



GPT – Logistics performs strongly but Retail takes a hit from Delta

Company/ASX Code	GPT Group / GPT
AGM date	Wednesday, 11 May 2022
Time and location	10am AEDT, meeting held in person at the Swissotel Sydney, 68 Market Street, Sydney and online: https://meetings.linkgroup.com/GPT22
Registry	Link
Webcast	Yes
Poll or show of hands	Poll on all items
Monitor	Mary Fifita assisted by Michael Batchelor
Pre AGM Meeting?	Yes, with Chair, Vickki McFadden and NED, Chair of Human Resources and Remuneration, Tracey Horton

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

NOTE: ASA will be attending the AGM and voting proxies and asking questions as per usual.

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

Summary of ASA Position

Financial Performance

GPT commenced 2021 with great momentum, the group delivered net profit after tax for 2021 of \$1.42 billion which was up from a net loss of \$213 million in 2020. The solid start to the year was dampened by COVID-19 with the Delta variant outbreak and Omicron in the second half of the year. Property revaluations added \$924.3 million, a turnaround from 2020's - \$712.5 million devaluation. Net gearing has increased to 28.2% from 23.2% in 2020. Funds from Operations (FFO), a measure of underlying business performance net of revaluations, were flat at \$554.5 million.

Office has rebounded from the previous year with increased leasing volumes during the period and stable Weighted Average Lease Expiry (WALE) of 5 years. 32 Smith Street in Parramatta reached practical completion in January and is 82% leased up. The Queen & Collins development in Melbourne reached completion in June and is 50% leased up. 300 Lonsdale was paused during and due to COVID-19 and Cockle Bay Wharf is still in planning and leasing and is not expected to commence before the end of 2023.

Industrial continues to deliver strong results. GPT's capital partnership with QuadReal Property has expanded from \$1 billion to \$2 billion target investment following 70% of the initial \$1 billion target of investment being committed. Strong tenant demand for logistics space and growth in e-commerce continues to drive the strong demand in this sector. Four logistics developments were completed in 2021 with a combined value of \$201 million.

Retail experienced an uptick in the first half of 2021, however, in July, the reintroduction of lockdowns in NSW and VIC slowed the recovery of the first half of the year. Rent collection for the Retail portfolio softened to 82% of gross billings in the second half, resulting in a 91% collection rate for the full year. The NSW and VIC governments also extended the Commercial Tenancy Code of Conduct to March 2022. The Code requires landlords to provide rent relief to eligible businesses impacted by COVID-19.

The pandemic continues to disrupt the Australian economy and GPT's operations, however, the high vaccination rates and booster programs across the Australian population provides optimism for a steady recovery and less severe impacts from COVID-19 going forward.

Summary

(As at FYE)	2021	2020	2019	2018	2017
NPAT (\$m)	1422.8	(213.1)	880.0	1451.7	1268.0
FFO (\$m)	554.5	554.7	613.7	574.6	554.2
Share price (\$)	5.42	4.50	5.60	5.34	5.11
Dividend (cents)	23.2	22.5	26.48	25.46	24.6
TSR (%)	27.76	(17.7)	9.6	9.6	6.6
FFO per security (cents)	28.82	28.48	32.68	31.84	30.77
CEO total remuneration, actual (\$m)	2.467	1.460	4.339	4.68	4.5

For 2021, the CEO's total actual remuneration was **27.13 times** the Australian Full time Adult Average Weekly Total Earnings (based on November 2021 data from the Australian Bureau of Statistics).

Note - For November 2021, the Full-time adult average weekly total earnings (annualised) was \$90,916.80 (<http://www.abs.gov.au/ausstats/abs@.nsf/mf/6302.0>, "Full-time adult average weekly total earnings").

Item 2. Resolutions

Resolution 1	Re-election of Ms Tracey Horton AO as a Director
ASA Vote	For

Summary of ASA Position

Ms Tracey Horton was appointed to the Board on 1 May 2019 and is Chair of the Human Resources & Remuneration Committee, and a member of the Nomination Committee and the Sustainability and Risk Committee.

Ms Horton has experience across a wide range of listed, government and not-for-profit boards. She has held executive and senior management roles with Bain & Company in North America, and in Australia with Poynton and Partners and the Reserve Bank of Australia. Ms Horton is currently Deputy Chairman of the Australian Institute of Company Directors National Board, member of the Australian Takeovers Panel, Chair of the Australian Industry and Skills Committee and Non-Exec Director of Campus Living Villages Pty Ltd.

ASA will vote its non-directed proxies in favour of Ms. Tracey Horton.

Resolution 2	Re-election of Ms Michelle Somerville as a Director
ASA Vote	For

Summary of ASA Position

Ms Somerville was appointed to the Board on 1 December 2015 and is Chair of the Audit committee and a member of the Nomination Committee and the Sustainability and Risk Committee.

She has experience across business, finance, risk and governance gained in Australia and overseas. Ms Somerville worked for KPMG for 26 years, with 14 of those as an audit partner of the firm. Ms Somerville is currently a NED of IOOF Holdings Ltd, Epworth Foundation and the Summer Foundation.

ASA will vote its undirected proxies in favour of Ms Michelle Somerville.

Resolution 3	Election of Ms Anne Brennan as a Director
ASA Vote	For

Summary of ASA Position

Ms Brennan was appointed to the Board as an independent NED effective 1 May 2022.

Ms Brennan has held a variety of senior management roles in both accounting firms and large organisations including as Finance Director of Coates Group and CFO at CSR Limited. She was previously a partner at KPMG, Andersen and Ernst & Young.

She is currently a NED of Tabcorp, Argo Investments Ltd, NSW Treasury Corporation and Rabobank New Zealand Ltd. She is also being appointed to the Endeavour Group board following regulatory approval.

ASA notes that Ms Brennan will have 6 Board roles including the GPT NED role. ASA will be asking Ms Brennan to address potential time and workload constraints.

ASA will vote its undirected proxies in favour of Ms Anne Brennan.

Resolution 4	Adoption of Remuneration Report
ASA Vote	For

Summary of ASA Position

GPT moved very early in 2020 by immediately suspending its Short Term Incentives (STI) and cancelling the 2019-21 Long Term Incentive (LTI) that was in place. This is the second consecutive LTI plan that has not vested, given the 2018-20 LTI plan also had nil vesting outcome. As the 2020-23 LTI plan was withdrawn, executives will experience three consecutive years of nil vesting outcomes.

In 2021 although hurdles had not been achieved broadly across the business, the Board used its discretion to fund a pool of up to \$14 million (at target rather than maximum) for STI awards allocated to reward strong performers in challenging circumstances. This included mid-management staff and teams whose outputs are essential to the performance of the business.

The Remuneration structure is good with the STI divided 50% cash and 50% deferred Equity. Financial KPIs are 50% and the non-financial scorecard is explained well. The achievement of target FFO per security growth typically acts as a gateway for STI to be awarded.

The LTI has two performance measurements the first being Total Return and the second, Relative Total Share Return measured against the ASX 200 AREIT Accumulation Index, excluding GPT and Goodman.

With the exception that the LTI is measured over a 3-year period as opposed to our preferred 4-5-year period, this is a good remuneration structure and ASA will be voting in favour of it.

2022	Max. Opportunity \$m	% of Total
Fixed Remuneration	1.460	26.7%
STI - Cash	0.9125	16.65%
STI - Equity	0.9125	16.65%
LTI	2.190	40%
Total	5.475	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan. *Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting.

Resolution 5	Approval of LTI grant to CEO/Managing Director Robert Johnston
ASA Vote	For

Summary of ASA Position

This is asking approval for a grant of 413,520 Rights which if all LTI hurdles are achieved will be converted into no cost shares after December 2024. At the time of grant based on a 30-day VWAP the rights were worth \$2,190,000.

Following our voting in favour of the Remuneration report ASA will be voting in favour of this resolution.

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