

GPT SHOULD SURVIVE COVID-19 BUT AT WHAT COST?

Company/ASX Code	GPT Group/GPT
AGM date	Wednesday 13 May 2020
Time and location	10:00am, LVL 51 MLC Centre, Martin Place, Sydney or online at https://agmlive.link/GPT20
Registry	Link
Webcast	Yes
Poll or show of hands	Poll on all items
Monitor	Allan Goldin assisted by Sue Howes
Pre AGM Meeting?	Yes with Chairman Vicki McFadden and Chair of Nominations and Remuneration Tracey Horton

Please note any potential conflict as follows: The individuals (or their associates) involved in the preparation of this voting intention have no shareholding in this company.

Item 1	Consideration of accounts and reports
ASA Vote	No vote required

This will be a Hybrid AGM Although you are encouraged not to, you can attend in person or online at <https://agmlive.link/GPT20>. ASA WILL VOTE PROXIES AND ASK QUESTIONS AS NORMAL EITHER IN PERSON OR ONLINE

Summary of ASA Position

The Key question to ask any company at the moment is what are you doing to survive the disruption caused by COVID – 19 and will you emerge on the other side. In the current environment it is natural to assume that the value of assets will decrease. As the Company announced on April 7 that all properties in two of the funds that they manage, GPT Wholesale Office Fund (Office) and the GPT Wholesale Shopping Centre Fund (Shops) were revalued as of March 31, 2020.). This resulted in a reduction in Office of almost 2% or \$183 Million. GPT Group owns 22.9% of this fund. Shops value fell by 11% or \$511Million. GPT Group owns 28.5% of this fund.

Questions on total valuation of all the Group's assets remain, especially since valuation increases were so high for the last few years. Another major question is the quantum of reduced income, as arrangements are still to be made with all tenants in all of the properties regarding rent relief, cancellation or extension.

Although ASA will not make any predictions, according to the end of the financial year figures the Company had \$15.8 Billion worth of assets and debt level at 22.1%. March saw four of the Directors increasing their shareholding in the Company.

Even before the current crisis cracks were starting to appear in GPT's retail business as overall existing speciality retail tenants when renewing their leases were paying on average 2.2% less than previously. This average is in spite of newly renovated Rouse Hill and Melbourne Central having positive leasing spreads.

GPT has a very impressive development portfolio, but with the \$320 million Parramatta office building due for completion in December 2020, will the initial returns be as good as forecast? Will it be prudent to temporarily preserve cash and wait to start the \$200 million Rouse Hill extension and the \$260 million construction above Melbourne Central, both of which were slated to begin this year.

We look forward next year to seeing a Skill Matrix that identifies individual Director strengths and a full ESG report.

Now for one good thing GPT did; Removed the Capital Raising Cap to allow all who participated in the SPP to receive their full entitlements and then told the market how many security holders applied and what percentage that was of the total.

A bad thing; Burying the 5 year group financial summary. Put it up front.

And a great one; Due to the impact of Covid-19 Bob Johnstone has declined to receive an LTI grant in 2020 for the three year period 2020- 2022.

Summary

(As at FYE)	2019	2018	2017	2016	2015
NPAT (\$m)	880.0	1,451.7	1,268.0*	1,152.7	868.1
FFO(\$m)	613.7	574.6	554.2	537.0	501.7
Share price (\$)	5.60	5.34	5.11	5.03	4.78
Dividend (cents)	26.48	25.46	24.6	23.4	22.5
TSR (%)	9.6	9.6	6.6	10.1	15.4
EPS (cents)	32.68	31.84	30.77	29.88	28.28
CEO total remuneration, actual (\$m)	4.339	4.68	4.5	2.47	1.39

*Restated in 2018

For 2019, the CEO's total actual remuneration was **48.44 times** the Australian Full time Adult Average Weekly Total Earnings

Note - For February 2020, the Full-time adult average weekly total earnings (annualised) was \$89,585.60

Item 2: Resolutions

Resolution 1	Re-election of Gene Tilbrook as a Director
ASA Vote	For

Summary of ASA Position

Mr Gene Tilbrook joined the board in 2010. The Board believes that his extensive experience in finance, corporate strategy, investments, capital management and risk management, further enhances the Board's ability to oversee GPT's performance and governance.

Mr. Tilbrook is also currently a Non-Executive Director of Orica Limited and Woodside Petroleum Limited and holds 51,071 GPT Securities.

Although Mr. Tilbrook has served the Company well, ASA is not fond of these temporary holding motions. Instead of retiring after the AGM, he is asking to be re-elected until the Board finds another new Director. We will vote our undirected proxies in favour of this motion, but ask why wasn't there sufficient planning in place to have another Director appointed by this time.

Resolution 2	Election of Mark Menhinnitt as a Director
ASA Vote	For

Summary of ASA Position

Mr Menhinnitt joined the GPT Board in October 2019. He has significant investment management, construction, development and urban regeneration experience in the real estate and infrastructure sectors, drawn from his 30 year career at Lend Lease, including as CEO of Lendlease Australia. Mr Menhinnitt holds 30,000 GPT Securities.

ASA likes Mark Menhinnitt's construction and development expertise and accordingly will vote our undirected proxies in his favour.

Resolution 3	Adoption of Remuneration Report
ASA Vote	For

As we said we applaud the decision of the CEO to not receive an LTI grant in 2020 for the three year period 2020- 2022. That would virtually make us vote for the remuneration report by itself, however most of the other elements are good.

STIC is divided 50% cash and 50% deferred Equity. Financial KPIs are 50%, the non-financial scorecard is explained well. The amount available for STIC is dependent on financial performance, which to some extent acts as a gateway.

LTI has two performance measurements the first being Relative Total Share Return measured against the ASX 200 AREIT Accumulation Index, which is good, as the measurement is used by a

few REITS. The other is Total Return which by itself is fine. The concern, admittedly academic this year, is that in 2019 the three year compound annual return was 13.1%, with a minimum vesting at 8.5% and this minimum was moved down to 7.5% for 2020-2022.

The measurement period should be at least 4 years to be an actual long term incentive.

It is also very good to see that the within 4 years the CEO has to have acquired 150% (other leadership 100%) of securities equivalent to their fixed remuneration.

	Target \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	1.48	29%	1.48	27%
STI - Cash	.730	14%	.912	16.5%
STI - Equity	.730	14%	.912	16.5%
LTI	2.19	43%	2.19	40%
Total	5.13	100.0%	5.49	100%

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