

8 May 2014

GPT 2014 Annual General Meeting – Chairman’s Address

Held on Thursday, 8 May 2014 at 2:00pm (AEST)

Doltone House (Hyde Park), Level 3, 181 Elizabeth Street, Sydney

Good afternoon and thank you for joining us today.

The past year has been another busy year for the Group.

GPT delivered a healthy Total Return of 8.5 per cent in 2013. This result was achieved against a backdrop of subdued domestic economic and property market conditions, and driven by a combination of solid growth in earnings per security and an increase in net tangible assets to \$3.79 per security. These results were driven by a solid operating performance, significant cost reductions across the business, and the ongoing benefit of the security buyback program.

Property market conditions would be best described as having been challenging in 2013. In the retail sector, sales growth remained subdued. It was pleasing, however, to see a strengthening in retail sales performance in the second half of 2013, driven by low interest rates, a recovery in house prices and an improvement in consumer confidence. These improvements have continued into 2014. Office market fundamentals have also been challenging, however there are some early signs of recovery in business sentiment and conditions. The logistics sector remains well balanced and our expectation is for continued moderate rental and capital growth in the year ahead. Importantly the Group, with its strong multi-discipline real estate investment team, is well placed to maximise the value of Group assets and ensure that capital is allocated where it offers the best returns for securityholders.

While we have focused in recent years on driving greater business efficiencies through the implementation of business restructuring and cost management programs, management is also investing in the future growth of GPT. An example of this is the significant growth in funds under management achieved during 2013 which is driving improved profitability in the Funds Management division, and ultimately improved value for securityholders. Other investment initiatives will provide longer-term benefits, such as the logistics development business, which currently has \$385 million of development projects underway and a solid pipeline of future development opportunities.

GPT management continues to take a focused and disciplined approach to financial and capital management. The Group balance sheet is strong, and management remains focused on ensuring that the capital position of the Group is appropriate for market conditions and supportive of GPT’s strategic growth initiatives. During the year the Group was active in extending the term of its debt, and successfully implemented initiatives to diversify its funding sources. An important element of GPT’s capital management strategy remains the share buyback program, which has now been in operation for the past three years. Importantly, this initiative continues to create significant value for securityholders.

This year, as in previous years, members of the Board have spoken to various advisers and key investor groups in order to keep up-to-date with market views and best practices in areas such as corporate governance, remuneration and capital management. We have continued to listen and act on your feedback.

The Board remains focused on ensuring remuneration levels across the business are realistic. The results of this focus are reflected in the modest increase in base pay levels and reduced short term incentives being paid to employees during the past year.

In 2013, the Nomination and Remuneration Committee and management have worked to make permanent structural changes to continue to improve the remuneration framework at GPT.

Our short and long term incentives are now aligned and focused on a challenging Total Return performance target of greater than 9 per cent.

We've taken steps to achieve a more reasonable share of incremental revenue between employees and investors by reducing short term incentive compensation (STIC) funding across the performance benchmarks. Our performance targets have been increased to ensure that there is a sufficient degree of challenge, and at the same time the amount of STIC paid has been reduced by 48 per cent over the last two years.

Alignment with investors has been enhanced with changes to our STIC system to introduce an equity component with deferred vesting over one and two years. In addition, minimum securityholding requirements for the Board and Leadership Team have been introduced in 2014 to ensure that Non-Executive Directors, the CEO and the Leadership Team build and maintain meaningful ownership stakes in the business.

In 2014, for the first time, we will have a new and innovative approach to STIC whereby the value received by participants will be directly influenced by movement in the GPT security price, increasing when the security price increases, and decreasing when the security price declines.

Lastly, we've enhanced our governance with the introduction of a clawback policy, giving the Board additional discretion to manage reward outcomes over time and through a variety of circumstances.

To conclude, I would like to again thank our investors for their continued support. It is an exciting time for GPT, and we remain committed to delivering securityholders compelling and competitive investment returns in the year ahead.

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