

2 May 2012

**GPT Meeting of Securityholders**

**2 May 2012 at 2.00pm**

**Chairman's Address**

Good afternoon and thank you for joining us today.

Four years ago GPT outlined a strategic journey to reinvigorate GPT. The first two years were focused on cleaning up and stabilising the business whilst closing the gap between the security price and the net asset value. That journey started with a refreshed board and management team, and the exit of non-core activities. Capital management initiatives were also undertaken that restored GPT's credit ratings. At the end of this period the business was stabilised, with a refined strategic focus on owning and managing high quality Australian real estate in the retail, office and industrial sectors.

More recently, GPT has been focused on the "optimise and grow" part of its strategy. The business has been optimised, through a continued focus on reducing management expenses and lowering our cost of debt. The organisational structure has been aligned with our strategy, and a major efficiency program undertaken which resulted in significant cost savings. In parallel, four growth platforms have been established and progress has been made on all of them.

I am pleased to say that the strategic journey outlined in 2009 is now complete. Our objective of closing the gap between the security price and the value of the underlying assets in the business has been achieved, with GPT trading consistently above the net tangible asset value of the company in 2013.

GPT has also delivered on our three key measures.

EPS has shown steady improvement, with GPT delivering 8.0% growth in 2012, well ahead of guidance of CPI+1%. Total Return has also been ahead of target, with the exception of 2011 where it was impacted by derivative movements. Total Securityholder Return increased to 26.9% in 2012, a strong performance.

These results reflect our disciplined approach, with a focus on creating value for all stakeholders.

Given our continued optimisation focus, I wanted to highlight two further initiatives GPT will be undertaking. The first is the movement to half yearly distributions, announced at the end of March. It is estimated this change will save GPT approximately \$1.6 million in finance and administration costs on an annual basis. The change will also bring GPT in line with the majority of its peers in the AREIT sector and other large listed corporates. This change will come into effect in the second half of 2013, with June 2013 being the last period for a quarterly payment.

The second initiative relates to a change in the constitution of the company and the trust, proposed at the meeting today. This change will facilitate the sale of parcels of units which constitute less than a marketable parcel. If this resolution is successfully adopted, it will result

in costs savings for GPT. Further, it will also benefit small securityholders who wish to sell their holdings without incurring brokerage or other transaction costs. It is important to note that securityholders will have the option to elect to retain their securities.

The Board continued to exercise restraint on remuneration in 2012.

- Base remuneration increases were capped at an average of 2%;
- The freeze on Non-Executive Directors fees was extended for the 5th successive year;
- We significantly reduced the short term incentive potential for all employees for below target performance;
- The 2012 long term incentive scheme hurdles were increased;
- We continue to build alignment of employees through the General Employee Security Ownership Plan.

The Board continues to be extremely mindful that rewards to executives are fair, balanced, market competitive and aligned with performance.

To conclude, I would like to again thank our investors for their support. In 2012 GPT delivered a strong performance, with earnings per security growth of 8% and distribution growth of 8.4%. This reflected a combination of solid performance from the property portfolio and active capital management.

The balance sheet remains in a strong position with gearing of 21.7% making it one of the lowest geared property trusts in the AREIT sector. There is no debt expiry in 2013 and the weighted average term to maturity is now 6.3 years, having recently been extended.

In 2013 GPT will continue to implement its dual strategy of optimising and growing the business, a strategy that has been delivering excellent results.

In addition, the business will build on its strong foundations to move to the next phase of its strategic journey, anticipating change and proactively creating opportunities in a changing market environment. Our promise remains that we will continue to provide our securityholders with a secure, reliable investment, delivering superior risk-adjusted returns over time.

**- Ends -**