amendments to standards relevant to the Consolidated Entity.

Notes to the Financial Statements – Year ended 31 December 2019

26. Adoption of new accounting standard

AASB 16 Leases

The Consolidated Entity has adopted AASB 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening Consolidated Statement of Financial Position on 1 January 2019.

(a) Policies applicable from 1 January 2019

Payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in the Consolidated Statement of Comprehensive Income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Lease liabilities are initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Consolidated Entity's incremental borrowing rate is used. The incremental borrowing rate is calculated by interpolating or extrapolating secondary market yields on the Group's domestic medium term notes (MTNs) for a term equivalent to the lease. If there are no MTNs that mature within a reasonable proximity of the lease term, indicative pricing of where the Group can price a new debt capital market issue for a comparative term will be used in the calculation.

Lease liabilities are subsequently measured by:

- increasing the carrying amount to reflect interest on the lease liabilities;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

Interest on the lease liabilities and any variable lease payments not included in the measurement of the lease liabilities are recognised in the Consolidated Statement of Comprehensive Income in the period in which they relate. Interest on lease liabilities included in finance costs in the Consolidated Statement of Comprehensive Income totalled \$1,993,000 for the year.

Right-of-use assets are measured at cost less depreciation and impairment and adjusted for any remeasurement of the lease liability. The cost of the asset include:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Additions to the right-of-use assets during the year were \$10,237,000.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Consolidated Entity determines the lease term as the non-cancellable period of a lease together with both:

- the periods covered by an option to extend the lease if it is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Management considers all the facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. This assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the year the financial effect of revising lease terms was an increase in recognised liabilities and right-of-use assets of \$23,056,000.

The Consolidated Entity tests right-of-use assets for impairment where there is an indicator that the asset may be impaired. 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.

The Consolidated Entity's right-of-use assets are all property leases.

Notes to the Financial Statements – Year ended 31 December 2019

(b) Adjustments recognised on adoption of AASB 16

On adoption of AASB 16, the Consolidated Entity recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the Consolidated Entities weighted average incremental borrowing rate as of 1 January 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.7 per cent.

The difference between the operating lease commitments disclosed at 31 December 2018 of \$52,990,000 discounted using the incremental borrowing rate as 1 January 2019 and the balance of the lease liabilities recognised at 1 January 2019 reflects:

- the exclusion of leases committed to but for which the term had not yet commenced;
- the removal of contracts reassessed as service agreements; and
- adjustments as a result of different treatment of extension and termination options.

Right-of-use assets were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The Consolidated Entity has revised the opening balance adjustments from those disclosed in the interim accounts as a result of a change in deferred tax treatment in accordance with *ED-294 Deferred Tax related to Assets and Liabilities arising from a Single Transaction* released in July 2019, and a reassessment by management of the ownership of some fitout assets.

(c) Practical expedients applied

In applying AASB 16 for the first time, the Consolidated Entity has used the following practical expedients permitted by the standard:

- the use of a single discount rate to the portfolio of property leases where they have reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous; and
- the exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application.

The Consolidated Entity has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying AASB 117 and *Interpretation 4 Determining whether an arrangement contains a Lease*.

27. Events subsequent to reporting date

The Consolidated Entity sold lot 312 on 24 January 2020 at 30 Nashos Place, Wacol (Metroplex). The Consolidated Entity's share of the total consideration for this sale was \$735,000.

Other than the above, the Directors are not aware of any matter or circumstances occurring since 31 December 2019 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

Year ended 31 December 2019

In the directors of GPT Management Holdings Limited's opinion:

- (a) the consolidated financial statements and notes set out on pages 108 to 137 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 Consolidated Entity's financial position as at 31 December 2019 and of its performance for the financial year ended on that date; and
- (b) the consolidated financial statements and notes comply with International Financial Reporting Standards as disclosed in note 25 to the financial statements.
- (c) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

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.



Vickki McFadden
Chairman



Bob Johnston
Chief Executive Officer and Managing Director

GPT Management Holdings Limited
Sydney
10 February 2020



Independent auditor's report

To the members of GPT Management Holdings Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of GPT Management Holdings Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 31 December 2019
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if

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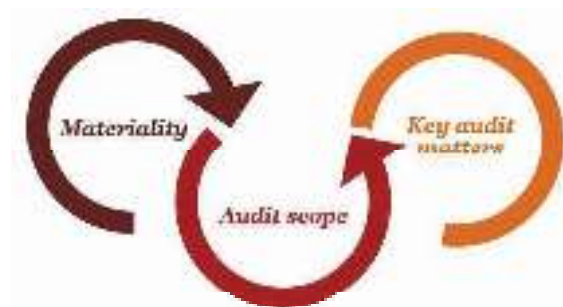
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individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



<i>Materiality</i>	<i>Audit scope</i>	<i>Key audit matters</i>
- For the purpose of our audit we used overall Group materiality of \$2.4 million, which represents approximately 1% of the Group's total revenue and other income. - We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. - We chose Group total revenue and other income as the Group generates income from funds management, property management and development management fees, whilst expenses within the Group are recharged to General Property Trust which can be altered based on the recharge model utilised. - We selected a 1% threshold based on our professional judgement, noting it is also	- The audit scope covered the consolidated Group which includes GPT Management Holdings Limited and its controlled entities. - Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.	- Amongst other relevant topics, we communicated the following key audit matters to the Group's Audit Committee: - Carrying value of inventories - Revenue recognition - These are further described in the <i>Key audit matters</i> section of our report.



within the range of commonly acceptable revenue related thresholds.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	How our audit addressed the key audit matter
Carrying value of inventories <i>\$118.0 million (2018: \$178.3 million)</i> <i>Refer to note 5</i> The Group develops a portfolio of sites for future sale which are classified as inventory. The Group's inventories are held at the lower of the cost and net realisable value for each inventory project. The cost of the inventory includes the cost of acquisition, development, capitalised interest and all other costs directly related to specific projects including an allocation of direct overhead expenses. We considered the carrying value of inventories a key audit matter given the significant judgement required by the Group in estimating future selling prices, costs to complete projects and selling costs. These judgements may have a material impact on the calculation of net realisable value and therefore in determining whether the value of a project should be written down or have a previous impairment reversed.	For each project we obtained the Group's latest feasibility models. We also: - discussed project specifics with management, for example the life cycle of the project, key project risks, changes to project strategy, current and future estimated sales prices, construction progress and costs and any new and previous impairments. - compared the estimated selling prices to market sales data in similar locations or to recent sales in the project. - compared the forecasted costs to complete for the project to the relevant construction advice (if applicable). - compared the carrying value to the net realisable value (NRV) to identify projects with potential impairments. - for inventory transferred from the Company to General Property Trust, we obtained the transfer agreements for the development sites transferred and agreed these to the transfer prices recorded. - traced a sample of capital expenditure additions to supporting documentation and tested whether they were valid costs that could be capitalised in accordance with the requirements of Australian Accounting Standards.
Revenue recognition <i>\$184.5 million (2018: \$181.8 million)</i> The Group earns revenue through its role as a fund and property manager, and through development revenue earned through the development of property, either for third parties, or directly on its own account for ultimate sale. Total revenue for the year ended 31 December	We developed an understanding of each revenue stream and the processes for calculating and recording revenue. We also developed an understanding of the process by which funds in relation to revenue are received into the Group's bank accounts, and identified the key controls including bank account reconciliations. For funds and property management fees, we inspected



Key audit matter

How our audit addressed the key audit matter

2019 was comprised of the following four streams:

- Fund management fees (\$86.5 million).
- Property management fees (\$44.3 million).
- Management costs recharged (\$30.6 million).
- Development management fees (\$23.0 million).

For all of the above revenue streams, a portion is earned from other entities in The GPT Group.

We considered this a key audit matter due to the magnitude of revenue and there being multiple revenue streams increasing the complexity of recognition.

a sample of agreements to develop an understanding of the basis for which revenue is earned. We recalculated a sample of the fees by applying the fee percentage per agreements to the relevant benchmark, such as funds net assets or property revenue.

For management costs recharged during the year, we discussed with management the terms under which costs are recharged by the Group to assets it manages. In relation to recharges:

- We developed an understanding of the budgeting process and obtained evidence of management review of the 2019 budget.
- We reconciled the approved management cost recharge budget to the general ledger.
- We agreed payroll recharge amounts to the audit procedures performed over the Group's remuneration expense

Development management fees are charged on an approved daily rate and actual time spent, or management approved project fees. We inspected Board minutes to obtain the approved development management day rates. We recalculated a sample of development management fees and agreed relevant inputs of the calculation back to source data, for example timesheet extracts.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 94 to 106 of the directors' report for the year ended 31 December 2019.

In our opinion, the remuneration report of GPT Management Holdings Limited for the year ended 31 December 2019 complies with section 300A of the *Corporations Act 2001*.



Responsibilities

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.

PricewaterhouseCoopers

PricewaterhouseCoopers

S. Horlin

Susan Horlin
Partner

Sydney
10 February 2020

Supplementary information

Securityholder information

Substantial Securityholders	Number of Securities
UniSuper	233,746,431
Vanguard Investments Australia	183,628,450
BlackRock Group	163,118,343
State Street Corporation	125,992,619

Voting Rights

Securityholders in the GPT Group are entitled to one vote for each dollar of the value of the total securities they hold in the Group.

Distribution of Securityholders	Number of Securityholders	Percentage of Total Issued Securities
1 to 1,000	13,195	0.31
1,001 to 5,000	11,984	1.53
5,001 to 10,000	3,612	1.32
10,001 to 100,000	2,483	2.58
100,001 and Over	94	94.27
Total Number of Securityholders	31,368	100.00%

There were 964 securityholders holding less than a marketable parcel of 90 securities, based on a close price of \$5.60 as at 31 December 2019, and they hold 21,926 securities.

Twenty Largest Securityholders	Number of Securities	Percentage of Total Issued Securities
HSBC Custody Nominees (Australia) Limited	687,380,778	35.29
J P Morgan Nominees Australia Pty Limited	402,534,565	20.66
BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	308,029,026	15.81
Citicorp Nominees Pty Limited	183,667,329	9.43
National Nominees Limited	71,934,386	3.69
National Nominees Limited <N A/C>	31,893,000	1.64
BNP Paribas Noms Pty Ltd <DRP>	19,395,153	1.00
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	19,337,934	0.99
HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	14,556,736	0.75
HSBC Custody Nominees (Australia) Limited-GSCO ECA	12,520,252	0.64
AMP Life Limited	10,308,534	0.53
BNP Paribas Nominees Pty Ltd <Agency Lending Collateral>	7,954,000	0.41
Pacific Custodians Pty Limited GPT Group Plans Ctrl	6,549,157	0.34
Warbont Nominees Pty Ltd <Unpaid Entrepot A/C>	5,322,264	0.27
CS Fourth Nominees Pty Limited <HSBC Cust Nom Au Ltd 11 A/C>	5,205,395	0.27
HSBC Custody Nominees (Australia) Limited	3,942,400	0.20
JPMSAL	3,684,428	0.19
Argo Investments Limited	3,480,667	0.18
UBS Nominees Pty Ltd	2,797,780	0.14
Woodross Nominees Pty Ltd	2,524,258	0.13
Total	1,803,018,042	92.56
Total Securities on Issue	1,947,929,316	100.00%

Supplementary information – Year ended 31 December 2019

Issue of Securities

The following table lists the issue of GPT securities during the period from 1 January 2019 to 31 December 2019. A complete list of all securities issued since GPT's inception in 1971 can be obtained from the Group's website (www.gpt.com.au) or by calling the GPT Securityholder Service Centre on 1800 025 095 (freecall within Australia).

Date	Description	Number of Securities	Price (\$)	Amount (\$)
25.06.2019	Issue of Securities	131,795,717	6.07	800,000,002
22.07.2019	Issue of Securities	11,243,173	5.94	66,784,448

Investor information

Securityholder Services

You can access your investment online at **www.linkmarketservices.com.au**, signing in using your SRN/HIN, Surname and Postcode. Functions available include updating your address details, downloading a PDF of your Annual Tax Statement and collecting FATCA/CRS self certification.

Also online at **www.linkmarketservices.com.au** are regularly requested forms relating to payment instructions, name corrections and changes and deceased estate packs.

For assistance with altering any of your investment details, please phone the GPT Registry on **1800 025 095** (free call within Australia) or **+61 1800 025 095** (outside Australia).

Receive Your Report Electronically

Sustainability is core to GPT's vision and values. As part of our sustainability initiatives we would like to offer you the opportunity to receive notification of GPT's investor communications electronically, including the 2019 Annual Financial Report and the Annual Review. We encourage securityholders to visit **www.gpt.com.au** to view the online versions of these reports.

As an investor opting to receive your securityholder updates electronically, you will benefit by receiving prompt information and have the convenience and security associated with electronic delivery. There are also significant cost savings associated with this method of communication and above all this is a responsible and environmentally friendly option.

To receive your investor communications electronically, please go to **www.linkmarketservices.com.au** and register for online services.

AGM Information

GPT's Annual General Meeting (AGM) will be held at GPT's Head Office, Level 51 MLC Centre 19 Martin Place, Sydney New South Wales (or such other venue as advised to securityholders if this venue is no longer available) on Wednesday, 13 May 2020, commencing at 10.00am (Sydney time).

Securityholders may also participate in the Meeting online. Given the current situation, we strongly encourage all securityholders to vote by proxy or to participate and vote using our online platform rather than attending in person. Additionally, the Chairman's address will be immediately announced to the ASX on the day.

Investor Calendar

13 May 2020	Annual General Meeting
June 2020	June 2020 Half Year Distribution Announcement
10 August 2020	2020 Interim Result Announcement
August 2020	June 2020 Half Year Distribution Payment

An investor calendar is also available on GPT's website at **www.gpt.com.au/events**

Distribution Policy and Payments

GPT has a distribution policy in place that effectively aligns the Group's capital management framework with its business strategy, which reflects a sustainable distribution level to ensure a prudent approach to managing the Group's gearing through market and economic cycles.

GPT makes distribution payments to securityholders two times a year, for the six months ended 30 June and the six months ended 31 December. GPT declares and pays its distribution in Australian dollars.

Corporate 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

Telephone: +61 2 8239 3555

Facsimile: +61 2 9225 9318

Board of Directors

Vicki McFadden (Chairman)

Bob Johnston

Gene Tilbrook

Lim Swe Guan¹

Michelle Somerville

Angus McNaughton

Tracey Horton AO

Mark Menhinnitt

Company Secretaries

James Coyne

Lisa Bau

Telephone: +61 2 8239 3555

Facsimile: +61 2 9225 9318

Nomination Committee

Vicki McFadden (Chairman)

Bob Johnston

Gene Tilbrook

Lim Swe Guan¹

Michelle Somerville

Angus McNaughton

Tracey Horton AO

Mark Menhinnitt

Human Resources and Remuneration Committee

Tracey Horton AO (Chairman)

Vicki McFadden

Angus McNaughton

Audit Committee

Michelle Somerville (Chairman)

Gene Tilbrook

Lim Swe Guan¹

Angus McNaughton

Sustainability and Risk Committee

Gene Tilbrook (Chairman)

Michelle Somerville

Tracey Horton AO

Mark Menhinnitt

Auditors

PricewaterhouseCoopers

One International Towers Sydney,

Watermans Quay, Barangaroo

Sydney NSW 2000

Principal Registry

Link Market Services

GPT Security Registrar

Locked Bag A14

Sydney South

NSW 1235

Within Australia: 1800 025 095 (free call)

Outside Australia: +61 1800 025 095

Fax: +61 2 9287 0303

Email: registrars@linkmarketservices.com.au

Website: www.linkmarketservices.com.au

Stock Exchange Quotation

GPT is listed on Australian Securities Exchange under

ASX Listing Code GPT.

¹ Retired as a Director 31 December 2019.

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