

10 May 2010

GPT Meeting of Securityholders

10 May 2010 at 2.00pm

Chairman's Address

Good afternoon ladies and gentlemen.

Welcome to the Annual General Meeting of the GPT Group, I am pleased that you were all able to join us today.

My name is Ken Moss and I am the Chairman of the GPT Group. This meeting is an annual general meeting of the shareholders of GPT Management Holdings Limited (the "Company") and, at the same time, a meeting of the unitholders of General Property Trust (the "Trust").

As the appointed time has arrived and a quorum is present, I declare this meeting properly constituted and open. I have been appointed by my fellow directors to chair this meeting and I also table the document signed by the responsible entity of the Trust to appoint me to chair this meeting under the Corporations Act.


David Armstrong from our Auditors, PriceWaterhouseCoopers is here with us today.

On the stage with me today are some faces that will be new to you; Mr Rob Ferguson, Mr Brendan Crotty and Dr Eileen Doyle who have each recently joined the Board, subject to your ratification at this meeting.

I would also like to introduce (from your left to right):

Directors Ian Martin, Swe Guan Lim and Eric Goodwin; GPT's CFO Michael O'Brien; CEO and Managing Director Michael Cameron; Company Secretary James Coyne, and Directors Anne McDonald, Rob Ferguson, Brendan Crotty and Eileen Doyle.

I would like to commence today by stating that since we last met in May 2009 we have made many changes and achieved a very significant improvement in the Group's position – in relation to our balance sheet, our investments and our future stability.



Although the security price performance of GPT has continued to disappoint many of you I think it is important to acknowledge the significant changes that have been made – not only in relation to strategy but in terms of the Board and management – and the stronger position the Group is in today as a result of these changes.

Moving on to the business of the meeting, we have a number of items on the Agenda today. How we propose to order the meeting is as follows:

I will provide some background to the Group's activities over the past year.

CEO Michael Cameron, who has now been with GPT for just over one year, will then provide an overview of the business performance for 2009 and recent events. After some concluding remarks, we will then move to formal business and take your questions from the floor.

At the conclusion of the meeting we have organised for light refreshments to be served.

The property sector has faced unprecedented challenges over the past two and a half years. In the face of a global credit crisis and a cyclical economic downturn, both funding levels and property income and values have suffered.

The sector has underperformed and investor sentiment towards the sector has been negative.

At last year's AGM we, as a Board, outlined a number of objectives and I would like to report where we are in relation to those objectives today. Last year we put in place the framework for change that would set GPT on a path to greater financial stability, a simplified business and a reinvigorated Board and management.

Over the course of the last 12 months, we have continued that process and we now have a business which is simpler, financially strong and firmly focussed here in Australia.

This has not been achieved without a lot of effort and some substantial changes which have impacted investors.

Through the course of the past twelve months we have addressed two key areas - our capital position and strategic challenges - in a number of ways:

Firstly, our capital position. GPT has gearing of only 23.5% at December, access to a range of capital sources, and the ability to comfortably fund future commitments. Achieving this position of financial strength required us to undertake a number of steps.

These are set out in the slide before you.

We have undertaken two substantial capital raisings since mid 2008. The second capital raising, which was completed in June last year, allowed us to pay down a substantial portion of the Group's debt and importantly, removed the market's concerns around debt covenant breaches. It also paved the way for some of the key strategic changes which I will also discuss.

We were pleased that 75% of the retail entitlement offer was taken up by existing retail investors. Investors who participated have benefitted with the price of securities trading well above the issue price. For both of our raisings, our security price consistently traded on the stock market at levels well above the new issue price, throughout the offer period. As a result, investors that chose not to increase their investment had the opportunity to sell their existing GPT securities, re-invest at a lower cost through taking up the offer, and also release some cash.

We also removed the derivative and hedging positions which complicated our financial structure and provided limited transparency to the market, creating a simpler balance sheet and a clearer understanding of our financial position.

Finally we sought to address the Group's longer term capital requirements with a revised capital management strategy which included clear parameters for gearing – in a modest range of 25 to 35% - and a change to our distribution policy. From the March quarter distribution this year, GPT will distribute the greater of:

- i) 70-80% of realised operating income (excluding development profits), and;
- ii) taxable income.

These changes align our desire to provide a stable and growing return to investors with very low risk, with the requirement to continue to maintain the quality buildings which form our asset base.

The strengthening of our financial position is reflected in increased credit ratings and a broadening of our funding sources, which Michael will speak to in more detail in his address.



Secondly, our strategic challenges. We have dealt with the biggest issues facing the Group – the Joint Venture with Babcock & Brown and our non-core assets. These investments had become a major distraction for the market and exposed investors to unstable offshore markets and higher risk. We indicated a desire to return GPT to an Australian focus at last year's AGM and this was largely achieved over the course of the past 12 months.

Over \$1 billion in non-core assets were sold, including the resort assets and a number of Homemaker City centres. The In Specie distribution of the European component of the Joint Venture was undertaken in August – this achieved the benefit of removing the majority of the Joint Venture from GPT's balance sheet while retaining any future value for investors; and the sale of the US component of the Joint Venture was announced in December.

Michael Cameron, GPT's CEO, articulated a revised strategy in August last year – one which reinforced the Group's focus in Australia and set clear financial objectives. This was well received by the market.

Finally, and perhaps most significantly, we made changes to the Board and management team.

Michael took on the role of CEO as you know in a period of crisis, and he has done an excellent job delivering on the changes needed to ensure GPT would be in a position to again thrive. We were very transparent about the objectives we set for Michael and as you can see from this slide and my comments this morning, they have largely been achieved, with

- Covenant risk removed and debt restructured to create a strong and simplified balance sheet position;
- Solid progress on non-core asset sales;
- Removal of the JV as an issue impacting GPT's security value; and
- Delivery of financial outcomes.

In addition, Michael has made progress in:

- Ensuring GPT's wholesale funds are well positioned to deliver sound investor returns for both GPT and our co-investors;
- Establishing positive and proactive relationships with the investor community;
- Delivering regular, open and effective communication; and
- Reinvigorating the senior executive team.

Ian Martin and I will both step down from the Board at the conclusion of today's meeting and, subject to investor approval today, Rob Ferguson will become Chairman.

He will be joined by three new additions to the Board – Eileen Doyle and Brendan Crotty who join us here today and Gene Tilbrook, who we announced this morning would join the Board on 11 May.

This completes a well planned process of Board renewal which has seen six of the eight directors in place in 2008 leave the Group. Rob, along with Michael Cameron, GPT's CEO, and the renewed Board, is well placed to bring a fresh focus and to guide the Group's future success.

Where is GPT now? GPT has:


- a strong financial position with gearing of only 23.5% at December 2009;
- liquidity to enable us to meet all commitments through to December 2010;
- a clear strategy focussed on Australia with over 90% of real estate investments now in Australia;
- a diversified Australian real estate portfolio of the highest quality;
- the capacity to invest and grow through both acquisition and development; and
- a highly dedicated, committed management team who continue to work extremely hard to restore value for all our securityholders.

As I said earlier, today is my last official occasion as Chairman of the Group. Subject to investor approval, I will be succeeded as chairman of GPT by Rob Ferguson at the conclusion of this meeting. Rob has great depth of experience at both the CEO and Board level and his wealth of investment and financial experience will be a great asset.

Ian Martin will also be standing down as a director of the Group at the conclusion of this meeting. I would like to take this opportunity to thank him for years of dedicated service to GPT and its securityholders, both as a Director and as Chairman of the Nomination and Remuneration Committee.

Ian's intellect, professionalism and commitment have been appreciated by me and my fellow directors. I wish him well.

As I leave the Board it is my hope that investors will recognise the changes that have been made and support the future of a GPT led by a new Board and management who are committed to delivering performance from GPT's high quality Australian business.



While the price of Australian real estate (including GPT's portfolio) has fallen over the last two years, GPT's Australian assets have continued to maintain high occupancy and to deliver income growth and provide a solid base for stable returns to investors, into the future.

With that overview I would like to now ask Michael Cameron to give an update on the Group's performance in 2009 and the first few months of this year.

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