

15 May 2019

## The GPT Group 2019 Annual General Meeting

Please find attached the Chairman's address, the CEO and Managing Director's address, and presentation for the GPT Group Annual General Meeting which is being held today at the Swissotel Sydney, 68 Market Street, Sydney NSW at 10.00am (AEST).

The meeting will be webcast, and can be viewed by using the following link:

[The GPT Group 2019 AGM Webcast](#)

- ENDS -

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**Chairman's  
and  
CEO & Managing Director's  
Addresses  
to the  
GPT Group 2019 Annual General Meeting  
(including presentation)**

## Chairman's Address

Good morning ladies and gentlemen.

I would like to commence today's meeting by acknowledging the traditional owners of the land we meet on today, the Gadigal People of the Eora Nation, and pay my respects to Elders both past and present. I would also like to welcome any First Nations people who have joined us today.

The agenda for today's meeting will be as follows:

- First, I will give a brief presentation focusing on corporate governance and sustainability;
- GPT's CEO, Bob Johnston, will present a short review of the key business activities in 2018 and early 2019; and
- Following these presentations, there will be the formal business of the meeting.

Moving to my presentation.

Over the past five years, GPT has generated very attractive returns to securityholders which reflect the quality and location of our portfolio.

Both earnings and distributions per security have grown by over 4 per cent per annum, while the Group's Net Tangible Asset backing per security has grown at approximately 8 per cent per annum over the same period.

Consistent with this earnings, distribution and value growth, GPT's Total Securityholder Return has also been strong. The return of 14.8 per cent per annum over the five years to 31 December 2018 has outperformed both the Australian REIT sector and the broader equities market.

Our results reflect the execution of the Group's strategy to own and manage a high quality diversified real estate portfolio and the strong management team we have in place. It also reflects the culture and values of the organisation.

The directors regularly meet with the leadership team and staff to ensure they are connected with the business. There is transparent dialogue between the Board and management on a range of matters including strategy, culture, safety and innovation.

We are pleased with the progress we continue to make, which Bob will outline in more detail.

Your Board is committed to ensuring that the Group maintains the very highest standards of corporate governance. Our vision to be the most respected property company in Australia in the eyes of our investors, people, customers and communities will only be achieved if we continue to uphold the highest ethical and moral standards.

Recent events have served to highlight the importance of our on-going focus on governance. The recent Royal Commission into the financial services industry reminds us all of the collective effort required by boards and management to ensure that appropriate standards of ethical and honest behaviour are embedded from the top down.

As an essential part of GPT's governance framework, we are undertaking a process of orderly Board renewal, commencing with my appointment in 2018 as Chairman following the retirement of Rob Ferguson. Rob's stewardship played a major role in steering GPT into the clear strategic direction it has today, and we will continue to build on this strong foundation.

Angus McNaughton joined the Board as a Non-Executive Director late last year, coinciding with the retirement of Brendan Crotty, and more recently we were very pleased to welcome Tracey Horton to the Board. You will have the opportunity to hear from both Angus and Tracey a little later.

This year, Eileen Doyle will be retiring from the Board, effective at the conclusion of today's meeting. Eileen has been an integral member of the Board since her appointment in 2010, including but not limited to her role as Chairman of the Sustainability and Risk Committee. On behalf of all securityholders, the Board and Management at GPT, I would like to thank Eileen for her contribution to the business and wish Eileen the very best in her future endeavours.

GPT is conscious of the impact that property can have on the environment. With assets under management of \$24 billion, we recognise our role in contributing to a sustainable future.

GPT maintains a long-term focus on sustainability, which in 2018 resulted in the Group again being one of the world's top ranked property companies in key global sustainability indices.

As a leader in sustainability, we have set ourselves a target to be carbon neutral by 2030. A key step in this process is the GPT Wholesale Office Fund's goal to reduce its environmental impact by committing to a target to be carbon neutral by the end of 2020.

The GPT Board also has a strong focus on gender diversity and inclusion, and regularly reviews reports from management on the progress being made. Our agenda to promote inclusiveness, gender equality and diversity was recognised in 2018 with GPT being awarded an Employer of Choice for Gender Equality citation. This award is conferred by the Workplace Gender Equality Agency, an Australian Government statutory agency, and recognises GPT's ongoing commitment to promoting gender equality in the workplace.

The Group has always had a strong focus on giving back to the community.

The GPT Foundation, which was launched in 2017, aims to "Support Youth at Risk to create thriving communities for a better future", with a focus on the areas of child wellbeing, mental health and homelessness.

Supporting seven community partners, GPT's people get involved through volunteering, fundraising activities and participating in the workplace giving program "Give for Change". In 2018, nearly 80 per cent of GPT staff contributed to the Foundation through various volunteering activities and other initiatives, and in 2019 GPT employees have volunteered over 2,600 hours of their time to community initiatives.

All companies and individuals have a role to play in understanding, acknowledging and sharing First Nations heritage and culture. At GPT we believe that this contributes to positive social change in Australia and brings value to our assets, our investors and to the broader communities in which we operate.

GPT's path to achieving these outcomes is embodied in its Stretch Reconciliation Action Plan. Launched in February last year, our Stretch Reconciliation Action Plan is a structured approach to building knowledge and capabilities across the business, publicly outlining GPT's reconciliation commitments through to March 2021 with First Nations stakeholders. More recently, GPT has committed to being a 10 year partner of Career Trackers, a First Nations university student internship program.

On behalf of the GPT Board, I would like to thank all securityholders for their continued support. I also wish to acknowledge the commitment and dedication of the Board, Leadership Team and our staff to ensuring that GPT continues to deliver long-term value for securityholders whilst upholding the highest standards of integrity and ethical values.

I would now like to invite our CEO and Managing Director, Bob Johnston, to give his presentation.

## CEO & Managing Director's Address

Thankyou Vickki, and good morning Ladies and Gentlemen.

I would also like to acknowledge the traditional custodians of the Land on which we are meeting, the Gadigal People of the Eora Nation and pay my respects to Elders both past and present.

Our vision is to be the most respected property company in Australia. We aim to achieve this by delivering superior returns to investors, and by providing environments that enable our people to excel, and our customers and communities to prosper.

In 2018 we made good progress toward achieving our objectives and I am very pleased to provide an overview of the highlights for the year and the outlook for the year ahead.

The Group's assets under management has now grown to \$24 billion across the three sectors of retail, office and logistics. Our strategy is to own and manage high quality assets in markets and sectors that we believe will provide long term growth for investors and as part of this strategy we aim to increase our exposure to the office and logistics sectors over the next few years. Our target capital allocation is 40 per cent Retail, 40 per cent Office and 20 per cent Logistics.

The Group has maintained its very strong balance sheet position which has an S&P credit rating of A and a Moody's Credit rating of A2. The recent sale of the MLC Centre has further strengthened this position. The proceeds from the sale will be re-invested into new development opportunities and accretive acquisitions.

At our Annual Results presentation in February, we were pleased to report that GPT delivered strong results for 2018. The Group delivered growth in both Funds from Operations per security and Distributions per security of 3.5 per cent.

Our statutory profit was up 14.5 per cent to \$1.45 billion.

Portfolio revaluation gains totalled \$911 million, increasing our net tangible assets to \$5.58 per security, and contributing to a Total Return of 15.8 per cent for the year.

Our Retail division delivered solid results in the face of a retail environment that is experiencing a period of change.

Our shopping centres are evolving and have become places where people come to socialise, enjoy entertainment and to dine. Health, wellness and beauty services also continue to be a growing part of the shopping centre experience. The Group has been strategically investing in technology to provide valuable insights. We are using this information to help us understand the changes in consumer behaviour, to assist us with the curation of the right experiences, and to assist our retailers with driving greater productivity from their stores.

Working in partnership with our retailers is important to drive outcomes that are mutually beneficial and to maintain our leadership position in the sector. The results of this work are reflected in our high occupancy, which remains above 99 per cent, and the growth in earnings being delivered from the portfolio.

We are continuing to execute on our development pipeline with the recent opening of the \$430 million expansion of Sunshine Plaza. The investment has secured the asset's position as the dominant centre on the Queensland Sunshine Coast and included 40 retail brands that were new to that market. In addition, a number of domestic and international brands have also invested in their stores bringing their latest concepts to the centre. The market response has been very positive, and we expect that the centre will grow its already strong market position over the next 12 months.

We also have plans to expand our retail offering at Melbourne Central which is now the most productive shopping centre in Australia. Our research tells us that an expansion of the leisure and entertainment offering at Melbourne Central will further enhance the assets strong position in the heart of the Melbourne CBD. The asset already attracts more than 50 million visitations per year, and the expansion is expected to further increase its market share.

Rouse Hill Town Centre in Sydney's north west is also delivering strong results for the Group. With the population growth that is occurring in Sydney's north west, and the opening of the Metro Northwest rail later this month, we have a unique opportunity to grow our position in this market. We are proposing an expansion of the existing retail offering, combined with additional residential and commercial space.

We are targeting to commence both these projects in 2020.

Our Office and Logistics portfolios also continued to deliver excellent results for the Group.

Our Office portfolio is 97 per cent occupied and has delivered comparable income growth in excess of 5 per cent per annum for the last two years. We continue to see strong fundamentals in the office sector, with low vacancy rates in both Sydney and Melbourne and positive demand from tenants.

Our Logistics portfolio also delivered healthy comparable income growth in 2018 of nearly 3 per cent and occupancy is currently 95.0 per cent.

The combination of strong rental growth and firmer capitalisation rates has resulted in valuation gains of \$750 million across the combined office and logistics portfolio.

Our Office and Logistics team is also very focused on the customer and ensuring we are listening and responding to changes. A good example of this is the rise in demand for co-working, and our response to this trend through our offering called Space&Co. We now have five co-working facilities which provide the opportunity for existing and new customers to fill both short term and medium terms space needs. This is delivering results, with GPT recently ranking number 1 in an independent customer satisfaction survey with a score of 85 per cent.

As noted earlier, our strategy is to grow our position in the office and logistics sectors through both acquisitions and developments.

In September last year we acquired the Eclipse Tower in Parramatta, and in January this year we commenced the construction of a new 26,000 square metre office building, 32 Smith Street, again in Parramatta.

At Sydney Olympic Park we completed a 17,000 sqm office building in October last year which is 81 per cent leased.

At Melbourne Central, we are also planning a 20,000 square metre office development which will be undertaken with the retail expansion. This is a unique opportunity which will only enhance what is already a very strong mixed use asset in the portfolio. We expect to have the project underway in the first half of 2020.

We are also progressing the development scheme for a new premium grade office building at Cockle Bay in Sydney for our Office Fund. Earlier this week the project received endorsement from the state's Independent Planning Commission, which is a major milestone.

We have also had significant success with our logistics developments over the last 18 months, having completed six new developments which are all fully leased. Further developments are currently underway. The completed developments are all excellent additions to our portfolio which is 90 per cent weighted to the Sydney and Melbourne markets.

We have supplemented our industrial development pipeline with the recent acquisition of 23 hectares of land in Melbourne's west, which when developed should provide the Group with in excess of \$200 million of new investment assets for the portfolio. We continue to see solid demand for modern facilities in both Sydney and Melbourne and are actively pursuing opportunities to further grow our position in this sector.

Our Funds Management division also had a strong 2018. Total assets under management across our Funds platform has now grown to in excess of \$12.6 billion. The growth in assets under management resulted in a 15 per cent increase in the division's contribution to the Group for 2018.

The GPT Wholesale Office Fund has grown to have total assets under management in excess of \$8.0 billion, and is the best performing unlisted wholesale fund as measured by the MSCI/Mercer index, over five, seven and ten years periods. During the year, the Office Fund acquired a carpark site in Flinders Street Melbourne as a future development site for \$87 million, and more recently increased its ownership of 2 Southbank Boulevard in Melbourne by acquiring the remaining 50 per cent interest for \$326 million. The Fund also expects to commence the \$240 million repositioning of 100 Queen Street in Melbourne during the second half of this year.

The Group's \$4.8 billion Shopping Centre Fund has been the number one performing retail fund over the 3 year period. The management team continues to execute on its strategy for the Fund, strategically investing in its assets to drive performance. Consistent with the Fund's strategy to increase its exposure to dominant retail centres, Norton Plaza in Sydney's inner west will be marketed for sale in the coming months.

In conclusion, GPT remains well positioned. While economic conditions have softened in recent months, we remain optimistic about the outlook and our ability to continue to deliver reliable returns for securityholders.

In the retail sector, we believe that assets in growth catchments with a compelling offer will continue to be in demand from both retailers and consumers. We are investing in our assets in a disciplined way to ensure that they remain preferred destinations. With structured rental growth in place and the recent completion of Sunshine Plaza, we are confident of driving further growth from our retail portfolio in 2019.

In both the office and logistics sectors, Sydney and Melbourne continue to experience favourable conditions, with robust demand and very low vacancy rates. Our Sydney and Melbourne office assets are under-rented, and we are focused on taking advantage of this with the increased level of expiry over the next 3 years.

We are also executing on development opportunities to further enhance the quality and scale of the portfolio.

In summary, the Group is well positioned for 2019, and we have provided guidance for both FFO and Distribution growth of 4.0 per cent per security.

I would like to take this opportunity to thank the Board for their guidance and support over the last 12 months, and thank the employees of GPT for their commitment, passion and engagement.

Importantly, I would like to thank you, the securityholders, for your ongoing support for GPT.

I will now hand back to our Chairman, Vickki McFadden.

The background of the poster is a collage of images. On the left, there are lush green trees. On the right, there is a modern glass skyscraper with a blue sky. The central text is set against a black background.

# Annual General Meeting

15 May 2019

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**GPT**  
The GPT Group



# Chairman's Address

Vickki McFadden

**GPT**  
The GPT Group



# Delivering long-term growth for securityholders

Over the past 5 years

**4.3%**

FFO GROWTH PER SECURITY<sup>1</sup>

**4.5%**

DISTRIBUTION GROWTH PER SECURITY<sup>1</sup>

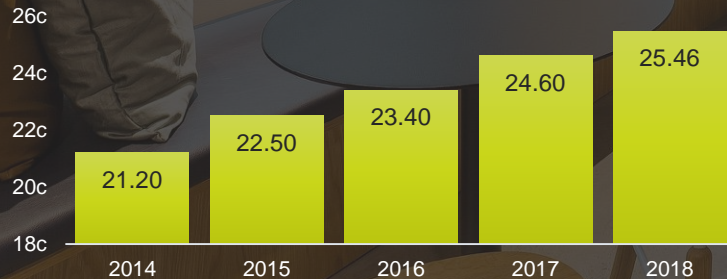
**8%**

NTA PER SECURITY INCREASE<sup>1</sup>

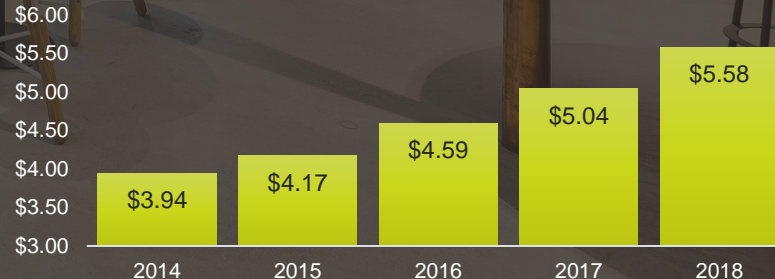
**14.8%**

TOTAL SECURITYHOLDER RETURN<sup>1</sup>

Distribution per Security



Net Tangible Assets per Security



1. Annualised return

# Governance & Renewal



**Dr Eileen Doyle**



**Michelle Somerville**



**Angus McNaughton**



**Tracey Horton AO**

# Sustainability, Diversity & Community

## Sustainability Results



FTSE4Good

MEMBER OF FTSE4GOOD  
GLOBAL INDEX



G R E S B  
★ ★ ★ ★ ★ 2018

GRESB GREEN STAR RANKING  
TOP QUINTILE 7TH YEAR IN A ROW



GPT RANKED IN THE TOP

**5%**

DOW JONES SUSTAINABILITY  
WORLD INDEX (DJSI)  
REAL ESTATE COMPANIES



**56%**

EMISSIONS INTENSITY  
REDUCTION SINCE 2005



**44%**

WATER INTENSITY  
REDUCTION SINCE 2005



**40%**

RECYCLING  
RATE

## Awards & Achievements



**82%**

GPT EMPLOYEE ENGAGEMENT

**500  
WOMEN  
IN PROPERTY**

COMMIT CHAMPION LEAD



# Connecting with Communities



National program sponsored by: **GPT**  
The GPT Group






# Bob Johnston

CEO &  
Managing Director

**GPT**  
The GPT Group



A high quality  
portfolio of  
Australian  
real estate in the  
best markets

**GPT**  
The GPT Group

## OUR VISION

To be the most  
respected property  
company in Australia  
in the eyes of our  
Investors, People,  
Customers and  
Communities



## OUR FOCUS

Focus on quality  
assets and markets  
that we believe  
will provide  
long term growth  
for our investors



# Our Portfolio

**GPT**  
The GPT Group

ANZ Tower  
161 Castlereagh Street  
Sydney NSW 2000  
ANZ  
GPT

**66**

HIGH QUALITY  
ASSETS



**\$24 billion**

ASSETS UNDER  
MANAGEMENT



HIGH OCCUPANCY

**97.8%**

WITH A ~5 YEAR UNEXPIRED  
LEASE TERM



**26.3%**

NET  
GEARING



**A / A2**

S&P / MOODY'S  
CREDIT RATINGS



# Delivering strong returns

## 2018 Financial Highlights

**3.5%**

FFO GROWTH  
PER SECURITY

**3.5%**

DISTRIBUTION GROWTH  
PER SECURITY

**\$5.58**

NTA PER SECURITY  
UP 10.7 PER CENT

**15.8%**

TOTAL  
RETURN



# Retail

- + The Retail business delivered excellent results in 2018
- + 70 per cent of the portfolio is located in markets with household income above the Australian average
- + High occupancy with average fixed rental growth of 4.8% in 2019



Highpoint Shopping Centre, Melbourne

# Strategic investment in our retail portfolio

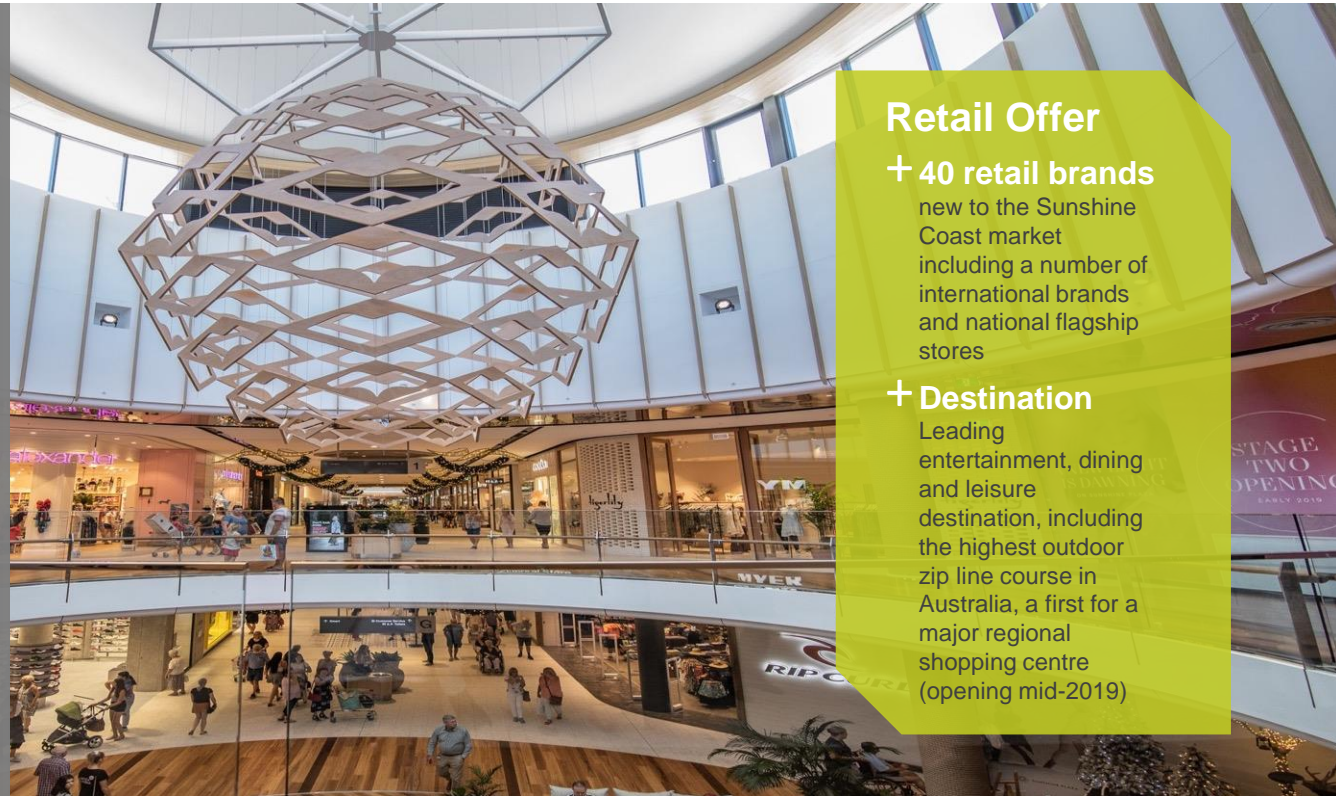
## Sunshine Plaza

### Stage One

- + Opened fully leased on 15 November 2018 including 33 new specialty stores and a refurbished Myer

### Stage Two

- + Opened 28 March 2019 including David Jones, Big W, H&M and 70 new specialty stores



### Retail Offer

#### + 40 retail brands

new to the Sunshine Coast market including a number of international brands and national flagship stores

#### + Destination

Leading entertainment, dining and leisure destination, including the highest outdoor zip line course in Australia, a first for a major regional shopping centre (opening mid-2019)

# Strategic investment in our retail portfolio



## Melbourne Central

- + Proposed Retail Expansion | \$70 million, approximately 7,000sqm of retail over two levels
- + Expansion of leisure and entertainment precinct showcasing the best of Melbourne's "laneways and high streets" including dining, education, wellness and retail markets
- + Target Commencement – late 2019 | Completion – late 2021



## Rouse Hill Town Centre

- + Proposed \$170 million expansion, including additional 16,300sqm of retail and 4,500sqm of commercial space
- + Responding to demand and retail undersupply in this strong growth market introducing food, leisure, entertainment, health & wellness and international retailers
- + Target Commencement – early 2020 | Completion – early 2022

# Office & Logistics overview



## Office

**+3.9%**  
(85% of leases)

**97.1%**

**4.95%**

**5.2** YRS

Average fixed  
Rental growth  
In 2019

Portfolio occupancy  
(31 March 2019)

Weighted average  
cap rate

Weighted average  
Lease term

## Logistics

**+3.3%**  
(91% of leases)

**94.4%**

**5.78%**

**7.1** YRS



# Enhancing returns through customer focus

## 2018 Highlights

**5.8%**

PORTFOLIO  
LIKE-FOR-LIKE  
INCOME GROWTH

**16.9%**

TOTAL  
PORTFOLIO  
RETURN



SPACE  
& CO.

**Customer  
Focus**

+ **Customer  
Satisfaction Survey**  
*by independent consultant  
Campbell Scholtens*

**#1**

GPT portfolio  
ranking to surveyed peers



**85%**

Customer  
satisfaction score



**82%**

Response rate

# Growing our office portfolio



## Eclipse Tower, 60 Station St, Parramatta

Acquisition Date	September 2018
Asset Area	25,700sqm
Purchase Price	\$277.6 million
Initial Yield	5.34%

- + 100% leased to blue chip occupiers
- + High profile quality A-grade asset, completed in 2012
- + Central Parramatta location adjacent to train station



## 4 Murray Rose Avenue, Sydney Olympic Park

Completed	October 2018
Asset Area	15,800sqm
Yield on Cost	7.75%

- + Valued at \$125 million
- + 81% leased, with NSW Rural Fire Service (9,300sqm) now in occupation



## 32 Smith, Parramatta

- + QBE pre-commitment across 13,600sqm, representing 51% of NLA
- + Target completion in late 2020
- + Expected yield on cost of ~6.75% and an end value in excess of \$300 million
- + Parramatta office market experiencing record low vacancy rates, limited uncommitted supply

## 300 Lonsdale Street, Melbourne Central

- + Seeking pre-commit for ~20,000sqm complex above retail centre
- + Unique opportunity to further enhance Melbourne Central as a dominant mixed use precinct
- + Expected yield on cost for office component over 6.50% and end value in excess of \$200 million



# New logistics assets delivering attractive returns

+ Six new developments completed over past 18 months, creating \$240 million of investment assets



**Huntingwood 1B  
Sydney**

End Value	\$26 million
Asset Area	11,300sqm
Yield on Cost	6.7%



**50 Old Wallgrove Road, Eastern Creek  
Sydney**

Forecast End Value	\$66 million
Asset Area	30,100sqm
Yield on Cost	6.6%



**Sunshine Business Estate  
Melbourne**

Located approximately 6km from Port Melbourne	
Acquisition Price	\$74 million
Initial Yield	6.1%



# Logistics Acquisitions

- + Acquired a 15 hectare development site in Truganina, Melbourne, adjacent to an 8 hectare site acquired in 2018
  - Acquired on deferred settlement terms, with settlement expected in H1 2020
- + The combined site will deliver approximately 140,000 sqm of logistics space with an expected end value of approximately \$200 million
- + Works have commenced on a new 26,000 sqm facility, with practical completion expected in December 2019



# Funds Management



**\$12.6B**

ASSETS UNDER  
MANAGEMENT

**11.3%**

TOTAL  
RETURN

**15.1%**

PROFIT  
GROWTH

- + GWOFF is the number 1 performing office fund in the MSCI/Mercer Australia Unlisted Wholesale PFI - Office index over five, seven and ten years
  - Office Fund has acquired 32 Flinders Street, Melbourne, as a medium-term precinct development opportunity
  - Exercised a pre-emptive right to acquire the remaining 50 per cent interest in 2 Southbank Boulevard, Melbourne, for \$326.2 million
  - Raised \$275 million of new equity for the Office Fund from a mix of existing and new investors
- + GWSCF the number 1 performing retail fund over 3 years

# Summary & Outlook

## Economic Outlook

- + Economic outlook has softened but expected to remain healthy
- + Sydney & Melbourne beneficiaries of public & private investment, low unemployment and population growth
- + Fiscal and monetary policy remains accommodative

## Sector Outlook

- + Retail assets in strong catchments with a compelling proposition will grow productivity
- + Sydney and Melbourne office market fundamentals remain robust
- + Logistics assets will continue to benefit from strong investor demand

## Group Outlook

- + Office and logistics sectors will continue to outperform
- + Strategic investment will ensure our retail assets remain preferred destinations
- + Developments on-track and provide growth opportunities
- + Disciplined capital allocation and strong capital position

## 2019 Guidance

FFO per security growth of 4%

DPS growth of 4%

# Disclaimer

The information provided in this presentation has been prepared by The GPT Group comprising GPT RE Limited (ACN 107 426 504) AFSL (286511), as responsible entity of the General Property Trust, and GPT Management Holdings Limited (ACN 113 510 188).

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Information is stated as at 31 December 2018 unless otherwise indicated.

All values are expressed in Australian currency unless otherwise indicated.

Funds from Operations (FFO) is reported in the Segment Note disclosures which are included in the financial report of The GPT Group for the 12 months ended 31 December 2018. FFO is a financial measure that represents The GPT Group's underlying and recurring earnings from its operations. This is determined by adjusting statutory net profit after tax under Australian Accounting Standards for certain items which are non-cash, unrealised or capital in nature. FFO has been determined based on guidelines established by the Property Council of Australia. Key statistics for the Retail and Office divisions include GPT Group's weighted interest in the GPT Wholesale Shopping Centre Fund (GWSCF) and the GPT Wholesale Office Fund (GWOF) respectively.