



<b>Company</b>	GPT Group
<b>Code</b>	GPT
<b>Meeting</b>	AGM
<b>Date</b>	15 May 2019
<b>Venue</b>	Swiss Hotel Market St Sydney
<b>Monitor</b>	David Jackson p.p. Allan Goldin

<b>Number attendees at meeting</b>	67 Security holders plus 25 visitors
<b>Number of holdings represented by ASA</b>	163
<b>Value of proxies</b>	\$5.5m
<b>Number of shares represented by ASA</b>	1.0m
<b>Market capitalisation</b>	\$9,638m
<b>Were proxies voted?</b>	Yes, on a poll
<b>Pre AGM Meeting?</b>	Yes with Chair Vickki McFadden

## Questions about shopping centre revaluations & LTI measures

The meeting was well conducted with the Chair Vickki McFadden referring some detailed and taxation questions to executives as well as the CEO.

ASA and others raised concerns regarding the extent of the annual revaluations of Retail, Office and Logistics (\$910m -27% up on the previous year) with particular focus on Retail/Shopping Centres (up \$161m). The question was raised as the media for some time has been regularly referring to the problems retailers have been experiencing. The GPT CEO Bob Johnston stated he was comfortable with the independent valuers' outcomes and stated that funds from operations was expected to increase by 4% and distributions to security-holders would also increase by 4%.

The CEO also restated the long-term goal of increasing the Logistics mix of properties to 20%, currently 14%, with both Retail & Office declining to 40% each.

Another question raised by ASA concerned the 5-year financial summary, it is quite sparse containing only 5 items. It was suggested that at least the following three items should be added: net profit after tax, valuation increments/decrements, and distribution to security holders. The Chair agreed to review the summary.

All directors up for election/re-election spoke to their reappointment and received votes in the proportion of 99% plus in favour. The two newly appointed non-executive directors (Angus McNaughton was appointed on 1 November 2018 and Tracy Horton AO on 1 May 2019) have yet to hold any shares, but will no doubt do so in line with GPT policy.

The remuneration report raised questions from the ASA regarding CEOs long-term incentive (LTI) hurdles. The Total Return (TR) hurdles were far too low, with no stretch, given the ease with which they have been achieved over the past 4 years (TR hurdle starts at 8% and rises to maximum at 9.5%). Over 15% has been achieved for the past 3 years. It follows TR could be considered as part of the fixed remuneration. In addition the LTI measure period is only 3 years not 4 or more years as ASA and others consider long-term. We note the recent Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry has stated the longer period as preferred, and this longer time-frame is expected to move beyond the financial sector. The ASA representative made it clear that although the vote at this meeting was in favour, a subsequent positive vote requires a significant improvement to be made to the executive remuneration policy with realistic stretch targets and an increase the LTI period to 4 or more years. The remuneration report and grant resolutions all passed with over 98%.

Another question related to CEO remuneration concerned the trading of securities once vested. "At Mr Johnson's option, Stapled Securities allocated upon vesting of the Rights will be subject to a trading restriction for up to seven years from the date the rights are granted." This is an extract from the notice of meeting. As stated in the voting intentions this provides good alignment with shareholders, but it would be much better if the requirement was mandatory and not at the option of the CEO.