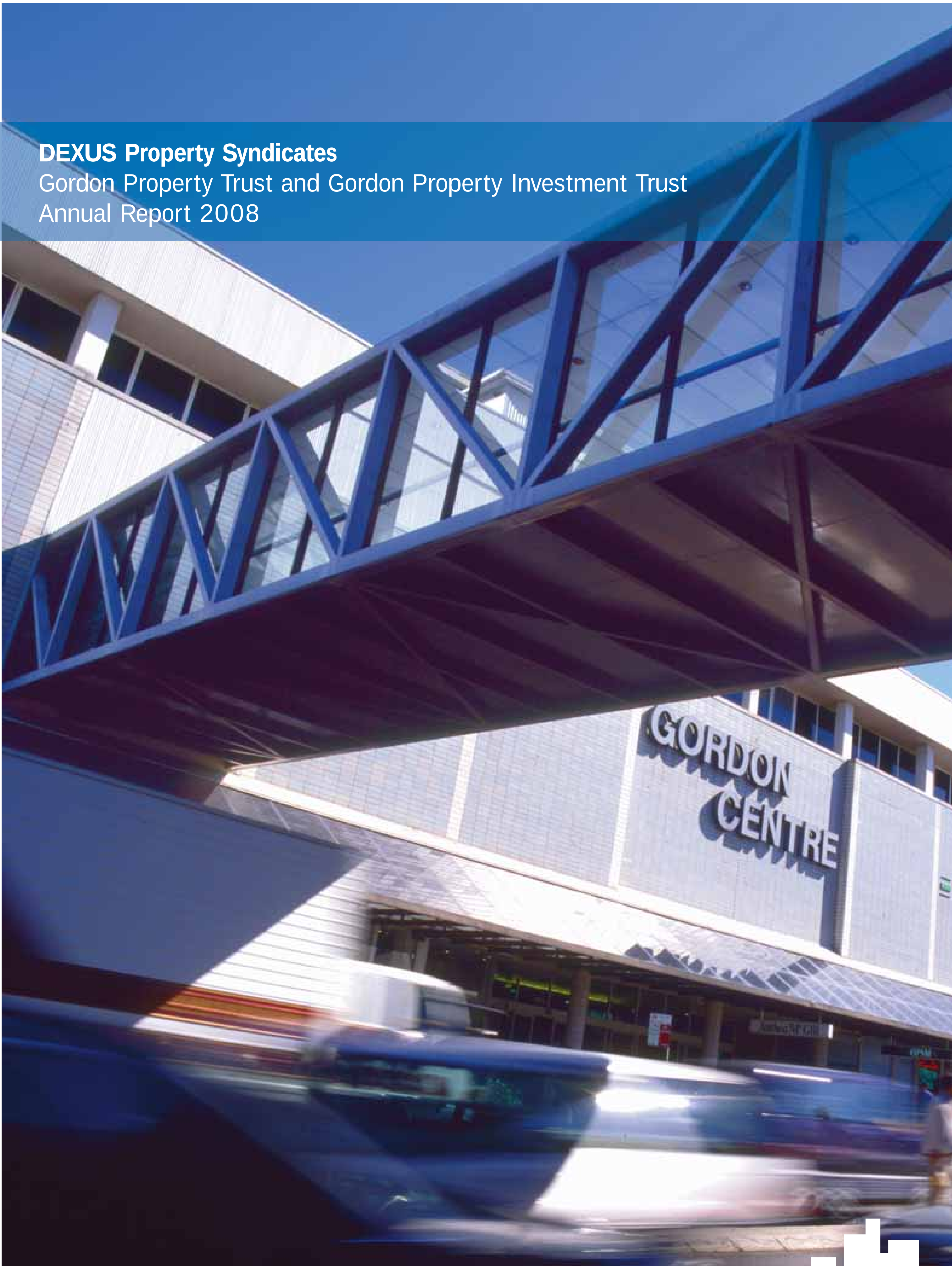
DEXUS Property Syndicates

Gordon Property Trust and Gordon Property Investment Trust
Annual Report 2008



DEXUS PROPERTY GROUP

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In this report, all $ values are provided in Australian dollars unless otherwise stated.

LETTER FROM THE CHAIR

Dear Investor

I am pleased to present the Annual Report for the Gordon Property Trust and the Gordon Property Investment Trust for the year ending 30 June 2008.

The performance of the Gordon Property Trust and Gordon Property Investment Trust has been strong throughout the year with:

- income return for the year ending 30 June 2008 at 13.20 cents per unit
- the Gordon Shopping Centre being valued at 30 June 2008 at $86.3 million
- occupancy as at 30 June 2008 being 98.8%
- a weighted average lease expiry by income of 8.0 years

On behalf of the Board, I wish to thank you for your continued support of the Gordon Property Trust and the Gordon Property Investment Trust.

Yours sincerely

Christopher T Beare
Chair

26 September 2008
DEXUS Funds Management Limited

KEY FINANCIAL DATA

Gordon Property Trust

	JUNE 2008	JUNE 2007
Investment property	$86,250,000	$85,400,000
Total assets	$87,098,000	$86,138,000
Borrowings	$1,070,000	$820,000
Total liabilities	$4,834,000	$4,160,000
Net assets attributable to members	$82,264,000	$81,978,000
Net distributable income	$4,829,000	$6,097,000
Net property income	$5,811,000	$9,124,000
Number of units on issue	21,700,000	21,700,000
Number of unitholders	129	128
Net asset backing per unit attributable to members	$3.79	$3.70
	CENTS PER UNIT	CENTS PER UNIT
Gross distribution	20.93	20.58
Less loan interest expense	7.73	7.57
Net distribution	13.20	13.01
Tax deferred amount	0.07	10.92
Assessable income	20.86	9.66
Tax advantage portion	0.32%	53.06%

Gordon Property Investment Trust

	JUNE 2008	JUNE 2007
Investment property	$55,857,000	$55,664,000
Total assets	$56,761,000	$56,326,000
Borrowings	$16,944,000	$16,944,000
Borrowings (percentage of total assets)	30%	30%
Total liabilities	$17,445,000	$17,472,000
Net assets attributable to members	$39,316,000	$38,854,000
Net distributable income	$2,407,000	$3,067,000
Number of units on issue	14,734,000	14,734,000
Number of unitholders	305	310
Net asset backing per unit attributable to members	$2.69	$2.64
	CENTS PER UNIT	CENTS PER UNIT
Gross distribution	13.20	13.01
Tax deferred amount	0.20	11.20
Assessable income	13.00	1.81
Tax advantage portion	1.54%	86.04%

MANAGER'S REPORT

Gordon Shopping Complex, Gordon, NSW

The Gordon Shopping Complex (the Complex) comprises the Gordon Centre (the Centre) and the Gordon Village Arcade (the Arcade). The Complex has a total lettable area of 13,817 square metres comprising mainly retail with some commercial tenancies. The Centre includes a total of 575 car spaces in a multi-level car park, whilst the Arcade has direct access to a council car park comprising 320 car spaces.

The Complex is located on the Pacific Highway, Gordon, a suburb located 16 kilometres north of the Sydney CBD.

Performance

The Complex continues to perform in line with expectations with income distributions paid to unitholders of 13.20 cents per unit for the year (refer to the distribution history on page 5).

The net asset backing per unit attributable to members is $3.79 for Gordon Property Trust (net tangible assets per unit previously $3.70 at June 2007) and $2.69 for Gordon Property Investment Trust (net tangible assets per unit previously $2.64 at June 2007).

The Complex has continued to trade well with the introduction of new and vibrant retailers. Moving Annual Turnover (MAT) for the Complex for the year to June 2008 was $96.70 million, an increase of 8.15% over the previous year. The increase is largely due to the introduction of Flight Centre who achieved a MAT figure of $6.7 million for their first year. Woolworths has continued to show strong sales growth, with supermarket sales over the period increasing by 5.06% to $49.8 million. This figure excludes liquor sales which are currently $3.7 million, an increase of 5.7% on the previous year due to the refurbishment, extension and rebranding of 'Woolworths Liquor'.

The specialty retail performance experienced positive growth this year, an increase of 4.25% due to the remixing and re-leasing of the Complex.

Valuation

The Complex was valued at 30 June 2008 at $86.25 million, representing a 1% increase over the previous valuation in June 2007. The Centre is now valued at $74 million and the Arcade at $12.25 million.

Leasing

The Complex was 98.8% leased at 30 June 2008. The Centre is 99.1% leased and the Arcade is 96.4% leased.

There have been three new specialty retail leases and five new commercial leases granted within the Centre during the year including the renewal of three existing tenants. This has resulted in some new national and local names coming into the Centre during the year. The Centre is now strongly positioned for retail sales consolidation over the coming year.

The Arcade continues to attract customers with a wide range of goods, services and cafés as well as providing a valuable pedestrian link across the Pacific Highway between the Centre and the Council car park adjacent to Gordon Train Station. Four tenants renewed their leases following expiries during the year.

Improvements

During the year refurbishment has been undertaken for existing retailer's space with the associated shop fittings upgraded as part of the signing of new and renewed leases.

During the coming year the two main escalators serving the Harvey Norman store will be replaced. Whilst this work is being undertaken the opportunity will be taken to refurbish the Pacific Highway entrance. This will involve works to the existing mall and adding additional specialty retail with a focus on fashion and food. New and refreshed signage and lighting to the internal and external fabric of the Centre will enhance the Centre's look and feel.

Market commentary

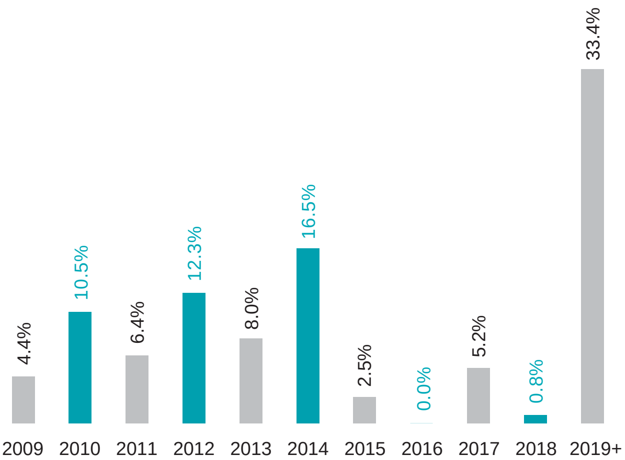
The retail sector in NSW performed strongly to December 2007 before slowing in 2008, in line with sharp falls in consumer sentiment. Seasonally adjusted MAT for the year to June 2007 was 6.5% (nominal terms), a strong result for NSW and above the 10 year state average.

In the past six months sales growth has slowed significantly as rises in the cost of living, food and high petrol prices impacted consumer spending significantly. Weaker sales growth has been most evident for department stores and the specialty categories of apparel, hospitality and takeaway food.

News of impending interest rate cuts and a fall in petrol prices has recently seen a rebound in consumer sentiment in August. However we do not believe this to be indicative of a recovery in sales growth in the short-term as sentiment is still at very low levels, comparable with the recession of 1992. Access Economics is forecasting below average economic growth for NSW in the next financial year and this will likely temper sales growth. While currently retail rents are growing solidly off the back of strong trade in 2007, this growth is expected to ease in 2009.

Source: DEXUS Property Group

LEASE EXPIRY AT 30 JUNE 2008 BY NET PASSING INCOME



Property details

	CENTRE	ARCADE
Type	Neighbourhood Centre	Retail Arcade
Date built	Established 1964	Established 1964
Site area (m^2)	7,928	651
Net lettable area (m^2)	11,973	1,844
Office content (%)	19.46	0
Car parking spaces	575	320[1]

1 Access to council car park at rear of Arcade.

	COMPLEX
Acquisition date	30 November 1998
Purchase price ($ million)	40.965
Valuation date	30 June 2008
Valuation ($ million)	86.25
Valuer	Knight Frank
Major tenants	Woolworths, Harvey Norman
Occupancy at 30 June 2008 (%)	98.8

Distribution history

Gordon Property Trust

	30/6/08 CPU	30/6/07 CPU	30/6/06 CPU	30/6/05 CPU	30/6/04 CPU	30/6/03 CPU	30/6/02 CPU	30/6/01 CPU	30/6/00 CPU	30/6/99[1] CPU
Gross distribution	20.93	20.58	20.55	22.12	21.41	19.77	18.75	17.96	17.37	10.110
Loan interest expense	7.73	7.57	8.08	8.12	7.41	7.27	7.25	7.21	6.97	4.046
Net distribution	13.20	13.01	12.47	14.00	14.00	12.50	11.50	10.75	10.40	6.064
Tax free[2] (%)	–	–	–	–	–	–	–	2.28	3.68	0.00
Tax deferred (%)	0.07	53.06	3.65	16.11	6.71	3.21	2.25	0.00	8.03	0.00

Gordon Property Investment Trust

	30/6/08 CPU	30/6/07 CPU	30/6/06 CPU	30/6/05 CPU	30/6/04 CPU	30/6/03 CPU	30/6/02 CPU	30/6/01 CPU	30/6/00 CPU	30/6/99[1] CPU
Gross distribution	13.20	13.01	12.47	14.00	14.00	12.50	11.50	10.75	10.40	6.064
Tax free[2] (%)	–	–	–	–	–	–	–	3.80	6.15	0.00
Tax deferred (%)	0.20	86.09	5.22	25.45	11.24	8.33	7.21	3.78	17.31	0.00

1 Period from 30 November 1998, the inception of the Trust, to 30 June 1999.
2 From 1 July 2001, the treatment of tax free income for taxation purposes was changed and is now distributed as tax deferred income.

ABOUT DEXUS

Reception, DEXUS House, 343 George Street, Sydney

DEXUS IS ONE OF THE LARGEST DIVERSIFIED PROPERTY GROUPS IN AUSTRALIA, WITH OVER A$15.3 BILLION OR 260 PROPERTIES UNDER MANAGEMENT. DEXUS HAS EXTENSIVE EXPERIENCE IN OWNING, MANAGING AND DEVELOPING HIGH QUALITY OFFICE, INDUSTRIAL AND RETAIL PROPERTIES IN AUSTRALIA, NEW ZEALAND, THE UNITED STATES, CANADA, GERMANY AND FRANCE.

The Gordon Property Trust and the Gordon Property Investment Trust are managed by DEXUS Property Group, the 5th largest property group on the Australian Stock Exchange. The Group has two areas of operation:

- A A$8.9 billion direct property portfolio, which is focused on owning, managing and developing high quality office and industrial assets in Australia, New Zealand, North America and Europe
- A A$6.4 billion third party funds management business which develops and manages office, industrial and retail properties on behalf of third party investors. This includes DEXUS Wholesale Property Fund, two private client mandates and two property syndicates, which collectively make up one of the largest third party funds management businesses in Australia.

Local expertise, international reach

In Australia, the Group has over 270 employees nationwide with its head office located in the Sydney CBD.

We offer our tenants and investors access to a world-class property portfolio managed by our expert team of property and funds management professionals.

The Group also has a number of strategic relationships with major Australian and international property owners, property managers and corporate partners. This includes a strategic relationship with RREEF Alternative Investments – Deutsche Bank's global alternative investment management business – which facilitates international acquisitions and the management of our property assets in selected international markets.

DISCLOSURE FOR RETAIL INVESTORS

The Australian Securities and Investments Commission (ASIC) is developing eight disclosure principles for unlisted property schemes that are intended to assist retail investors of unlisted schemes to better understand the risks of investing in such schemes, assess the rewards being offered and decide whether these investments are suitable for them.

ASIC has proposed that the Responsible Entity apply the disclosure principles to disclosures from 31 October 2008.

The Responsible Entity undertakes to inform investors of risks and circumstances which may affect their investment. Provided below is a summary of the draft guidelines and information specific to the Gordon Property Trust and the Gordon Property Investment Trust.

Investors should check the DEXUS Property Group website after 1 November 2008 for any updates to the guidelines. We also recommend that you seek independent financial advice if you require further information in relation to your investment.

Disclosure

SYNDICATE CAPITAL MANAGEMENT – GORDON	
Borrowings	$26.025 million
Gearing (percentage of total assets)	30%
Gearing covenant	n/a
Interest cover covenant	EBIT/IE > 2x
Interest cover	3.5x
LVR covenant	< 60%
Current LVR	32%
Debt maturity	June 11

LVR – Loan to Value Ratio
IE – Interest expense
EBIT – Earnings before interest and tax

The Gordon Property Trust and the Gordon Property Investment Trust operates within the covenants of the current borrowing arrangements.

Table 1: Disclosure principles for unlisted property schemes

1. GEARING RATIO	Scheme's gearing ratio indicates the extent to which a scheme's assets are funded by external liabilities.
2. INTEREST COVER	Information on a scheme's interest cover indicates the scheme's ability to meet interest payments from earnings.
3. SCHEME BORROWING	This principle requires information on when the scheme's debts and credit facilities will mature and any associated risks. It is also important that investors are kept informed and updated with information they would reasonably require on breach of loan covenants.
4. PORTFOLIO DIVERSIFICATION	This information addresses the scheme's investment practices and portfolio risk.
5. VALUATION POLICY	Key aspects of the scheme's valuation policy for real property assets should be disclosed so that investors can assess the reliability of the valuations.
6. RELATED PARTY TRANSACTIONS	Investors need to be able assess the Responsible Entity's approach to related party transactions.
7. DISTRIBUTION PRACTICES	Information on the scheme's distribution practices is required so that investors can assess the sources of the distributions and be informed as to the sustainability of distributions from sources other than realised income.
8. WITHDRAWAL RIGHTS	If a scheme gives investors withdrawal rights, these rights should be clearly explained.

Source: Australian Securities & Investments Commission – Consultation Paper 100: *Unlisted property schemes – improving disclosure for retail investors, July 2008.*

The borrowings maturity extends eight months beyond the original termination date of the Gordon Property Trust and the Gordon Property Investment Trust.

Portfolio diversification

The Gordon Property Trust and the Gordon Property Investment Trust comprise a single asset syndicate. There is no portfolio diversification strategy. Information relating to key tenants is provided at page 5 of the report.

Valuation policy

An external valuation is undertaken annually.

The DEXUS valuation policy states that:

- the valuer is appraised of all material issues which may affect the value of the asset;
- the requirements of the Corporations Act, the Constitution and any relevant offer document are taken into account when instructing valuers; and
- valuers are rotated every two years.

Related party transactions

The Gordon Property Trust and the Gordon Property Investment Trust assets are internally managed by DEXUS Property Services Limited – a wholly owned subsidiary of the DEXUS Property Group. No other related party matters are current.

Management of the property is subject to an agreement and monitoring of compliance with the agreement.

Distribution practices

Distributions are paid quarterly. The distribution is paid no later than 90 days after the end of the distribution period.

The distributable income of the Fund for a distribution period is:

"The net income for the distribution period as determined in accordance with current accounting principles and accounting standards".

Generally the Gordon Property Trust and the Gordon Property Investment Trust will distribute income only and not capital. A capital distribution may be made to investors if deemed necessary by the Responsible Entity. Investors would be notified should this occur.

Withdrawal rights

As disclosed in the original offer document the investment in the Gordon Property Trust and the Gordon Property Investment Trust is illiquid. For the duration of the Trusts, no unitholder has the right to redeem units. Neither the Manager nor the Trustee is permitted to buy back units in the Trusts. There is unlikely to be a secondary market for the units in the Gordon Property Trust and the Gordon Property Investment Trust.

FINANCIAL REPORTS

GORDON PROPERTY TRUST (ARSN 092 632 052) AND GORDON PROPERTY INVESTMENT TRUST (ARSN 092 631 297)

All press releases, financial reports and other information are available on our website: www.dexus.com

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2008

THE DIRECTORS OF DEXUS FUNDS MANAGEMENT LIMITED (DXFM) (FORMERLY KNOWN AS DB RREEF FUNDS MANAGEMENT LIMITED) AS RESPONSIBLE ENTITY OF GORDON PROPERTY INVESTMENT TRUST (GPIT) AND THE GORDON PROPERTY TRUST (GPT) (TOGETHER "THE TRUSTS") PRESENT THEIR DIRECTORS' REPORT TOGETHER WITH THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008.

1. Directors

Directors

The following persons were Directors or Alternate Directors of DXFM at all times during the year, and to the date of this Directors' Report:

DIRECTORS	APPOINTED
Christopher T Beare	4 August 2004
Elizabeth A Alexander AM	1 January 2005
Barry R Brownjohn	1 January 2005
Stewart F Ewen OAM	4 August 2004
Victor P Hoog Antink	1 October 2004
Charles B Leitner III	10 March 2005
Brian E Scullin	1 January 2005
Alternate Director	
Andrew J Fay for Charles B Leitner III	30 January 2006

Other key management personnel

In addition to the Directors listed above the following persons were deemed by the Board Nomination and Remuneration Committee to be key management personnel (KMP) during all or part of the financial year and up to the date of this report:

NAME	TITLE	THE DATE THEY QUALIFIED OR CEASED TO QUALIFY AS A KMP DURING THE 12 MONTHS ENDED 30 JUNE 2008
Victor P Hoog Antink	Chief Executive Officer	
Tanya L Cox	Chief Operating Officer	
Pat A Daniels	Head of Human Resources	Qualified 14 January 2008
John C Easy	General Counsel	
Ben J Lehmann	Head of Office and Industrial	Ceased to qualify 27 March 2008
Louise J Martin	Head of Office	Qualified 27 March 2008
Craig D Mitchell	Chief Financial Officer	Qualified 17 September 2007
Paul G Say	Head of Corporate Development	
Mark F Turner	Head of Unlisted Funds	
Andrew P Whiteside	Head of Industrial	Qualified 28 April 2008

2. Remuneration report

Remuneration received by key management personnel of the Trusts are a cost of DXFM and not the Trusts. DXFM does not recover any proportion of their remuneration from the Trusts.

3. Directors' interests

As at the date of this Directors' Report, no Director or Alternate Director directly or indirectly held:

- options over, or any other contractual interest in, units in the Trust; or
- units in the Trust.

4. Principal activities

During the year the principal activity of the Gordon Property Trust consisted of investment in real property in Australia, whilst the principal activity of the Gordon Property Investment Trust consisted of investment in units of the Gordon Property Trust.

5. Total value of trust assets

The total value of the assets of the Gordon Property Investment Trust as at 30 June 2008 was $56.76 million (2007 $56.33 million). The total value of the assets of the Gordon Property Trust as at 30 June 2008 was $87.10 million (2007 $86.14 million). Details of the basis of the valuation are outlined in note 1 of the Financial Statements and form part of this Directors' Report.

6. Review and results of operations

The Gordon Property Investment Trust's results for the year ended 30 June 2008 were:

- Profit before finance costs was $3.25 million (2007: $4.11 million);
- Finance costs paid and payable to members was $1.95 million (2007: $1.92 million);
- Total assets was $56.76 million (2007: $56.33 million); and
- Net assets attributable to members was $39.32 million (2007: $38.85 million).

The Gordon Property Trust's results for the half year ended 30 June 2008 were:

- Profit before finance costs was $4.89 million (2007: $6.13 million);
- Finance costs paid and payable to members was $4.54 million (2007: $4.47 million);
- Total assets was $87.10 million (2007: $86.14 million); and
- Net assets attributable to members was $82.26 million (2007: $81.98 million).

7. Likely developments and expected results of operations

In the opinion of the Directors, disclosure of any further information regarding business strategies and the future developments or results of the Trusts, other than the information already outlined in this Directors' Report or the Financial Statements accompanying this Directors' Report would be unreasonably prejudicial to the Trusts.

8. Significant changes in the state of affairs

The Directors of DXFM are not aware of any matter or circumstance, not otherwise dealt with in this Directors' Report or the Financial Statements that has significantly or may significantly affect the operations of the Trusts, the results of those operations, or the state of the Trusts's affairs in future financial years.

9. Matters subsequent to the end of the financial year

Since the end of the year the Directors of DXFM are not aware of any matter or circumstance not otherwise dealt with in this Directors' Report or the Financial Statements that has significantly or may significantly affect the operations of the Trusts, the results of those operations, or the state of the Trusts's affairs in future financial years.

10. Finance costs/distributions

Finance costs/distributions paid or payable by the Trusts for the year ended 30 June 2008 are outlined in note 19 of the Financial Statements and form part of this Directors' Report.

11. DXFM fees and associate interests

Details of fees paid or payable by the Trusts to DXFM for the year ended 30 June 2008 are outlined in note 23 of the Financial Statements and form part of this Directors' Report.

The number of units in the Trusts held by DXFM or its associates as at the end of the financial year are disclosed in note 23 of the Financial Statements and form part of this Directors' Report.

12. Interests in the Trust

The movement in units on issue in the Trusts during the year and the number of units on issue as at 30 June 2008 are detailed in note 17 of the Financial Statements and form part of this Directors' Report.

The Trusts did not have any options on issue as at 30 June 2008 (2007: nil).

13. Environmental regulation

The Directors of DXFM are satisfied that adequate systems are in place for the management of its environmental responsibilities and compliance with its various licence requirements and regulations. Further, the Directors are not aware of any breaches of these requirements and to the best of their knowledge all activities have been undertaken in compliance with environmental requirements.

14. Indemnification and insurance

The insurance premium for a policy of insurance indemnifying Directors, officers and others (as defined in the relevant policy of insurance) is paid by DEXUS Holdings Pty Limited (formerly known as DB RREEF Holdings Pty Limited). The indemnity does not apply if prohibited by the *Corporations Act 2001*.

The auditors are in no way indemnified out of the assets of the Trust.

15.Audit

15.1 Auditor

PricewaterhouseCoopers (PwC or the Auditor) continues in office in accordance with section 327 of the *Corporations Act 2001*.

15.2 Non-audit services

Details of the amounts paid to the Auditor, which include amounts paid for non-audit services are set out in note 7 of the Financial Statements.

The Board Audit Committee is satisfied that the provision of non-audit services provided during the year by the Auditor (or by another person or firm on the Auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The reasons for the Directors being satisfied are:

- Board Audit Committee has determined that the external auditor will not provide services that have the potential to impair the independence of its audit role, including:
  - participating in activities that are normally undertaken by management; and
  - being remunerated on a "success fee" basis.
- Board Audit Committee has determined that the Auditor will not provide services where the Auditor may be required to review or audit its own work, including:
  - the preparation of accounting records;
  - the design and implementation of information technology systems;
  - conducting valuation, actuarial or legal services;
  - promoting, dealing in or underwriting securities; or
  - providing internal audit services.
- Board Audit Committee regularly reviews the performance and independence of the Auditor and whether the independence of this function has been maintained having regard to the provision of non-audit services. The Auditor has provided a written declaration to the Board regarding its independence at each reporting period and Board Audit Committee approval is required before the engagement of the Auditor to perform any non-audit service for a fee in excess of $100,000.

The above Directors' statements are in accordance with the advice received from the Board Audit Committee.

15.3 Audit independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out in the Financial Statements and form part of this Directors' Report.

16. Combined Financial Statements

The Trusts have applied Class Order 06/441 issued by the Australian Securities & Investments Commission which allows the Financial Statements of different registered schemes with a common Responsible Entity to be presented in adjacent columns in a single financial report.

17. Rounding of amounts and currency

The Trusts are registered schemes of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in this Directors' Report and the Financial Statements. Amounts in this Directors' Report and Financial Statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, unless otherwise indicated. All figures in this Directors' Report and the Financial Statements, except where otherwise stated, are expressed in Australian dollars.

18. Management representation

The Chief Executive Officer and Chief Financial Officer, have reviewed the Trust's financial reporting processes, policies and procedures together with its risk management and internal control and compliance policies and procedures. Following that review it is their opinion that the Trust's financial records for the financial year have been properly maintained in accordance with the *Corporations Act 2001* and the Financial Statements and their Notes comply with the accounting standards and give a true and fair view.

19. Directors' authorisation

The Financial Report was authorised for issue by the Directors on 27 August 2008. The Directors have the power to amend and reissue the Financial Report.

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

Christopher T Beare
Chair

Sydney
27 August 2008

Victor P Hoog Antink
Chief Executive Officer

Sydney
27 August 2008

PRICEWATERHOUSECOOPERS

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www.pwc.com/au

Auditor's Independence Declaration

As lead auditor for the audit of Gordon Property Investment Trust for the year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been:

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

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

JA Dunning

JA Dunning
Partner
PricewaterhouseCoopers

Sydney
27 August 2008

PRICEWATERHOUSECOOPERS

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www.pwc.com/au

Auditor's Independence Declaration

As lead auditor for the audit of Gordon Property Trust for the year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Gordon Property Trust during the period.

JA Dunning
JA Dunning
Partner
PricewaterhouseCoopers

Sydney
27 August 2008

INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

		CONSOLIDATED		GPIT		GPT	
	NOTES	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
REVENUE FROM ORDINARY ACTIVITIES							
Property revenue	2	7,271	7,101	–	–	7,271	7,101
Distribution revenue	3	–	–	3,085	3,033	–	–
Interest revenue	4	44	49	–	–	44	49
Total revenue from ordinary activities		**7,315**	**7,150**	**3,085**	**3,033**	**7,315**	**7,150**
Net fair value gain of investment properties		417	3,780	–	–	417	3,780
Net fair value gain of investments		–	–	193	1,107	–	–
Total income		**7,732**	**10,930**	**3,278**	**4,140**	**7,732**	**10,930**
EXPENSES (EXCLUDING FINANCE COSTS)							
Property expenses		(1,877)	(1,757)	–	–	(1,877)	(1,757)
Responsible Entity fees	23	(898)	(2,941)	–	–	(898)	(2,941)
Other expenses	6	(96)	(132)	(25)	(34)	(71)	(98)
Total expenses (before finance costs)		**(2,871)**	**(4,830)**	**(25)**	**(34)**	**(2,846)**	**(4,796)**
Profit (before finance costs)		**4,861**	**6,100**	**3,253**	**4,106**	**4,886**	**6,134**
FINANCE COSTS							
Finance costs to financial institutions	5	(903)	(1,076)	(846)	(1,039)	(57)	(37)
Finance costs to members	19	(1,945)	(1,917)	(1,945)	(1,917)	(4,543)	(4,467)
Finance costs to minority interests		(1,551)	(1,957)	–	–	–	–
Increase in net assets attributable to members	17	(462)	(1,150)	(462)	(1,150)	(286)	(1,630)
Net profit for the year		**–**	**–**	**–**	**–**	**–**	**–**
Basic earnings per unit	26	–	–			–	–
Diluted earnings per unit	26	–	–			–	–

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

BALANCE SHEETS
AS AT 30 JUNE 2008

	NOTES	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	GPIT 2008 $'000	GPIT 2007 $'000	GPT 2008 $'000	GPT 2007 $'000
CURRENT ASSETS							
Cash and cash equivalents	8	584	510	–	–	584	510
Receivables	9	78	134	430	482	126	134
Derivative financial instruments	10	471	171	471	171	–	–
Other	11	141	103	3	9	138	94
Total current assets		**1,274**	**918**	**904**	**662**	**848**	**738**
NON-CURRENT ASSETS							
Investment properties	12	86,250	85,400	–	–	86,250	85,400
Other financial assets at fair value through profit and loss	13	–	–	55,857	55,664	–	–
Total non-current assets		**86,250**	**85,400**	**55,857**	**55,664**	**86,250**	**85,400**
Total assets		**87,524**	**86,318**	**56,761**	**56,326**	**87,098**	**86,138**
CURRENT LIABILITIES							
Payables	14	938	564	25	48	913	516
Provisions	16	702	707	476	480	705	710
Total current liabilities		**1,640**	**1,271**	**501**	**528**	**1,618**	**1,226**
NON-CURRENT LIABILITIES							
Payables	14	2,146	2,114	–	–	2,146	2,114
Interest bearing liabilities	15	18,014	17,764	16,944	16,944	1,070	820
Total non-current liabilities		**20,160**	**19,878**	**16,944**	**16,944**	**3,216**	**2,934**
Total liabilities (excluding amounts attributable to members and minority interests)		**21,800**	**21,149**	**17,445**	**17,472**	**4,834**	**4,160**
Net assets attributable to members	17	39,316	38,854	39,316	38,854	82,264	81,978
Net assets attributable to minority interests	18	26,408	26,315	–	–	–	–
Net assets attributable to members and minority interests		**65,724**	**65,169**	**39,316**	**38,854**	**82,264**	**81,978**
Net assets		**–**	**–**	**–**	**–**	**–**	**–**

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

	CONSOLIDATED		GPIT		GPT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Total equity at the beginning of the year	**–**	**–**	**–**	**–**	**–**	**–**
Net profit attributable to members	**–**	**–**	**–**	**–**	**–**	**–**
Total recognised income and expense for the year	**–**	**–**	**–**	**–**	**–**	**–**
Transactions with equity holders in their capacity as equity holders:						
Distributions provided for or paid	–	–	–	–	–	–
Transactions with minority interest:						
Distributions provided for or paid	–	–	–	–	–	–
Total transactions with equity holders	**–**	**–**	**–**	**–**	**–**	**–**
Total equity at the end of the year	**–**	**–**	**–**	**–**	**–**	**–**
Total recognised income and expense for the year is attributable to:						
Members of Gordon Property Investment Trust and Gordon Property Trust	–	–	–	–	–	–
Minority interest	–	–	–	–	–	–
Total recognised income and expense for the year	**–**	**–**	**–**	**–**	**–**	**–**

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

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

		CONSOLIDATED		GPIT		GPT	
	NOTES	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts in the course of operations (inclusive of GST)		7,413	7,072	53	–	7,364	7,072
Payments in the course of operations (inclusive of GST)		(2,504)	(2,807)	(43)	(115)	(2,461)	(2,814)
Interest received		44	49	–	–	44	49
Finance costs paid to financial institutions		(1,203)	(1,160)	(1,146)	(1,120)	(57)	(40)
Distributions received		–	–	3,085	3,033	–	–
Net cash inflow from operating activities	**25**	**3,750**	**3,154**	**1,949**	**1,798**	**4,890**	**4,267**
CASH FLOWS FROM INVESTING ACTIVITIES							
Payments for capital expenditure on investment properties		(518)	(946)	–	–	(518)	(946)
Net cash outflow from investing activities		**(518)**	**(946)**	**–**	**–**	**(518)**	**(946)**
CASH FLOWS FROM FINANCING ACTIVITIES							
Proceeds from borrowings		250	820	–	–	250	820
Finance costs paid to members		(1,949)	(1,740)	(1,949)	(1,798)	(4,548)	(4,287)
Finance costs paid to minority interests		(1,459)	(1,434)	–	–	–	–
Net cash outflow from financing activities		**(3,158)**	**(2,354)**	**(1,949)**	**(1,798)**	**(4,298)**	**(3,467)**
Net inflow/(outflow) in cash and cash equivalents		**74**	**(146)**	**–**	**–**	**74**	**(146)**
Cash and cash equivalents at the beginning of the year		510	656	–	–	510	656
Cash and cash equivalents at the end of the year	**8**	**584**	**510**	**–**	**–**	**584**	**510**

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Note 1. Summary of significant accounting policies

(a) Basis of preparation

This general purpose Financial Report for the year ended 30 June 2008 has been prepared in accordance with the requirements of the Trusts' Constitution, the *Corporations Act 2001*, Urgent Issues Group Interpretations and Australian Equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated Financial Statements and Notes comply with International Financial Reporting Standards (IFRS).

This Financial Report is prepared on the going concern basis and in accordance with historical cost conventions and has not been adjusted to take account of either changes in the general purchasing power of the dollar or changes in the values of specific assets, except for the revaluation of certain non-current assets and financial instruments (refer Notes 1(e), 1(k), 1(l), 1(n) and 1(o)).

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Critical accounting estimates

The preparation of Financial Statements in conformity with AIFRS may require the use of certain critical accounting estimates and that management exercise its judgement in the process of applying the Trusts' accounting policies. Other than the estimation of fair values described in Notes 1(e) and 1(l), no key assumptions concerning the future or other estimation of uncertainty at the reporting date have a significant risk of causing material adjustments to the Financial Statements in the next annual reporting period.

(b) Principles of consolidation

Controlled entities

The Financial Statements incorporate an elimination of inter-entity transactions and balances to present the Financial Statements on a consolidated basis.

The Financial Statements incorporate all the assets, liabilities and results of the parent and its controlled entities.

Where control of an entity is gained during a financial year, its results are included in the Income Statements from the date on which control is gained. Net profit and equity in controlled entities, which is attributable to the unitholdings of minority interests, is shown separately in the Income Statements and Balance Sheets respectively.

(c) Revenue recognition

Rent

Rental income is brought to account on a straight-line basis over the lease term for leases with fixed rent review clauses. In all other circumstances rental income is brought to account on an accruals basis. If not received at balance date, rental income is reflected in the Balance Sheets as a receivable. Recoverability of receivables is reviewed on an ongoing basis. Debts which are known to be not collectable are written off.

Interest income

Interest income is brought to account on an accruals basis using the effective interest rate method and, if not received at the balance date, is reflected in the Balance Sheets as a receivable.

(d) Expenses

Expenses are brought to account on an accruals basis and, if not paid at the balance date, are reflected in the Balance Sheets as a payable.

Property expenses

Property expenses include rates, taxes and other property outgoings incurred in relation to investment properties where such expenses are the responsibility of the Trusts.

Financing costs to financial institutions

Financing costs include interest expense and other costs incurred in respect of obtaining finance. Other transaction costs incurred including loan establishment fees in respect of obtaining finance are applied against the related financings with the amortisation of such costs being recognised through the effective interest rate on the financing over the term of the respective agreement. Financing costs are expensed unless they relate to qualifying assets. Qualifying assets are assets which take a substantial period of time to prepare for their intended use or sale. Where funds are borrowed specifically for the acquisition or construction of a qualifying asset, financing costs capitalised are those incurred in relation to that financing, net of any interest earned on those financings. Where funds are borrowed generally, financing costs are capitalised using a weighted average capitalisation rate.

Responsible Entity fees

Under the constitution the Responsible Entity is entitled to a management fee and a performance fee.

(i) Management fee

The management fee is brought to account on an accruals basis and if not paid at balance date, is reflected in the Balance Sheets as a payable.

(ii) Performance fee

A performance fee (refer note 23) is recognised when the Trust has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Performance fees are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

(e) Derivatives and other financial instruments

(i) Derivatives

The activities of the Trusts expose them to changes in interest rates. Accordingly, the Trusts enter into various derivative financial instruments to manage its exposure to the movements in interest rates. There are policies and limits approved by the Board of Directors of the Responsible Entity in respect of the usage of derivatives and other financial instruments to hedge those cash flows and earnings which are subject to interest rate risks.
In conjunction with its advisers, the Responsible Entity continually reviews the Trusts exposures and updates its treasury policies and procedures. The Trusts do not trade in derivative instruments for speculative purposes.

Even though the derivatives entered into aim to provide an economic hedge to interest rate risks, the Trust has elected not to apply hedge accounting under AASB 139: Financial Instruments: Recognition and Measurement. Accordingly, interest rate swaps, are measured at fair value with any changes in fair value recognised immediately in the Income Statements.

(ii) Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognised in the Income Statements.

(iii) Debt and equity instruments issued by the Trusts

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangements. Units issued by the Trust are classified as liabilities.

Interest and distributions are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments.

Transaction costs arising on the issue of equity instruments are recognised directly in net assets attributable to members and minority interests (net of tax) as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

All undistributed profits of the Trusts are classified as a liability on the Balance Sheets called Net assets attributable to members, and all profits attributable to members are shown as Finance costs to members on the Income Statements.

(iv) Other financial assets

Loans and other receivables are measured at amortised cost using the effective interest rate method less impairment.

(f) Goods and Services Tax

Revenues, expenses and capital assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Cash flows are included in the Cash Flow Statements on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from or payable to the ATO is classified as operating cash flows.

(g) Taxation

Under current legislation, the Trusts and its controlled entities are not liable for income tax, provided they satisfy the requirements of the ATO.

(h) Finance costs paid to members

In accordance with the Trusts' Constitution, the Trusts distribute their distributable income to unitholders by cash. Distributions are provided for when they are declared. As units in the Trusts are now classified as liabilities, distributions paid to unitholders are now classified as finance costs paid to members.

(i) Repairs and maintenance

Plant is required to be overhauled on a regular basis and is managed as part of an ongoing major cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the replaced component will be derecognised and the replacement costs capitalised in accordance with note 1(l). Other routine operating maintenance, repair costs and minor renewals are also charged as expenses as incurred.

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate, which is based on the invoiced amount less provision for doubtful debts. Trade receivables are required to be settled within 30 days and are assessed on an ongoing basis for impairment. Receivables which are known to be uncollectible are written off. A provision for doubtful debts is established when there is objective evidence that the Trusts will not be able to collect all amounts due according to the original terms of the receivables.

(l) Investment properties

Investment properties consist of properties held for long-term rental yields, capital appreciation or both. Investment properties are initially recognised at cost including transaction costs. Investment properties are subsequently recognised at fair value in the Financial Statements.

The basis of valuations of investment properties is fair value being the amounts for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. Where this is not available, an appropriate valuation method is used, which may include the discounted cashflow and the capitalisation method. Discount rates and capitalisation rates are determined based on the industry expertise and knowledge, and where possible a direct comparison to third party rates for similar assets in a comparable location. Rental income from current leases and assumptions about future leases, as well as any expected operational cash outflows in relation to the property, are also reflected in fair value. External valuations of the individual investments are carried out in accordance with the Trusts' Constitutions, or may be earlier where the Responsible Entity believes there is a potential for a material change in the fair value of the property.

Changes in fair values are recorded in the Income Statements. The gain or loss on disposal of an investment property is calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds from disposal and is included in the Income Statements in the year of disposal.

Subsequent redevelopment and refurbishment costs (other than repairs and maintenance) are capitalised to the investment property where they result in an enhancement in the future economic benefits of the property. Repairs and maintenance are accounted for in accordance with note 1(i).

Investment properties intended for sale are separately disclosed on the Balance Sheets as "Held for sale investment properties". Such properties are measured using the same methodology as investment properties.

Note 1. Summary of significant accounting policies (continued)

(m) Leasing fees

Leasing fees incurred are capitalised and amortised over the lease periods to which they relate.

(n) Lease incentives

Prospective lessees may be offered incentives as an inducement to enter into operating leases. These incentives may take various forms including cash payments, rent free periods, or a contribution to certain lessee costs such as fit out costs or relocation costs.

The costs of incentives are recognised as a reduction of rental income on a straight-line basis from the earlier of the date which the tenant has effective use of the premises or the lease commencement date to the end of the lease term. The carrying amount of the lease incentives are reflected in the fair value of investment properties.

(o) Business combinations

The purchase method of accounting is used for all acquisitions including business combinations. Cost is measured as the fair value of the assets given up, shares issued or liabilities assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values. The excess of the acquisition cost over the fair value of the assets and liabilities acquired is recorded as goodwill. The carrying value of goodwill is tested for impairment at each reporting date with any decrement in value taken to the Income Statements as an expense. If the cost is less than the fair value of the net assets acquired, the difference is recognised directly in the Income Statements.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange discounted at the entity's incremental financing rate.

(p) Financial assets and liabilities

(i) Classification

The Trusts have classified their financial assets and liabilities as follows:

FINANCIAL ASSET/LIABILITY	CLASSIFICATION	VALUATION BASIS	REFERENCE
Cash	Fair value through profit and loss	Fair value	Refer note 1(j)
Receivables	Loans and receivables	Amortised Cost	Refer note 1(k)
Other financial assets	Fair value through profit and loss	Fair value	Refer note 1(q)
Payables	Financial liability at amortised cost	Amortised Cost	Refer note 1(r)
Interest bearing liabilities	Financial liability at amortised cost	Amortised Cost	Refer note 1(s)
Derivatives	Fair value through profit and loss	Fair value	Refer note 1(e)

Financial assets and liabilities are classified in accordance with the purpose for which they were acquired.

(ii) Fair value estimation of financial assets and liabilities

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement and for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and available for sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Trusts are the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over–the–counter derivatives) is determined using valuation techniques including dealer quotes for similar instruments and discounted cash flows. In particular, the fair value of interest–rate swaps are calculated as the present value of the estimated future cash flows.

(q) Other financial assets at fair value through profit and loss

Interests held by the Trusts in controlled entities and associates are measured at fair value with changes in fair value recognised immediately in the Income Statements.

(r) Payables

These amounts represent liabilities for amounts owing at balance date. The amounts are unsecured and are usually paid within 30 days of recognition. As such all payable amounts are current for reporting purposes.

(s) Interest bearing liabilities

All loans and borrowings are initially recognised at fair value net of issue costs associated with the borrowing. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

(t) Net assets attributable to members

Net assets attributable to members is equal to the unit price at balance date multiplied by the number of units on issue at balance date.

(u) Earnings per unit

Basic and diluted earnings per unit is determined by dividing the net profit attributable to unitholders of the Trust by the weighted average number of ordinary units outstanding during the year. Basic and diluted earnings per unit before finance costs to members is determined by dividing the profit (excluding finance costs), less finance costs paid to financial institutions by the weighted average number of ordinary units outstanding during the year.

(v) Combined Financial Statements

The Trusts have applied Class Order 06/441 issued by the Australian Securities & Investments Commission which allows the Financial Statements of different registered schemes with a common responsible entity to be presented in adjacent columns in a single financial report.

(w) Rounding of amounts

The Trusts are the kind referred to in Class Order 98/0100, issued by the Australian Securities and Investment Commission, relating to the rounding off of amounts in the Financial Report. Amounts in the

Financial Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(x) New accounting standards and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2008 reporting period. Our assessment of the impact of these new standards and interpretations is set out below:

(i) AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a "management approach" to reporting on the financial performance. The information being reported will be based on what the key decision-makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. Application of AASB 8 may result in different segments, segment results and different type of information being reported in the segment note of the Financial Report.

Early adoption of the standard will be permitted with disclosure and therefore adoption of AASB 8 means that the requirement to disclose segment information will effectively be limited to entities whose debt or equity instruments are traded in a public market or that is in the process of doing so. The Trusts have elected to early adopt the standard and will not disclose segment information in the annual report as the Trust's debt or equity instruments are not traded in a public market and is therefore not required to disclose such information.

(ii) Revised AASB 101 *Presentation of Financial Statements* and AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*. The revised AASB 101 that was issued in September 2007 is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the Statements of Changes in Equity but will not affect any of the amounts recognised in the Financial Statements. If an entity has made a prior period adjustment or a reclassification of items in the Financial Statements, it will also need to disclose a third balance sheet (Statement of Financial Position), this one being as at the beginning of the comparative period. The Trusts intend to apply the revised standard from 1 July 2009.

(iii) Revised AASB 123 *Borrowing Costs* and AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]*. The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the Financial Report of the Trusts, as the Trusts do no capitalise borrowing costs as they have no qualifying assets.

(iv) Revised AASB 3 *Business Combinations*, AASB 127 *Consolidated and Separate Financial Statements* and AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127.* Revised accounting standards for business combinations and Consolidated Financial Statements were issued in March 2008 and are operative for annual reporting periods beginning on or after 1 July 2009, but may be applied earlier.

The Trusts will apply the revised standards from 1 July 2009. However, the new rules generally apply only prospectively to transactions that occur after the application date of the standard. Their impact will therefore depend on whether the Trusts will enter into any business combinations or other transactions that affect the level of ownership held in the controlled entities in the year of initial application. For example, under the new rules:

- all payments (including contingent consideration) to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments subsequently remeasured at fair value through income
- all transaction costs will be expensed
- the Trusts will need to decide whether to continue calculating goodwill based only on the parent's share of net assets or whether to recognise goodwill also in relation to the non-controlling (minority) interest, and
- when control is lost, any continuing ownership interest in the entity will be remeasured to fair value and a gain or loss recognised in profit or loss.

(v) Amendments to IFRS 1 and IAS 27 *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*. In May 2008, the IASB made amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements. The new rules will apply to financial reporting periods commencing on or after 1 January 2009. Amendments to the corresponding Australian Accounting Standards are expected to be issued shortly. The Trusts will apply the revised rules prospectively from 1 July 2009. After that date, all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment. Furthermore, when a new intermediate parent entity is created in internal reorganisations it will measure its investment in subsidiaries at the carrying amounts of the net assets of the subsidiary rather than the subsidiary's fair value.

(vi) Improvements to IFRSs. In May 2008, the IASB issued a number of improvements to existing International Financial Reporting Standards. The amendments will generally apply to financial reporting periods commencing on or after 1 January 2009, except for some changes to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations regarding the sale of the controlling interest in a subsidiary which will apply from 1 July 2009. We expect the AASB to make the same changes to Australian Accounting Standards shortly. The Trusts will apply the revised standards from 1 July 2009. The Trusts do not expect that any adjustments will be necessary as the result of applying the revised rules.

(vii) *AASB 2008-2 Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation* [AASB 7, AASB 101, AASB 132, AASB 139 and Interpretation 2]. The amendments made by AASB 2008-2 in March 2008 relate to puttable financial instruments and instruments that require the entity to pay the holder a pro-rata share of the entity's net assets on liquidation. The revised standards have to be applied from 1 January 2009. Under the revised rules, the relevant instruments will be classified as equity if certain conditions are satisfied. The Trusts do not expect that any adjustments will be necessary as the result of applying the revised rules.

Note 2. Property revenue

	CONSOLIDATED		GPIT		GPT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Rent and recoverable outgoings	7,332	7,073	–	–	7,332	7,073
Incentive amortisation	(85)	(40)	–	–	(85)	(40)
Other revenue	24	68	–	–	24	68
Total property revenue	**7,271**	**7,101**	**–**	**–**	**7,271**	**7,101**

Note 3. Distribution revenue

	CONSOLIDATED		GPIT		GPT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Distribution from Gordon Property Trust	–	–	3,085	3,033	–	–
Total distribution revenue	**–**	**–**	**3,085**	**3,033**	**–**	**–**

Note 4. Interest revenue

	CONSOLIDATED		GPIT		GPT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Interest income from financial institutions	44	49	–	–	44	49
Total interest revenue	**44**	**49**	**–**	**–**	**44**	**49**

Note 5. Finance costs to financial institutions

	CONSOLIDATED		GPIT		GPT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Interest paid/payable	1,157	1,134	1,100	1,098	57	36
Fair value gain of derivatives	(300)	(84)	(300)	(84)	–	–
Other finance costs	46	26	46	25	–	1
Total finance costs to financial institutions	**903**	**1,076**	**846**	**1,039**	**57**	**37**

Note 6. Other expenses

	CONSOLIDATED		GPIT		GPT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Audit and advisory fees (refer note 7)	50	42	22	15	28	27
Legal and other professional fees	1	(1)	–	–	1	(1)
Other expenses	45	91	3	19	42	72
Total other expenses	**96**	**132**	**25**	**34**	**71**	**98**

Note 7. Audit and advisory fees

During the year the auditor of the parent entity and its related practices and non-related audit firms earned the following remuneration:

(a) Assurance services

Audit Services

	CONSOLIDATED		GPIT		GPT	
	2008 $	**2007 $**	**2008 $**	**2007 $**	**2008 $**	**2007 $**
Fees paid to PwC Australia for audit and review of financial reports and other audit work under the *Corporations Act 2001*	38,534	33,500	19,367	14,500	19,167	19,000
Fees paid to non-PwC audit firms in relation to outgoings	3,936	4,100	–	–	3,936	4,100
Total remuneration for assurance services	**42,470**	**37,600**	**19,367**	**14,500**	**23,103**	**23,100**

(b) Taxation services

Fees paid to PwC Australia	7,600	4,507	2,240	305	5,360	4,202
Total remuneration for taxation services	**7,600**	**4,507**	**2,240**	**305**	**5,360**	**4,202**
Total remuneration for assurance & taxation services	**50,070**	**42,107**	**21,607**	**14,805**	**28,463**	**27,302**

Note 8. Current assets – cash and cash equivalents

	CONSOLIDATED		GPIT		GPT	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**	**2008 $'000**	**2007 $'000**
Cash at bank	584	510	–	–	584	510
Total current assets – cash and cash equivalents	**584**	**510**	**–**	**–**	**584**	**510**

Note 9. Current assets – receivables

	CONSOLIDATED		GPIT		GPT	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**	**2008 $'000**	**2007 $'000**
Rent receivable	19	154	–	–	19	154
Less: Provision for doubtful debts	–	(22)	–	–	–	(22)
Total rental receivables	**19**	**132**	**–**	**–**	**19**	**132**
Finance costs to members from Gordon Property Trust	–	–	478	482	–	–
Other receivables from controlled entities	–	–	(48)	–	48	–
Interest receivable	3	2	–	–	3	2
Other receivables	56	–	–	–	56	–
Total other receivables	**59**	**2**	**430**	**482**	**107**	**2**
Total current assets – receivables	**78**	**134**	**430**	**482**	**126**	**134**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2008

Note 10. Current assets – derivative financial instruments

	CONSOLIDATED		GPIT		GPT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Interest rate swap contracts	471	171	471	171	–	–
Total current assets – derivative financial instruments	**471**	**171**	**471**	**171**	**–**	**–**
Net current derivative financial instruments	**471**	**171**	**471**	**171**	**–**	**–**

Refer note 20 for further discussion regarding derivative financial instruments.

Note 11. Current assets – other

	CONSOLIDATED		GPIT		GPT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Prepayments	141	103	3	9	138	94
Total current assets – other	**141**	**103**	**3**	**9**	**138**	**94**

Note 12. Non-current assets – investment properties

PROPERTY	OWNERSHIP	ACQUISITION DATE	COST INCLUDING ALL ADDITIONS	INDEPENDENT VALUATION DATE	INDEPENDENT VALUATION AMOUNT $'000	INDEPENDENT VALUER	CONSOLIDATED BOOK VALUE 30 JUNE 2008 $'000	CONSOLIDATED BOOK VALUE 30 JUNE 2007 $'000
Gordon Centre & Gordon Village Arcade, NSW	100%	Nov 1998	45,902	Jun 2008	86,250	Knight Frank	86,250	85,400
Total investment properties – non-current			**45,902**		**86,250**		**86,250**	**85,400**

The basis of valuation of investment properties is fair value, being the amounts for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. Properties independently valued in the last 12 months were based on independent assessments by a member of the Australian Property Institute.

RECONCILIATION	CONSOLIDATED AND GPT	
	30 JUNE 2008 $'000	30 JUNE 2007 $'000
Carrying amount at 1 July 2007	85,400	81,500
Additions	281	21
Lease incentives	237	139
Amortisation of lease incentives	(85)	(40)
Net gain from fair value adjustments	417	3,780
Carrying amount as at 30 June 2008	**86,250**	**85,400**

Note 13. Non-current assets - other financial assets at fair value through profit and loss

Investments are adjusted to their fair value through the Income Statements.

NAME OF ENTITY	PRINCIPAL ACTIVITY	OWNERSHIP INTEREST		GPIT	
		2008 %	2007 %	2008 $'000	2007 $'000
Controlled Entities					
Gordon Property Trust	Retail property investment	67.90	67.90	55,857	55,664
Total non-current assets – other financial assets at fair value through profit and loss				**55,857**	**55,664**
Reconciliation					
Opening balance as at 1 July 2007				55,664	54,557
Fair value gain				193	1,107
Closing balance as at 30 June 2008				**55,857**	**55,664**

Note 14. Payables

Current liabilities

	CONSOLIDATED		GPIT		GPT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Trade creditors	312	90	–	34	312	56
Accruals	99	100	22	11	77	89
Prepaid income	329	59	–	–	329	59
Responsible Entity fee payable	71	206	–	–	71	206
GST payable	124	106	–	–	124	106
Accrued interest	3	3	3	3	–	–
Total current liabilities – payables	**938**	**564**	**25**	**48**	**913**	**516**

Non-current liabilities

	CONSOLIDATED		GPIT		GPT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Responsible Entity fee payable	2,146	2,114	–	–	2,146	2,114
Total non-current liabilities – payables	**2,146**	**2,114**	**–**	**–**	**2,146**	**2,114**

Note 15. Non-current liabilities – interest bearing liabilities

	CONSOLIDATED		GPIT		GPT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Secured						
Bank loans	18,014	17,764	16,944	16,944	1,070	820
Total secured	18,014	17,764	16,944	16,944	1,070	820
Total non-current liabilities – interest bearing liabilities	**18,014**	**17,764**	**16,944**	**16,944**	**1,070**	**820**

Financing arrangements

The Trusts have access to the following lines of credit:

	CONSOLIDATED		GPIT		GPT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Borrowing facilities						
Bank loans	28,000	26,500	25,000	25,000	3,000	3,000
Less: Loans advanced to members of Gordon Property Trust in their personal capacity	(8,011)	(8,011)	(8,011)	(8,011)	–	–
	19,989	**18,489**	**16,989**	**16,989**	**3,000**	**1,500**
Used at balance date	**(18,014)**	**(17,764)**	**(16,944)**	**(16,944)**	**(1,070)**	**(820)**
Unused at balance date	**4,975**	**725**	**45**	**45**	**1,930**	**680**

Bank loans have been arranged for the Gordon Property Trust in the form of a drawdown facility of $3,000,000 ($1,070,000 drawn). Bank loans have also been arranged on behalf of the Gordon Property Investment Trust $16,944,000 and the unitholders in the Gordon Property Trust $8,011,000 in the form of a combined term facility of $25,000,000 ($24,955,000 drawn) from the Commonwealth Bank of Australia. The maturity date of both loan facilities is 30 June 2011. The Gordon Property Investment Trust has currently borrowed $16,944,000 against the term facility and the balance of the facility represents loans advanced to the Gordon Property Trust unitholders, in their personal capacity.

Both loans to the Gordon Property Trust unitholders are secured by a first ranking registered mortgage over the property (see note 12) and a first ranking fixed and floating charge over the assets and undertakings of the Gordon Property Trust. The Bank's recourse in the event of a default on the loan is limited to the property and assets of the Gordon Property Trust.

Interest expense has been fixed up to a value of $25.0 million through interest rate swaps. The interest rate fixed on the swap is 5.98% per annum (including the bank margin) to 30 November 2008, increasing to 6.745% from 1 December 2008 to 30 November 2010.

Note 16. Current liabilities – provisions

	CONSOLIDATED		GPIT		GPT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Provision for finance costs/distributions						
Opening balance as at 1 July 2007	707	531	480	361	710	531
Additional provisions	4,543	4,463	1,945	1,917	4,543	4,467
Payment of finance costs/distributions	(4,548)	(4,287)	(1,949)	(1,798)	(4,548)	(4,287)
Closing balance as at 30 June 2008	**702**	**707**	**476**	**480**	**705**	**710**

Provision for finance costs/distributions

Provision is made for distributions payable for the period ended 30 June 2008 paid on 18 August 2008.

Note 17. Net assets attributable to members

(a) Number of units on issue

	CONSOLIDATED		GPIT		GPT	
	2008 NO. OF UNITS	2007 NO. OF UNITS	2008 NO. OF UNITS	2007 NO. OF UNITS	2008 NO. OF UNITS	2007 NO. OF UNITS
Opening balance as at 1 July 2007	14,734,000	14,734,000	14,734,000	14,734,000	21,700,000	21,700,000
Closing balance as at 30 June 2008	**14,734,000**	**14,734,000**	**14,734,000**	**14,734,000**	**21,700,000**	**21,700,000**

(b) Net assets attributable to members

	CONSOLIDATED		GPIT		GPT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Net assets attributable to members at 1 July 2007	**38,854**	**37,704**	**38,854**	**37,704**	**81,978**	**80,348**
Increase in net assets attributable to members	462	1,150	462	1,150	286	1,630
Net assets attributable to members at 30 June 2008	**39,316**	**38,854**	**39,316**	**38,854**	**82,264**	**81,978**

Each unit ranks equally with all other ordinary units for the purposes of distributions and on termination of the Trust. Ordinary units entitles the holder to one vote, either in person or by proxy, at a meeting of the Trust.

Note 18. Minority interests

Net assets attributable to minority interests

	CONSOLIDATED		GPIT		GPT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Contributed equity	14,229	14,230	–	–	–	–
Undistributed income	12,179	12,085	–	–	–	–
Total minority interests	**26,408**	**26,315**	**–**	**–**	**–**	**–**

Note 19. Finance costs to members paid and provided for / distributions paid and payable

Finance costs to members paid and payable

	CONSOLIDATED		GPIT		GPT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
30 September	516	479	516	479	1,183	1,121
31 December	476	479	476	479	1,124	1,120
31 March	477	479	477	479	1,116	1,111
30 June	476	480	476	480	1,120	1,115
Total finance costs of members paid and payable	**1,945**	**1,917**	**1,945**	**1,917**	**4,543**	**4,467**

	CONSOLIDATED		GPIT		GPT	
	2008 CENTS	2007 CENTS	2008 CENTS	2007 CENTS	2008 CENTS	2007 CENTS
30 September	3.50	3.25	3.50	3.25	5.45	5.16
31 December	3.23	3.25	3.23	3.25	5.18	5.16
31 March	3.24	3.25	3.24	3.25	5.14	5.12
30 June	3.23	3.26	3.23	3.26	5.16	5.14
Total cents per unit	**13.20**	**13.01**	**13.20**	**13.01**	**20.93**	**20.58**

Under AASB 132: Financial Instruments: Disclosure and Presentation and AASB 139: Financial Instruments: Recognition and Measurement, distributions to members are now classified as finance costs (refer note 1(h)).

Note 20. Financial risk management

The Trusts have an established framework to manage capital and financial risk, with a Capital Markets Committee that is accountable to the Board of the Responsible Entity. The Board is responsible for reviewing and approving financial risk management polices, funding strategies, and monitoring the implementation of strategies and approval of treasury transactions.

The Capital Markets Committee convenes at least quarterly and conducts a review of financial risk management exposures including liquidity, funding strategies and hedging. It is also responsible for the development of funding strategies for recommendation to the Board, and the approval of treasury transactions within delegated limits and powers.

1. Capital risk management

The Trusts manage their capital to ensure that they will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Trusts consists of debt (see note 15), cash and cash equivalents, and net assets attributable to members. The capital structure is monitored and managed in consideration of a range of factors including:

- the cost of capital and the financial risks associated with each class of capital
- gearing levels and other covenants
- other market factors and circumstances.

The Trusts' gearing ratio as at 30 June 2008 was 29.73%.

	CONSOLIDATED		GPIT		GPT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Borrowings[1]	26,025	25,775	24,955	24,955	1,070	820
Total assets	87,524	86,318	56,761	56,326	87,098	86,138
Gearing ratio %	29.73%	29.86%	43.97%	44.30%	1.23%	0.95%

1 Principal amount of borrowings outstanding is $26.025m, however $8.011m relates to the minority interests share borrowed in their own personal capacity (refer note 15)

The Responsible Entity for the managed investment scheme has been issued with an Australian Financial Services Licence ("AFSL"). The licence is subject to certain capital requirements including the requirement to hold minimum net tangible assets (of $5 million), and maintaining a minimum level of surplus liquid funds. Further more, the Responsible Entity maintains trigger points in accordance with the requirements of the licence. These trigger points maintain a headroom value above the AFSL requirements and the entity has in place a number of processes and procedures should a trigger point be reached.

During the period the Responsible Entity has complied with the AFSL capital requirements.

2. Financial risk management

The Trusts' activities expose it to a variety of financial risks: credit risk, market risk (including interest rate risk), and liquidity risk. The Trusts' overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Trusts.

Accordingly, the Trusts enter into various derivative financial instruments such as interest rate swaps to manage their exposure to certain risks. The Trusts do not trade in derivative instruments for speculative purposes. The Trusts use different methods to measure the different types of risks to which it is exposed, including monitoring the levels of exposure and conducting sensitivity analysis in the case of interest rate risk.

Risk management is implemented by a centralised treasury department in DEXUS Property Group (Group Treasury) whose members act under written policies approved by the Board of the Responsible Entity. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the Trust's business units. The treasury policies approved by the Board of Directors cover overall risk management, as well as policies and limits covering specific areas such as liquidity risk, interest rate risk, credit risk and use of derivatives and other financial instruments. In conjunction with its advisers, the Responsible Entity continually reviews the Trusts' exposures and updates its treasury policies and procedures.

a. Liquidity risk

Liquidity risk is the risk that the Trusts will not have sufficient available funds to meet financial obligations in an orderly manner when they fall due or at an acceptable cost.

The Trusts identify and manage liquidity risk across short, medium and long-term categories:

- Short-term liquidity management includes continuously monitoring forecast and actual cash flows;
- Medium-term liquidity management includes maintaining a level of committed borrowing facilities that cover forecast committed debt; and
- Long-term liquidity risk is managed through aiming to match the maturity of borrowing facilities to the maturity of the Trusts.

If the Trusts require new or additional debt facilities, margin price risk will occur, whereby market conditions may result in an unfavourable change in credit margins on the new facilities.

An analysis of the contractual maturities of the Trusts' interest bearing liabilities and derivative financial instruments are shown in the table below. The amounts in the table represent undiscounted cash flows.

	CONSOLIDATED 30 JUNE 2008			CONSOLIDATED 30 JUNE 2007		
	EXPIRING WITHIN ONE YEAR $'000	EXPIRING BETWEEN ONE AND THREE YEARS $'000	EXPIRING AFTER THREE YEARS $'000	EXPIRING WITHIN ONE YEAR $'000	EXPIRING BETWEEN ONE AND THREE YEARS $'000	EXPIRING AFTER THREE YEARS $'000
Receivables	78	–	–	134	–	–
Payables	938	–	–	564	–	–
Interest bearing liabilities (floating)	–	18,014	–	–	–	17,764
Loans advanced to members[1]	–	8,011	–	–	–	8,011
Derivative financial instruments						
– Derivative assets	352	386	–	283	134	–
– Derivative liabilities	–	–	–	–	121	32

	GPIT 30 JUNE 2008			GPIT 30 JUNE 2007		
	EXPIRING WITHIN ONE YEAR $'000	EXPIRING BETWEEN ONE AND THREE YEARS $'000	EXPIRING AFTER THREE YEARS $'000	EXPIRING WITHIN ONE YEAR $'000	EXPIRING BETWEEN ONE AND THREE YEARS $'000	EXPIRING AFTER THREE YEARS $'000
Receivables	430	–	–	482	–	–
Payables	25	–	–	48	–	–
Interest bearing liabilities (floating)	–	16,944	–	–	–	16,944
Loans advanced to members[1]	–	8,011	–	–	–	8,011
Derivative financial instruments						
- Derivative assets	352	386	–	283	134	–
- Derivative liabilities	–	–	–	–	121	32

	GPT 30 JUNE 2008			GPT 30 JUNE 2007		
	EXPIRING WITHIN ONE YEAR $'000	EXPIRING BETWEEN ONE AND THREE YEARS $'000	EXPIRING AFTER THREE YEARS $'000	EXPIRING WITHIN ONE YEAR $'000	EXPIRING BETWEEN ONE AND THREE YEARS $'000	EXPIRING AFTER THREE YEARS $'000
Receivables	126	–	–	134	–	–
Payables	913	–	–	516	–	–
Interest bearing liabilities (floating)	–	1,070	–	–	–	820
Derivative financial instruments						
- Derivative assets	–	–	–	–	–	–
- Derivative liabilities	–	–	–	–	–	–

1. Represents loans advanced to the Gordon Property Trust unitholders, in their personal capacity.

b. Market risk

Market risk is the risk that the fair value or future cash flows of the Trusts' financial instruments will fluctuate because of changes in market prices. The market risks that the Trusts are exposed to are detailed further below.

(i). Interest rate risk

Interest rate risk is the risk that fluctuating interest rates will cause an adverse impact on interest payable (or receivable), or an adverse change on the capital value (present market value) of long-term fixed rate instruments.

Interest rate risk for the Trusts arises from interest bearing financial assets and liabilities that the Trusts hold. Borrowings issued at variable rates expose the Trusts to cash flow interest rate risk. The Trusts do not have any borrowings issued at fixed interest rates.

The primary objective of the Trusts' risk management policy for interest rate risk is to minimise the effects of interest rate movements on the Trusts' portfolio of financial assets and liabilities and financial performance. The policy sets out the minimum and maximum hedging amounts for the Trusts which is managed on a portfolio basis.

Note 20. Financial risk management (continued)

2. Financial risk management (continued)

b. Market risk (continued)

(i). Interest rate risk (continued)

Cash flow interest rate risk on borrowings is managed through the use of interest rate swaps, whereby a floating interest rate exposure is converted to a fixed interest rate exposure. The mix of fixed and floating rate exposures is monitored regularly to ensure that the interest rate exposure on the Trusts' cash flows is managed within the parameters defined by the Group Treasury Policy.

As at 30 June 2008, 94% (2007: 96%) of the consolidated financial assets and liabilities of the Trusts have an effective fixed interest rate, and 100% (2007: 100%) of the loans advanced to members have an effective fixed interest rate.

The net notional amount of interest rate swaps in place in each year and the weighted average effective hedge rate is set out in the table below:

30 JUNE 2008 CONSOLIDATED	JUNE 2009 $'000	JUNE 2010 $'000	JUNE 2011 > $'000
Interest rate swaps	25,000	25,000	–
Weighted average hedge rate	6.75%	6.75%	N/A
30 JUNE 2008 GPIT	**JUNE 2009 $'000**	**JUNE 2010 $'000**	**JUNE 2011 > $'000**
Interest rate swaps	25,000	25,000	–
Weighted average hedge rate	6.75%	6.75%	N/A

Sensitivity analysis

The following sensitivity on the Trusts' cash flow arises due to the impact that a change in interest rates will have on the Trusts' floating rate debt and derivative cash flows.

As at balance date the Trusts have fixed 94% of their interest payable exposure and 100% of their finance costs to members. The remaining 6% of their interest payable exposure is exposed to floating interest rates on a principal amount of $18.0 million, at a floating rate of 8.29% including margin (2007: 96% hedged on $17.8 million at a floating rate including margin of 6.89%). An increase (decrease) in the floating rate of 25 basis points would result in an increase (decrease) in interest expense of $3 thousand (2007: $2 thousand). The increase or decrease in interest expense is proportional to the increase or decrease in interest rates.

Changes in the fair value of interest rate swaps arise from the impact that changes in market interest rates have on the mark-to-market valuation of the interest rate swaps. An increase (decrease) in the floating rate of 25 basis points would result in an increase (decrease) in the mark-to-market valuation of the interest rate swaps of $118 thousand (2007: $69 thousand). The Trusts have elected not to apply hedge accounting to its interest rate swaps. Accordingly, gains or losses arising from changes in the fair value are reflected in the Income Statement.

c. Credit risk

Credit risk is the risk of loss to the Trusts in the event of non-performance by the Trust's financial instrument counterparties. Credit risk arises from cash and cash equivalents, loans and receivables, and derivative financial instruments. The Trusts have exposure to credit risk on all financial assets.

The Trusts manage this risk by:

- adopting a process for determining an approved counterparty, with consideration of qualitative factors as well as the counterparty's rating;
- regularly monitoring counterparty exposure within approved credit limits that are based on a S&P credit rating range. The exposure includes the current market value of in-the-money contracts as well as potential exposure, which is measured with reference to credit conversion factors as per APRA guidelines;
- entering into ISDA Master Agreements once a financial institution counterparty is approved;
- ensuring tenants, together with approved credit limits, are approved and ensuring that leases are undertaken with a large number of tenants;
- for some trade receivables, obtaining collateral where necessary in the form of bank guarantees and tenant bonds; and
- regularly monitoring loans and receivables on an ongoing basis.

A minimum S&P rating of A– is required to become or remain an approved financial instrument counterparty. As at 30 June 2008, the lowest rating of counterparties the Trusts are exposed to was AA. As a result, the Trusts' exposure to credit risk is minimal.

The maximum exposure to credit risk as at 30 June 2008 is the carrying amounts of financial assets recognised on the Balance Sheets of the Trusts. The Trusts do not hold any significant amounts of collateral as security.

As at 30 June 2008, the Trusts have no significant concentrations of credit risk for trade receivables. Trade receivable balances and the credit quality of trade debtors are consistently monitored on an ongoing basis. As a result, the Trusts exposure to bad debts is not significant.

For the consolidated entity, the ageing analysis of loans and receivables as at 30 June 2008 is: $78k (0-30 days), $nil (31-60 days), $nil (61-90 days), $nil (91+ days). The ageing analysis of loans and receivables as at 30 June 2007 is: $94k (0-30 days), $5k (31-60 days), $22k (61-90 days), $13k (91+ days). Amounts over 31 days are past due, however, no receivables are impaired. For GPIT, the ageing analysis for loans and receivables as at 30 June 2008 is: $430k (0–30 days), $nil (31-60 days), $nil (61-90 days), $nil (91+ days). The ageing analysis of loans and receivables as at 30 June 2007 is: $482k (0–30 days), $nil (31-60 days), $nil (61-90 days), $nil (91+ days). Amounts over 31 days are past due, however, no receivables are impaired. For GPT, the ageing analysis for loans and receivables as at 30 June 2008 is: $126k (0-30 days), $nil (31-60 days), $nil (61-90 days), $nil (91+ days). The ageing analysis of loans and receivables as at 30 June 2007 is: $94k (0-30 days), $5k (31-60 days), $22k (61-90 days), $13k (91+ days). Amounts over 31 days are past due, however, no receivables are impaired.

The credit quality of financial assets that are neither past due or impaired is consistently monitored to ensure that there are no adverse changes in credit quality.

d. Fair value of financial instruments

Fair value interest rate risk is the risk of an adverse change in the net fair (or market) value of an asset or liability due to movements in interest rates.

As at 30 June 2008, the carrying amounts and fair values of financial assets and liabilities are shown as follows:

30 JUNE 2008	**CONSOLIDATED**		**GPIT**		**GPT**	
	CARRYING AMOUNT $'000	**FAIR VALUE $'000**	**CARRYING AMOUNT $'000**	**FAIR VALUE $'000**	**CARRYING AMOUNT $'000**	**FAIR VALUE $'000**
Financial assets						
Cash and cash equivalents	584	584	–	–	584	584
Receivables	78	78	430	430	126	126
Derivative financial instruments	471	471	471	471	–	–
Total financial assets	**1,133**	**1,133**	**901**	**901**	**710**	**710**
Financial liabilities						
Payables – current	938	938	25	25	913	913
Payables – non-current	2,146	2,146	–	–	2,146	2,146
Derivative financial instruments	–	–	–	–	–	–
Interest bearing liabilities	18,014	18,014	16,944	16,944	1,070	1,070
Total financial liabilities	**21,098**	**21,098**	**16,969**	**16,969**	**4,129**	**4,129**

30 JUNE 2007	**CONSOLIDATED**		**GPIT**		**GPT**	
	CARRYING AMOUNT $'000	**FAIR VALUE $'000**	**CARRYING AMOUNT $'000**	**FAIR VALUE $'000**	**CARRYING AMOUNT $'000**	**FAIR VALUE $'000**
Financial assets						
Cash and cash equivalents	510	510	–	–	510	510
Receivables	134	134	482	482	134	134
Derivative financial instruments	171	171	171	171	–	–
Total financial assets	**815**	**815**	**653**	**653**	**644**	**644**
Financial liabilities						
Payables (current)	564	564	48	48	516	516
Payables (non-current)	2,114	2,114	–	–	2,114	2,114
Derivative financial instruments	–	–	–	–	–	–
Interest bearing liabilities	17,764	17,764	16,944	16,944	820	820
Total financial liabilities	**20,442**	**20,442**	**16,992**	**16,992**	**3,450**	**3,450**

Note 21. Contingent liabilities

The Directors of the Responsible Entity are not aware of any other contingent liabilities in relation to the Trusts as at 30 June 2008.

Note 22. Commitments

(a) Capital commitments

The following amounts represent capital expenditure on investment properties contracted at the reporting date but not recognised as liabilities payable:

	CONSOLIDATED		GPIT		GPT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Capital expenditure commitments in relation to development works:						
Not longer than one year	1,138	–	–	–	1,138	–
	1,138	–	–	–	1,138	–
Later than one year but not later than five years	–	–	–	–	–	–
	–	–	–	–	–	–
Later than five years	–	–	–	–	–	–
	–	–	–	–	–	–
Total capital commitments	**1,138**	**–**	**–**	**–**	**1,138**	**–**

(b) Lease receivable commitments

	CONSOLIDATED		GPIT		GPT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
The future minimum lease payments receivable by the Trusts are:						
Within one year	6,071	5,764	–	–	6,071	5,764
Later than one year but not later than five years	17,691	14,420	–	–	17,691	14,420
Later than five years	30,219	30,120	–	–	30,219	30,120
Total lease receivable commitments	**53,981**	**50,304**	**–**	**–**	**53,981**	**50,304**

Note 23. Related parties

Responsible Entity

DEXUS Funds Management Limited (DXFM) (formerly known as DB RREEF Funds Management Limited), a wholly owned subsidiary of DEXUS Holdings Pty Limited (formerly known as DB RREEF Holdings Pty Limited), is the Responsible Entity of the Trusts.

Responsible Entity fees

Under the terms of the Trust Constitution, the Responsible Entity is entitled to received fees in relation to the management of the Trust.

In addition, the Responsible Entity is entitled to property management fees and to be reimbursed for expenses incurred on behalf of the Trust.

Related party transactions

All related party transactions are conducted on normal commercial terms and conditions unless otherwise stated.

Unitholdings

DEXUS Holdings Pty Limited and its related parties, schemes and portfolios managed by DEXUS Holdings Pty Limited and its related parties held nil units (2007: nil) in the Trusts.

The Trusts have no investments in the Responsible Entity or its affiliates or any trusts managed by DEXUS Holdings Pty Limited or its affiliates.

DEXUS Funds Management Limited

DEXUS Funds Management is the Responsible Entity of the Trust. There were a number of transactions and balances between the Trust and Responsible Entity and related entities as detailed below:

	CONSOLIDATED		GPIT		GPT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Responsible Entity fees paid and payable	866	827	–	–	866	827
Accrued performance fee[1]	32	2,114	–	–	32	2,114
Administration expenses incurred by the Responsible Entity which are reimbursed in accordance with the Trust's Constitution	23	105	–	–	23	105

1 Refer note 1 (d) (ii).

The following persons were Directors of DXFM during the whole of the financial year and up to the date of this report, unless otherwise stated:

C T Beare, BSc, BE (Hons), MBA, PhD, FAICD[1,4,5]
E A Alexander AM, BComm, FCA, FAICD, FCPA[1,2,3,5,6,7]
B R Brownjohn, BComm[1,2,5,6,7]
S F Ewen OAM, FILE[1,4]
V P Hoog Antink, BCom, MBA, FCA, FAPI, FRICS, MAICD
C B Leitner III, BA
B E Scullin, BEc[1,2,3,4,6,7]
A J Fay, BAg.Ec (Hons), ASIA (Alternate to C B Leitner)[8]

1 Independent Director.
2 Audit and Risk Committee Member (Committee ceased on 30 September 2007).
3 Compliance Committee Member.
4 Nomination and Remuneration Committee Member.
5 Finance Committee Member.
6 Audit Committee Member (Committee commenced on 1 October 2007).
7 Risk Committee Member (Committee commenced on 1 October 2007).
8 Nomination & Remuneration Committee Member from 1 July 2007 to 21 February 2008.

No Directors held an interest in the Trust as at 30 June 2008 or at the date of this report.

Other key management personnel

In addition to the Directors listed above the following persons were deemed by the Board Nomination and Remuneration Committee to be key management personnel during all or part of the financial year and up to the date of this report:

NAME	POSITION	QUALIFICATION DATE OF KEY MANAGEMENT PERSONNEL DURING THE 12 MONTHS ENDED 30 JUNE 2008
Victor P Hoog Antink	Chief Executive Officer	
Tanya L Cox	Chief Operating Officer	
Pat A Daniels	Head of Human Resources	Qualified 14 January 2008
John C Easy	General Counsel	
Ben J Lehmann	Head of Office and Industrial	Ceased to qualify 27 March 2008
Louise J Martin	Head of Office	Qualified 27 March 2008
Craig D Mitchell	Chief Financial Officer	Qualified 17 September 2007
Paul G Say	Head of Corporate Development	
Mark F Turner	Head of Unlisted Funds	
Andrew P Whiteside	Head of Industrial	Qualified 28 April 2008

No key management personnel or their related parties held an interest in the Trust for the years ended 30 June 2007 and 30 June 2008 or at the date of this report.

There were no loans or other transactions with key management personnel or their related parties during the years ended 30 June 2007 and 30 June 2008 or at the date of this report.

Note 24. Events occurring after reporting date

Since the end of the year, the Directors of the Responsible Entity are not aware of any matter or circumstance not otherwise dealt with in their report or the Financial Statements that has significantly or may significantly affect the operations of the Trusts, the results of those operations, or state of the Trusts' affairs in future periods.

Note 25. Reconciliation of net profit/(loss) to net cash inflow from operating activities

	CONSOLIDATED		GPIT		GPT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Profit	–	–	–	–	–	–
Finance costs paid to members	1,945	1,917	1,945	1,917	4,543	4,467
Finance costs paid to minority interests	1,551	1,957	–	–	–	–
Net fair value gain of investment properties	(417)	(3,780)	–	–	(417)	(3,780)
Net fair value gain of investments	–	–	(193)	(1,107)	–	–
Net fair value gain of derivatives	(300)	(84)	(300)	(84)	–	–
Increase in net assets attributable to members	462	1,150	462	1,150	286	1,630
Incentive amortisation	85	40	–	–	85	40
Change in operating assets and liabilities						
Decrease/(increase) in receivables	56	(132)	52	(121)	8	(132)
Decrease in other non-current assets – investments	–	785	–	–	–	785
(Increase)/decrease in other current assets	(38)	14	6	4	(44)	7
Increase/(decrease) in current payables	374	(827)	(23)	39	397	(864)
Increase in non-current payables	32	2,114	–	–	32	2,114
Net cash inflow from operating activities	**3,750**	**3,154**	**1,949**	**1,798**	**4,890**	**4,267**

Note 26. Earnings per unit

(a) Basic earnings per unit

	CONSOLIDATED		GPIT		GPT	
	2008 CENTS	2007 CENTS	2008 CENTS	2007 CENTS	2008 CENTS	2007 CENTS
	–	–	–	–	–	–

(b) Diluted earnings per unit

	CONSOLIDATED		GPIT		GPT	
	2008 CENTS	2007 CENTS	2008 CENTS	2007 CENTS	2008 CENTS	2007 CENTS
	–	–	–	–	–	–

(c) Basic earnings per unit before finance costs to members

	CONSOLIDATED		GPIT		GPT	
	2008 CENTS	2007 CENTS	2008 CENTS	2007 CENTS	2008 CENTS	2007 CENTS
	26.86	34.10	16.34	20.82	22.25	28.10

(d) Diluted earnings per unit before finance costs to members

	CONSOLIDATED		GPIT		GPT	
	2008 CENTS	**2007 CENTS**	**2008 CENTS**	**2007 CENTS**	**2008 CENTS**	**2007 CENTS**
	26.86	34.10	16.34	20.82	22.25	28.10

(e) Reconciliation of earnings used in calculating earnings per unit

Basic and diluted earnings per unit

	CONSOLIDATED		GPIT		GPT	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**	**2008 $'000**	**2007 $'000**
Net profit for the year	–	–	–	–	–	–
Net profit attributable to other minority interests	–	–	–	–	–	–
Net profit attributable to the unitholders of the Trust in calculating basic and diluted earnings per unit	**–**	**–**	**–**	**–**	**–**	**–**

Basic and diluted earnings per unit before finance costs to members

	CONSOLIDATED		GPIT		GPT	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**	**2008 $'000**	**2007 $'000**
Net profit for the year	–	–	–	–	–	–
Increase in net assets attributable to members	462	1,150	462	1,150	286	1,630
Add finance costs to members	1,945	1,917	1,945	1,917	4,543	4,467
Add finance costs to minority interests	1,551	1,957	–	–	–	–
Profit before finance costs to the members of the Trust in calculating basic and diluted earnings per unit	**3,958**	**5,024**	**2,407**	**3,067**	**4,829**	**6,097**

(f) Weighted average number of units used as a denominator

	CONSOLIDATED		GPIT		GPT	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**	**2008 $'000**	**2007 $'000**
Weighted average number of units outstanding used in the calculation of basic and diluted earnings per unit	14,734,000	14,734,000	14,734,000	14,734,000	21,700,000	21,700,000

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2008

The Directors of DEXUS Funds Management Limited (formerly known as DB RREEF Funds Management Limited) as Responsible Entity of Gordon Property Investment Trust and Gordon Property Trust ("the Trust") declare that the Financial Statements and Notes set out on pages 16 to 37:

(i) comply with applicable Australian Equivalents to International Financial Reporting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) give a true and fair view of the Trust's and consolidated entity's financial position as at 30 June 2008 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date.

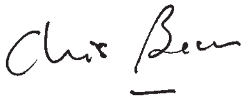
In the Directors' opinion:

(a) the Financial Statements and Notes are in accordance with the *Corporations Act 2001*;

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

(c) the Trust has operated in accordance with the provisions of the Constitution dated 14 August 1997 (as amended) during the year ended 30 June 2008.

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



Christopher T Beare
Chair

Sydney
27 August 2008

PRICEWATERHOUSECOOPERS

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SYDNEY NSW 1171
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Telephone +61 2 8266 0000
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Independent auditor's report to the members of Gordon Property Investment Trust

Report on the financial report

We have audited the accompanying financial report of Gordon Property Investment Trust (the Trust), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Gordon Property Investment Trust and Gordon Property Investment Trust Group (the consolidated entity). The consolidated entity comprises the Trust and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

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

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Independent auditor's report to the members of Gordon Property Investment Trust (continued)

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

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

Independence

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

Auditor's opinion

In our opinion:

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

  (i) giving a true and fair view of the Trust's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

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

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

PricewaterhouseCoopers

PricewaterhouseCoopers

JA Dunning

JA Dunning
Partner

Sydney
27 August 2008

PRICEWATERHOUSECOOPERS

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PRICEWATERHOUSECOOPERS

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In our opinion:

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(i) giving a true and fair view of the Trust's financial position as at 30 June 2008 and of its performance for the year ended on that date; and

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

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

PricewaterhouseCoopers

PricewaterhouseCoopers

JA Dunning

JA Dunning
Partner

Sydney
27 August 2008

INVESTOR INFORMATION

Unit registry

If you have administrative inquiries such as change of address or the way in which you wish your distribution to be paid, please contact Link Market Services on 1300 554 474 or +61 2 8280 7111.

Link Market Services website can be accessed at www.linkmarketservices.com.au

The following information is available to view, update or download:

- check your holding balance
- choose your preferred annual report option
- update your address details
- update your bank details
- confirm whether you have lodged your Tax File Number (TFN), Australian Business Number (ABN) or exemption
- check transaction and distribution history
- download instruction forms

This information is accessed via a security login using your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as well as your surname (or Trust name) and postcode (this must be the postcode recorded on your holding record).

Website

Our website is www.dexus.com. You will be able to find information for the DEXUS Property Syndicates such as annual and half year reports, DEXUS Property Group's privacy policy, corporate governance statement and sustainability report.

Complaints handling

DEXUS Funds Management Limited has established a procedure for dealing with formal complaints. Complaints should be made in writing and forwarded to:

Investor Relations
DEXUS Property Syndicates
C/– DEXUS Property Group
PO Box R1822
Royal Exchange NSW 1225

Alternatively, please phone Investor Relations on +61 2 9017 1221.

The Responsible Entity is a member of the Financial Ombudsman Service (FOS). This is an independent dispute resolution scheme. If you are unhappy with our dealings of your complaint, please contact FOS on 1300 780 808.

Payment of distribution

DEXUS Property Syndicates pay income distributions to unitholders on a quarterly basis. The income distribution is normally paid within two months of the end of each respective quarter end. With respect to your distributions, you can choose to:

- have a direct credit to your bank, building society or credit union account; or
- receive a cheque mailed to your postal address.

Please note that direct crediting of distribution payments enables you to access the monies more quickly. You will receive written confirmation of the payment from Link Market Services. If you have not nominated an account for direct credit, you will receive a cheque. To select direct credit payments, please contact Link Market Services on 1300 554 474.

Annual tax statement

After the end of a financial year you will receive a tax statement. This statement summarises the distributions paid to you during the year and includes information required to complete your tax return.

No buy back or redemption facility

There is no buy back or redemption facility in relation to DEXUS Property Syndicates. If you wish to transfer your unitholding please note that DEXUS Property Group must receive confirmation and verification of the transferee prior to any transfer being processed.

DIRECTORY

Responsible Entity
DEXUS Funds Management Limited
ABN 24 060 920 783

Registered Office
Level 9, 343 George Street
Sydney NSW 2000

PO Box R1822
Royal Exchange NSW 1225

Phone: + 61 2 9017 1100
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Head of Unlisted Funds
Mark Turner

Syndicate Manager
Renée Mooney

Investor Relations
Phone: +61 2 9017 1221
Email: syndicates@dexus.com
Website: www.dexus.com

Unit Registry Enquiries
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Phone: 1300 554 474
Fax: +61 2 9287 0303
Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

For enquiries regarding holding, change of address, or other matters please contact the unit registry.

Custodian
Perpetual Trustee Company Limited
Level 11, 123 Pitt Street
Sydney NSW 2000