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Reporting suite

The Annual Report is the primary document in our reporting suite. It summarises the value created by GPT's business activities together with the annual financial statements for the Group. Further information is available in our broader reporting suite, which includes:

RESULTS PRESENTATION AND DATA PACK

A summary of GPT's operating and financial performance and key developments in our business and portfolio, accompanied by a data supplement released every six months.

PROPERTY COMPENDIUM

Consolidated information about the assets in the Group's property portfolio, published every six months.

CORPORATE GOVERNANCE STATEMENT

An annual statement of how GPT addresses the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition).

SUSTAINABILITY REPORT

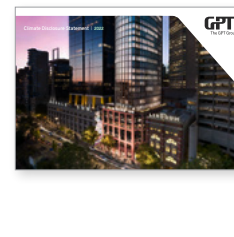
A detailed report of our sustainability policies, priorities and progress along with future targets, released annually.

CLIMATE DISCLOSURE STATEMENT

An annual statement of the steps we are taking to identify, assess and manage climate change risks and opportunities, prepared in accordance with the TCFD recommendations.

MODERN SLAVERY STATEMENT

A summary of the actions taken during the year and those proposed to be taken in the future, to assess and address modern slavery risks in our business.



DISCLAIMER

This Annual Report (**Report**) has been prepared by The GPT Group comprising GPT RE Limited (ACN 107 426 504; AFSL 286511), as responsible entity of the General Property Trust, and GPT Management Holdings Limited (ACN 113 510 188) (together, GPT). It has been prepared for the purpose of providing GPT's investors with general information regarding GPT's performance and plans for the future and risks.

The information provided in this Report is for general information only. It is not intended to be investment, legal or other advice and should not be relied upon as such. You should make your own assessment of, or obtain professional advice about, the information in this Report to determine whether it is appropriate for you.

You should note that past performance is not necessarily a guide to future performance. While every effort is made to provide accurate and complete information, The GPT Group does not represent or warrant that the information in this Report is free from errors or omissions, is complete or is suitable for your intended use. In particular, no representation or warranty is given as to the accuracy, likelihood of achievement or reasonableness of any forward-looking statements contained in this Report or the assumptions on which they are based. Such material is, by its nature, subject to significant uncertainties and contingencies outside of GPT's control. Actual results, circumstances and developments may differ materially from those expressed or implied in this Report.

To the maximum extent permitted by law, The GPT Group, its related companies, officers, employees and agents will not be liable to you in any way for any loss, damage, cost or expense (whether direct or indirect) howsoever arising in connection with the contents of, or any errors or omissions in, this Report.

Information is stated as at 31 December 2022 unless otherwise indicated. Except as required by applicable laws or regulations, GPT does not undertake to publicly update or review any forward-looking statements, whether as a result of new information or future events.

Front cover image: Highpoint Shopping Centre, VIC

Welcome to The GPT Group 2022 Annual Report.

GPT is a vertically integrated diversified property group that owns and actively manages a portfolio of high quality Australian retail, office and logistics assets, with assets under management of \$32.4 billion. The Group utilises its real estate management platform to enhance returns through property development and funds management.

The GPT Group (GPT) is a stapled entity comprised of the General Property Trust (the Trust) and its controlled entities and GPT Management Holdings Limited (the Company) and its controlled entities.

General Property Trust is a registered scheme, registered and domiciled in Australia. GPT RE Limited is the Responsible Entity of the General Property Trust. GPT Management Holdings is a company limited by shares, incorporated and domiciled in Australia. GPT RE Limited is a wholly owned entity of GPT Management Holdings Limited.

2022 Highlights

\$620.6m

Funds from Operations (FFO)
(2021: \$554.5m)

3.9%

12 month Total Return
(2021: 14.1%)

25.0¢

Distribution per security
(2021: 23.2¢)

97.5%

Portfolio occupancy
(2021: 97.7%)

\$5.98

Net Tangible Assets per security
(2021: \$6.09)

86%

Emissions intensity reduction
since 2005 (2021: 82%)

GPT acknowledges the Traditional Custodians of the lands on which our business operates.

We pay our respects to Elders past, present and emerging; and to their knowledge, leadership and connections.

We honour our responsibility for Country, culture and community in the places we create and how we do business.

About GPT

Listed on the Australian Securities Exchange (ASX) since 1971, today The GPT Group is a constituent of the S&P/ASX 50 Index with a substantial investor base of more than 33,000 securityholders.

Our Vision

To be the most respected property company in Australia in the eyes of our investors, people, customers and communities.

Our Purpose

To create value for investors by providing high quality real estate spaces that enable people to excel and our customers and communities to prosper in a sustainable way.

Our values

Each day, our core values guide our people as they work to deliver on our purpose.



Safety First - Everyone, Always

We care about people above everything else.



Deliver Today, Create Tomorrow

We focus on the present and the future to deliver consistent, dependable performance.



Value Differences, Play as a Team

We embrace our diverse backgrounds, experiences and perspectives, working together for the best outcome.



Raise the Bar

We think big, take initiative, share ideas and challenge the status quo.



Speak Up

We are courageous and speak up about things that matter.

Our portfolio

GPT owns and manages a diversified portfolio of high quality properties across Australia.



Office

- » 30 assets
- » 1,120,000 square metres NLA
- » 470+ tenants
- » \$6.0 billion GPT owned portfolio
- » \$14.7 billion assets under management



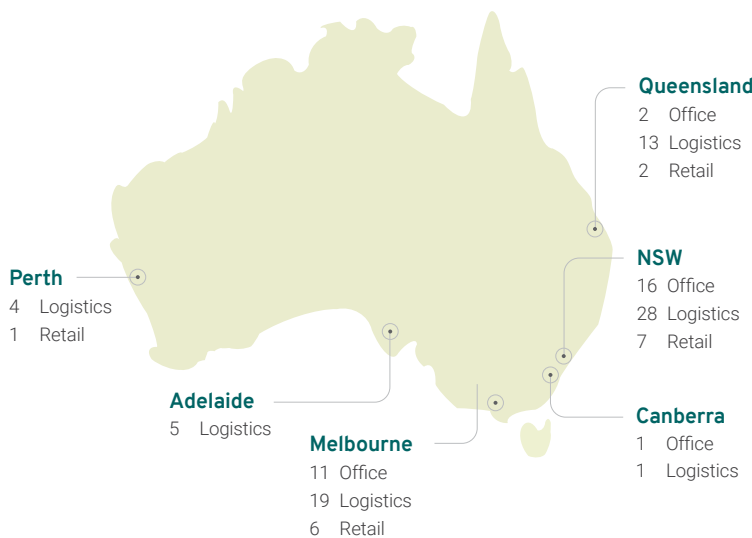
Logistics

- » 70 assets
- » 1,480,000 square metres GLA
- » 90+ tenants
- » \$4.5 billion GPT owned portfolio
- » \$4.7 billion assets under management

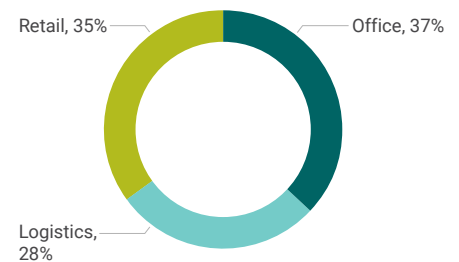


Retail

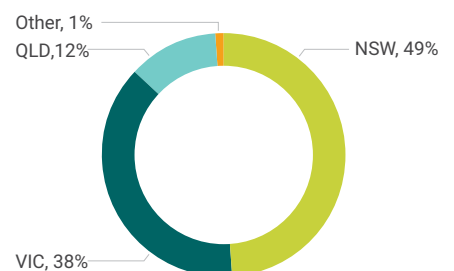
- » 16 shopping centres
- » 1,310,000 square metres GLA
- » 4000+ tenants
- » \$5.6 billion GPT owned portfolio
- » \$13.0 billion assets under management



Diversity across asset classes



Diversity across locations



About this Report

This 2022 Annual Report provides a holistic overview of our business including information on our strategy, our performance in financial, environmental, social and governance matters, and outlines how we create value over the short, medium and long term. It is prepared with reference to the International Integrated Reporting Framework (2021) and the Global Reporting Initiative (GRI). These frameworks inform our determination of the material matters we report.

In addition, the content in the corporate reporting suite has been formed by recommendations from other frameworks including the Task Force on Climate-related Financial Disclosures (TCFD) and the United Nations Sustainable Development Goals (UNSDGs).

Unless otherwise stated, references in this report to 'GPT', 'Group', 'we', 'us' and 'our' refer to the The GPT Group. All values are expressed in Australian currency as at 31 December 2022 unless otherwise indicated. Key statistics for the Retail, Office and Logistics divisions include The GPT Group's investment interest in the GPT Wholesale Shopping Centre Fund (GWSCF), the GPT Wholesale Office Fund (GWOF), and the GPT QuadReal Logistics Trust (GQLT) respectively.

The Board acknowledges its responsibility for the 2022 Annual Report and has reviewed, considered and provided feedback during its development. The 2022 Annual Report was approved by the Board on 20 February 2023.

The statutory reporting elements of the Directors' Report for the year ended 31 December 2022, including the Operating and Financial Review, have been prepared in accordance with the Corporations Act 2001 and includes information on the Group's operations and financial position, business strategies, and prospects on pages 26 to 33.

The primary audience of this report is our securityholders, potential investors, our people, our customers, supply chain partners, the communities in which we operate, non-profit organisations and Traditional Custodians and First Nations people.

Materiality assessment

GPT defines what is material to our business by considering risks and opportunities that influence our ability to deliver on our vision, purpose and strategy. Material matters are those that have the highest likelihood and/or consequence of impacting our business and our ability to create value for our stakeholders over the long term, whether by directly impacting our assets or the communities in which we operate. To identify what is material, GPT researches trends, consults advisors and regularly engages with our stakeholders to consider their views.

In addition, an external materiality assessment was undertaken in the prior year to inform our consideration of potentially material economic, environmental, and social matters. The assessment used the 'double' or 'nested' materiality approach to prioritise topics that are both financially material as well as being material from an 'impact' perspective, in line with global best practice.

This assessment continued to be relevant in 2022 and we remain focused on the areas where we can make the greatest impact, which include the transition to clean energy, transitioning to a circular economy, capitalising on e-commerce and the digital economy, designing flexible and innovative workspaces, and managing efficient buildings.

We will continue to consider material risks and opportunities when developing our strategy, assessing key risks and opportunities, and preparing our corporate reporting.



Letter to Securityholders



Vicki McFadden
CHAIRMAN



Bob Johnston
CHIEF EXECUTIVE OFFICER
& MANAGING DIRECTOR

2022 was a year of uncertainty and external challenges as we transitioned from COVID-19 restrictions in the early part of the year, to an environment of high inflation and higher interest rates. Despite these challenges, GPT has remained resilient and it is pleasing to report that the Group delivered solid growth in Funds From Operations (FFO) and distributions in line with guidance.

While the macroeconomic environment has shifted, and this is being reflected in expectations for asset valuations, GPT has remained focused on its strategic priorities of driving resilient and growing income from its owned and managed high quality diversified property portfolio, expanding its funds under management which provides scale and leverage for the Group, while maintaining a prudent approach to capital management.

Given our priority of growing our funds management platform, it is particularly pleasing to report that GPT was appointed by UniSuper to manage its \$2.8 billion direct real estate portfolio which was transitioned to GPT in September 2022. Subsequently GPT was selected by UniSuper and Cbus Property to manage the \$2.7 billion Australian Core Retail Trust (ACRT) which commenced in December 2022. These mandates include some of Australia's premier retail destinations including Karrinyup Shopping Centre in Perth, Pacific Fair Shopping Centre on the Gold Coast and Macquarie Centre in Sydney. The transfer of these mandates to GPT is a strong endorsement of the Group's capabilities and robust governance processes. With these, our total funds under management is \$19.1 billion and our total assets under management is \$32.4 billion, and we look forward to continuing to grow our funds management platform.

The Group delivered FFO of \$620.6 million for the 12 months ended 31 December 2022, up 11.9 per cent on the prior year. All three business segments reported increased FFO on the prior period. This was partially offset by significantly higher financing costs reflecting interest rate rises, whilst corporate expenses declined in the period. FFO per security increased 12.4 per cent to 32.40 cents, reflecting the reduction in securities due to the on-market buy-back that was active in the prior period.

Our Statutory Net Profit After Tax was \$469.3 million compared to \$1,422.8 million in the prior year, predominantly due to a net investment property valuation decrease of \$159.3 million compared with a net revaluation gain of \$924.3 million in the prior year. The Group's Total Return for the year decreased to 3.9 per cent due to investment property revaluation losses resulting in a decrease in Net Tangible Assets (NTA) per security of 1.8 per cent to \$5.98. The Board declared a second half 2022 distribution of 12.3 cents which will be paid on 28 February 2023. The full year distribution of 25.0 cents per security represents an increase of 7.8 per cent over the prior year.

Prudent capital management remained a focus for the Group while continuing to deliver on our strategic objectives, with strong credit ratings of 'A negative' and 'A2 stable' by S&P and Moody's respectively, and gearing of 28.5 per cent.

The office sector faced headwinds during 2022 as organisations remained uncertain about their future requirements. Office lease enquiry improved over the second half of the year after a muted first half, although leasing conditions remain subdued with elevated market vacancy and larger occupiers continuing to evaluate future space requirements as the adoption of hybrid work arrangements becomes more normalised.

High quality, sustainable buildings with distinctive spaces continue to be sought out by customers and the rollout of GPT's turnkey 'DesignSuites by GPT' offering has been well supported by smaller tenants. The Group's Office portfolio occupancy at 31 December 2022 was 87.9 per cent.

Our Logistics portfolio continues to deliver strong results with robust levels of tenant enquiry and market vacancy rates at historic lows. Portfolio occupancy was 99.2 per cent at 31 December 2022. We are making excellent progress in developing our Logistics pipeline, with seven¹ assets completed and four more scheduled to complete over the next 12 months. GPT's joint venture with QuadReal has now committed \$1 billion of the \$2 billion target, inclusive of pipeline projects, with assets under management of \$0.5 billion as at December 2022.

We have seen ongoing momentum across GPT's Retail portfolio, with portfolio occupancy remaining high at 99.4 per cent and portfolio leasing metrics continuing to strengthen. Total Centre sales across the portfolio were up 6.8 per cent and Total Specialty sales were up 9.4 per cent, when compared to the same period in 2019 (prior to COVID-19). In March, Casuarina Square in Darwin, co-owned by GPT and the GPT Wholesale Shopping Centre Fund was divested, with sale proceeds to be redeployed into new opportunities to generate long-term value for investors. While rising interest rates and inflationary pressures are expected to begin to impact consumer spending, GPT's high quality Retail portfolio is well positioned with strong sales productivity and high occupancy.

1. Includes post 31 December 2022 completions.



Highpoint Shopping Centre, VIC

Sustainability

ESG leadership is at the core of everything we do at GPT. Our goals and efforts are aligned with a commitment to be a positive contributor to our people, communities, stakeholders and the environment. Sustainability practices underline GPT's operations and are integrated into GPT's organisational culture, stakeholder engagement, governance and processes.

GPT's sustainability strategies have been successful in driving results across the property portfolio and our continued innovation will only strengthen this point of difference. GPT was ranked first among more than 800 listed real estate companies in the 2022 S&P Global Corporate Sustainability Assessment. The assessment is an important measure of ESG performance internationally.

We recognise that climate action is an imperative and our environmental sustainability vision: 'Carbon Neutral Now, Nature Positive Next' aims to deliver resilient assets that optimise environmental outcomes. Underpinning our objectives is our target to achieve Climate Active Carbon Neutral (for Buildings) certifications for all assets that we operationally control and in which we have an ownership interest, by the end of 2024. In August, we successfully completed Australia's first development that has been certified by Climate Active as being upfront embodied carbon neutral. Additionally, the design of GPT Wholesale Office Fund's development at 51 Flinders Lane has been verified by Green Star to achieve upfront embodied carbon neutrality and will be certified by Climate Active upon completion.

During the year we also entered into a partnership with Greenfleet to restore native forests and are utilising the carbon offsets created to ensure that our buildings move beyond providing a positive legacy in the built environment, to also delivering a positive legacy in the natural environment. You can read more about our efforts to address climate change and our alignment with the recommendations of the Task Force on Climate related Financial Disclosures (TCFD) in our fourth Climate Disclosure Statement.

Safety remains a core value at GPT and all employees play a part in ensuring that our colleagues, stakeholders and visitors to GPT's workplaces or assets go home safely. In 2022, we brought psychological safety into the spotlight to ensure we are meeting our commitment to supporting the holistic wellbeing of our people. We continued to evolve our Wellbeing@GPT program and launched a wellbeing platform in July, providing access to workouts, podcasts, articles, videos and self-guided learning modules covering health, work, family and life matters.

Our people are empowered when everyone feels represented and has a sense of belonging. We continued our progress towards our diversity, inclusion and equity targets during 2022, and in recognition of our efforts we were awarded our fourth consecutive Employer of Choice for Gender Equality citation from the Workplace Gender Equality Agency (WGEA) in 2021-2023. GPT participates in the Australian Workplace Equality Index (AWEI) each year (run by Pride in Diversity) and during the year GPT received a Gold ranking in the AWEI small employer category for the first time (up from Bronze in 2021). GPT was accredited as a Family Inclusive Workplace™ for the first time in 2022, in recognition of the calibre of GPT's policies, practices and support for working parents and carers.

GPT publicly commits to protecting and respecting the human rights of its employees, customers, suppliers and business partners. As a member of the United Nations Global Compact, we participated in the Early Adopter program to support the pilot of its new reporting framework enhancing transparency in disclosure against the Global Compact's ten principles. Additionally, GPT became a signatory to the United Nations Principles for Responsible Investment (UN PRI), to further publicly demonstrate the Group's commitment to human rights. Along with other ESG issues, eliminating and preventing modern slavery is a key focus for us and our third Modern Slavery Statement, released in October, describes how we are addressing this complex global challenge.

Strong relationships with GPT Foundation partners, First Nations partners and community groups enable us to make relevant and meaningful contributions. We aim to work together to understand how we can best progress towards our shared goals. Throughout the year we engaged regularly with our people, assets and communities both internally and externally on key social issues such as sexual harassment and domestic violence, and key dates of significance such as Wear it Purple Day and International Women's Day.

Our second Stretch Reconciliation Action Plan (RAP) is progressing well and we aim to release this in early 2023. As part of our second Stretch RAP a broader people engagement and employment plan is being developed to identify ways in which GPT can support First Nations employment both internally at GPT and through our relationships, assets and communities. GPT will also continue to invest in cultural awareness training for all our employees.

Letter to Securityholders CONTINUED

Corporate governance

The GPT Board was actively engaged in its governance responsibilities throughout the year, fulfilling their role in accordance with the Board and Committee charters. In addition, following the end of COVID-19 travel restrictions, the Board was able to resume tours of GPT's assets and engagement with our people.

Our Board and Nomination Committee regularly reviews the Board's composition to ensure that we have the appropriate mix of skills, experience, attributes and diversity to provide the required oversight of the business. The Board and Nomination Committee also considers tenure to ensure ongoing independence and an orderly and well considered Board succession process.

Angus McNaughton retired from the Board in May 2022. During his tenure, Angus made a significant contribution to the Board and the Committees on which he served. We thank Angus for his commitment and valuable contribution to GPT and wish him well with his future endeavours.

Anne Brennan joined the Board during the year and brings with her extensive financial, property funds management and public company experience, complementing the existing skills and experience of the Board.

The Board continues to actively consider Board succession and renewal to ensure that it has the right skills and experience to provide the stewardship and governance to the Group and to deliver value to all our stakeholders.

As announced on 10 February 2023, it is Bob Johnston's current intention to retire by the end of this year. The Board has commenced a formal Chief Executive Officer search process to select a suitably qualified successor with the right leadership skills and experience to continue the successes of the Group.

Summary and outlook

2022 has been a successful year for GPT. We have delivered solid FFO and distribution growth and continued to execute on our strategic objectives. While the macroeconomic environment remains uncertain, we are confident that we have the right strategy in place to deliver sustainable long-term returns for investors.

GPT's leading sustainability results are driven by long-term thinking and data driven decision making, coupled with a robust environmental management system, and transparent disclosures to grow trust. We seek to continually increase the positive impact we can make on our people, investors, customers and communities.

This year's results could not have been achieved without the dedication and professionalism of the people who work at GPT. We are a people centric business and care about our people above everything else. Through the efforts and continued development of our people we have been able to deliver on our purpose and we thank them for their hard work.

On behalf of the Board and management, we would like to take this opportunity to thank our Board colleagues for their leadership and for providing our stakeholders with high-quality governance.

We thank our investors for their continued support of GPT. We look forward to building on the successes of the last 12 months as we continue to deliver long-term value for securityholders.



Vickki McFadden
CHAIRMAN



Bob Johnston
CHIEF EXECUTIVE OFFICER AND
MANAGING DIRECTOR

Ratings and benchmarks



S&P Dow Jones Sustainability Index

Ranked first among more than 800 listed real estate companies in the 2022 S&P Global Corporate Sustainability Assessment (CSA) and listed in the Dow Jones Sustainability World Index in December 2022.



WGEA

Received an Employer of Choice for Gender Equality citation from the Workplace Gender Equality Agency (WGEA) for the fourth consecutive year.



Global Real Estate Sustainability Benchmark

Achieved 5 Star (top quintile) ratings for the Group, the GPT Wholesale Office Fund (GWOF) and the GPT Wholesale Shopping Centre Fund (GWSCF).



World GBC

GWOF is a signatory to the World Green Building Council Net Zero Carbon Buildings Commitment.



MSCI

As at May 2022 GPT has a rating of AAA (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment.



AWEI

Named a Gold Employer for LGBTIQ+ Inclusion in the Australian Workplace Equality Index (AWEI) small employer category.



FTSE4Good

Constituent of the FTSE4Good Global Index Series.



ISS

Prime Corporate ESG performance.



Climate Bonds Initiative

Certification of green bonds and green loans where applicable.



Reconciliation Australia

Endorsed to develop our second Stetch Reconciliation Action Plan in 2022.



Euronext vigeo Eiris

Included in the World 120 Index as one of the highest-ranking listed companies in corporate responsibility performance.



Family Inclusive Workplace™

Certified as a Family Inclusive Workplace by Family Friendly Workplaces.



STOXX

Included in the Global ESG Leaders Indices.



Principles for Responsible Investment

Signatory to the United Nations Principles for Responsible Investment

UN Global Compact

Participant of the United Nations Global Compact since 2012, contributing to the UN Sustainable Development Goals.

Megatrends

A key consideration in formulating the Group's strategy is the impact of megatrends that continue to shape how people live, work and play, and the spaces businesses need in order to thrive.

Emerging trends provide opportunities and challenges for the Group in creating value over the short, medium and long term. They include matters affecting the economy, environment, technology, society, regulation and politics. The key trends and potential implications currently shaping our strategy and business activities are set out below.¹



Demographic change, evolving communities and inequality

Demographic change is driving needs around health care, retirement, workplace flexibility, and workforce diversity.

Australia's income and wealth inequality is increasing. Millennials and Gen Z now represent almost half our workforce and one out of every three dollars spent, and they have distinctly different spending habits from previous generations.²

GPT's approach

- » Continue to invest in our properties to evolve our offering and meet the changing preferences of customers and the communities in which we operate.
- » Unlock additional productivity within the Group's workforce via flexible work arrangements, work-anywhere technology, changed expectations regarding workplace attendance, and continued active promotion of diversity and inclusion.



Environment, resource scarcity and resilience

Growing populations and household wealth will increase pressure on environmental resources, including food, water, energy and mineral resources. At the same time, the impacts of human-induced climate change may be rapid and unpredictable.

Climate change, protecting nature and the environment, natural disasters and pandemics are increasing the urgency towards solving critical environmental and social issues.

ESG considerations are becoming increasingly critical for corporates and investors as markets, globally look to enhance and standardise sustainability disclosures.

GPT's approach

- » Progress towards the Group's carbon neutral targets while actively identifying and managing the potential risks and opportunities of climate change, biodiversity and water.
- » Develop climate resilience strategies as outlined in our Climate Disclosure Statement.
- » Continue to enhance the efficient operations of our properties to use fewer natural resources, produce less waste and fewer emissions, and achieve intensity and efficiency targets.
- » Progress our offset strategy which focuses on carbon removal with co-benefits that align with principles of a just transition, through Australian reforestation projects that improve biodiversity and provide ecosystem services for water.
- » Consider how new technologies, innovations and partnerships can provide new ways of managing and monitoring environmental impacts.
- » Use external ratings and accreditations to validate that our properties and developments meet or exceed best practice standards.



Transformative technology and blurring boundaries

Broad based and rapid technological change, including automation, is transforming and disrupting traditional ways that society and businesses operate, communicate, and interact, changing ways of working and facilitating e-commerce.

Hypervigilance in cybersecurity will be necessary to ensure operational continuity, and customer and broad stakeholder confidence.

GPT's approach

- » Leverage technological advances to enhance experience for customers at our properties.
- » Remain vigilant across our employees, partners, core systems and operations regarding privacy, data security, and business continuity to earn and retain stakeholder trust as the role of technology changes.
- » Grow our capital allocation in sectors that will benefit from transformative technology, such as logistics.
- » Maintain strong customer, supplier and stakeholder relationships to enable rapid adaptation of operations and supply chains if needed.

1. Sydney Business Insights, Austrade, CSIRO, GPT Strategy Team.

2. Alphabet strategy x economics paper, 'How Millennials Manage Money: Facts on the spending habits of young Australians'.



Urbanisation, densification and enabling infrastructure

Population, jobs and economic growth concentrated in major cities, and demographic change are impacting patterns of urban life and economic activity. Governments are being required to make a significant investment in enabling social and economic infrastructure to improve the liveability and affordability of major cities. It is estimated that by 2050, 68 per cent of the world population will live in urban areas.¹

The long-term fundamental drivers of urbanisation and densification have returned as we shift towards post-COVID-19 stabilisation and as the Australian economy re-opens and mobility returns.

GPT's approach

- » Ensure our real estate portfolio is concentrated in markets which will benefit from urbanisation, densification and enabling infrastructure with a focus on premium CBD real estate.
- » Continue to allocate capital to markets that are likely to benefit from existing and future infrastructure investment.
- » Consider viability of mixed-use developments to increase the social value of properties and manage land scarcity within existing site footprints.



Empowering individuals and hyperconnectivity

Technological advances, ubiquitous connectivity, and improvements in access to education and health are empowering individuals. Social media platforms have fundamentally changed the way people communicate, interact, and organise their lives.

Consumers have an increasing expectation for experience, personalisation, and customisation, as well as digital access and connectivity following its widespread adoption during the pandemic.

GPT's approach

- » Continue to invest in technology that improves connectivity with our customers, removing friction points and enhancing their experience.
- » Maintain initiatives to continually improve our investment strategy and asset selection criteria to incorporate the ongoing impact of technological advances and evolving customer expectations.
- » Continue to partner with our retailers to evolve our shopping centres to meet shopper expectations for enhanced experience, personalisation and customisation.
- » Offer new opportunities to integrate logistics, fulfilment and retail as business models transform to manage the rise of the digital economy, acceleration of online shopping, and growth in omnichannel retail.
- » Work with our office customers to ensure that our buildings remain desirable places to collaborate, team-build and develop skills in connected, purpose-built spaces.
- » Foster a culture at GPT that is open to new ideas and ways of working and celebrates diversity and inclusiveness in all its forms.



Economic power shifts, geopolitical risk and unfunded liabilities

Over the coming years the structure of the global economy will shift, with non-OECD economies expected to account for 57 per cent of the global output by 2030, creating new patterns of trade and investment.² This growth is also creating a new middle "mass affluent" class, with two-thirds of the global middle class to reside in Asia Pacific by 2030. At the same time, the richer economies are also the most indebted, and retirees are facing underfunded pension plans.

Human rights due diligence is a critical input to managing supply chain risks. COVID-19 has exposed fundamental vulnerabilities in global supply chains, which, in turn, is heightening public scrutiny and expectations on business.

GPT's approach

- » Continue to focus on financial and capital management with a strong balance sheet, appropriate gearing, and an approach consistent with stable 'A category' credit ratings.
- » Continue to develop the GPT Funds Management platform to access alternative sources of capital, fund growth opportunities and deliver returns.
- » Position GPT as an attractive investment to a variety of funding sources including domestic and international pension and superannuation funds.
- » Communicate our sector-leading ESG credentials to current and potential investors.
- » Pursue opportunities to assist with supply chain security for Australian businesses focused on localisation.
- » Continue GPT's comprehensive program to minimise the risk of modern slavery in the supply chain with regular and transparent reporting on our progress.

1. United Nations, World Cities Report 2022 <https://unhabitat.org/wcr/>.

2. Organisation for Economic Co-operation and Development (OECD) Development Centre, Working Paper No. 285, 'The Emerging Middle Class in Developing Countries'.

Our Strategy

GPT's strategy aims to deliver growing and predictable earnings for investors through owning, developing and managing a diversified portfolio of high quality real estate.

Our strategy is influenced by the megatrends that continue to shape how people live, work and play and the spaces businesses need in order to thrive.

Owning and managing a diversified portfolio of high quality real estate in Australia's largest cities is core to our strategy and provides us with the opportunity to benefit from sectors with favourable trends while reshaping our exposure to others.

Our strategy leverages our extensive real estate experience to create value through disciplined investment, development, asset management, and funds management.

Executing on our strategic priorities



Optimise the portfolio

We intend to optimise our portfolio by prioritising investment in assets and sectors benefiting from structural tailwinds, such as the growth in e-commerce driving demand in the logistics sector. Our medium term capital allocation target is 30 per cent logistics, 30 per cent office and 30 per cent retail, with the potential for the balance to be invested in sectors which will benefit from the structural changes associated with the identified megatrends, including the mixed-use opportunities identified across our investment portfolio.



42 Cox Place, Glendenning



Exceed customer expectations

A strategic priority is to understand our customers and deliver tailored solutions with investment in technology and sustainability. Building deep customer relationships and ongoing engagement is providing rich insights and informing how we can meet changing expectations.



Highpoint Shopping Centre, VIC



Funds Management growth

The continued global demand for Australian real estate, combined with our strong relationships with domestic and foreign institutional investors and integrated management platform provides the foundation to further grow our Funds Management business. This is underpinned by a range of development opportunities across the portfolio that will add value for investors.



Marrickville Metro, NSW



Leadership in ESG

Leadership in environmental, social and governance (ESG) matters is a key capability of the Group and underpins our growth objectives. We remain focused on achieving our sustainability targets and commitments, ensuring that we engage in sustainable development that meets the needs and expectations of our customers and stakeholders into the future.



Liberty Place, Sydney

Our Business Activities

GPT undertakes four core business activities. We invest in, develop and manage Australian real estate assets and funds to create value for our stakeholders.

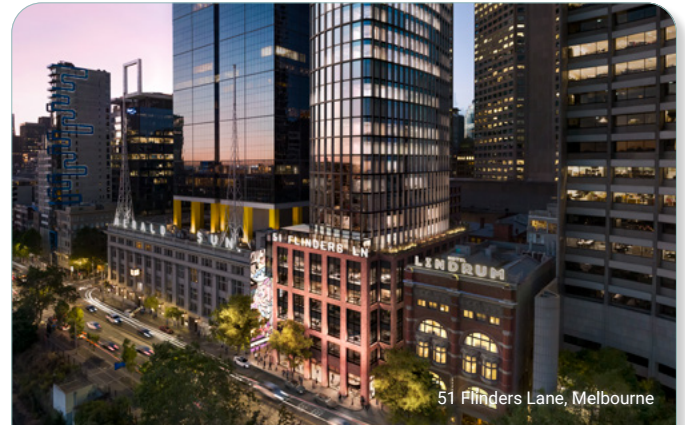


Keylink South, Keysborough

Investment

Combining our property expertise with our understanding of the economic drivers and market dynamics of each sector enables GPT to capitalise on opportunities, acquiring and divesting properties at the right time to deliver reliable returns for our investors.

Together with our directly held assets, GPT co-invests capital to benefit from the returns that can be derived from high quality core assets in wholesale funds and joint ventures.



51 Flinders Lane, Melbourne

Development

Our development capability and pipeline enables the creation of new opportunities and enhances the value of our well located existing properties for the Group and our third party investors.

Our placemaking expertise provides added benefit, ensuring that the properties we design and develop are sustainable and prosperous places for our tenants, customers and communities.



Queens & Collins, Melbourne

Asset Management

We manage \$32.4 billion of commercial properties in the office, logistics and retail sectors. We apply our portfolio and asset management skills to ensure that we attract, secure and retain tenants, delight and satisfy our customers and visitors, operate efficiently and sustainably, and aim to deliver growing and predictable earnings for investors.



Karrinyup Shopping Centre, WA

Funds Management

Our funds management and partnerships platform manages \$19.1 billion of investments focused on the Australian office, logistics and retail sectors, leveraging our skills and experience to enhance returns for fund investors and capital partners.

GPT invests alongside fund investors and capital partners to jointly access income and growth opportunities. The funds management platform provides the Group with income through funds management, property management and development management fees.

How We Create Value

Our vision

To be the most respected property company in Australia in the eyes of our investors, people, customers and communities.

Our purpose

To create value for investors by providing high quality real estate spaces that enable people to excel and our customers and communities to prosper in a sustainable way.

To deliver our purpose, GPT uses resources and inputs in our business activities to create value for our stakeholders.

Key inputs into the Group are our investors, real estate, our people, environmental resources, and our customers, suppliers and communities.

Through the application of our business model, GPT creates value in the form of growing and predictable earnings, thriving places, empowered people, a sustainable environment, and prospering customers, suppliers, and communities.

This process of value creation is illustrated in the diagram below.



Our values

Each day, our core values guide our people as they work to deliver on our purpose.



Safety First – Everyone, Always

We care about people above everything else.



Deliver Today, Create Tomorrow

We focus on the present and the future to deliver consistent, dependable performance.



Value Differences, Play as a Team

We embrace our diverse backgrounds, experiences and perspectives, working together for the best outcome.



Raise the Bar

We think big, take initiative, share ideas and challenge the status quo.



Speak Up

We are courageous and speak up about things that matter.

Value created



Growing and predictable earnings

Our aim is to deliver growing and predictable earnings and maximise total returns for our investors, through the successful execution of our strategy

[MORE ON PAGE 14-15](#)



Thriving places

Our properties are community places where people come together for work, connection and enjoyment

[MORE ON PAGE 16-17](#)



Empowered people

Through their effort and continued development, our talented, engaged and motivated workforce deliver on our purpose to create value for customers, investors and communities

[MORE ON PAGE 18-19](#)



Sustainable environment

We develop and manage sustainable places that operate efficiently and minimise our impact on the environment

[MORE ON PAGE 20-23](#)



Prospering customers, suppliers and communities

Strong relationships with customers, supply chain partners and communities enable us to meet their current and emerging needs and ensure our mutual future success

[MORE ON PAGE 24-25](#)



Growing and predictable earnings

Our aim is to deliver growing and predictable earnings and maximise total returns over the long term, through the successful execution of our strategy.

2022 performance

\$469.3m

Statutory profit after tax

\$620.6m

Funds From Operations (FFO)

32.4¢

FFO per security

25.0¢

Distribution per security

\$5.98

NTA per security

3.9%

Total Return

28.5%

Gearing

A/A2

S&P (negative) / Moody's (stable)

Creating value

GPT uses financial resources sourced from our equity and debt investors to fund the Group's investments and developments.

We generate income in the form of rents from our portfolio of diversified properties and fees from our funds management activities. Distributions are based on free cash flow, with a target to distribute between 95 to 105 per cent of free cash flow. In addition to income, the capital growth of our portfolio drives the total return for our investors.

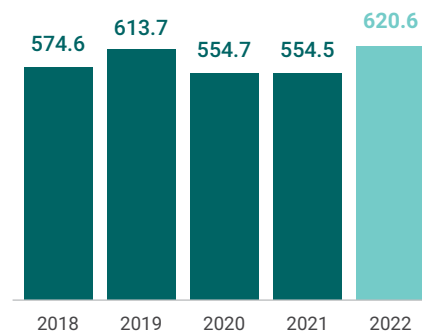
Our aim is to deliver growing and predictable earnings. In 2022, the Group delivered a solid result in a first half trading environment impacted by the global pandemic and uncertain economic conditions, with rising interest rates and inflationary pressures, which persisted in the second half.

Effective capital management is essential to meeting the Group's ongoing funding requirements and to ensure we generate sustained returns for investors over the long term.

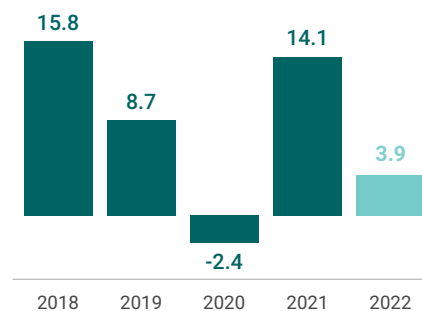
The Group maintains its long-term commitment to a target gearing range of 25 to 35 per cent and investment grade credit ratings in the "A" range.

[MORE ON PAGES 26-33](#)

Group Five Year Funds From Operations (FFO) (\$M)



Group Five Year Total Return (%)



Engaging with stakeholders

GPT undertakes regular structured engagement with investors to understand their views on its strategy, performance, financial position, risks and governance, together with their current and emerging areas of focus. This provides an opportunity to receive their feedback and to address their questions.

We engage with investors through full year and half year results presentations, quarterly operational updates, Annual General Meetings, investor briefings, conference presentations, and executive and director roadshows. Investor communications and ASX announcements ensure our investors receive timely material information throughout the year. We also participate in external benchmarks and indices to compare our performance with that of our peers.

Alongside regulatory requirements, this investor engagement and benchmarking shapes the nature and extent of information we report.

Related risks and opportunities

- » Portfolio operating and financial performance
- » Development, and
- » Capital management.

Key activities in 2022

- » Transition of management of the \$2.8 billion UniSuper direct real estate mandate completed in September
- » Commenced management of the \$2.7 billion Australian Core Retail Trust (ACRT) in December
- » Creation of Office DesignSuites by GPT to attract new customers to deliver resilient Office portfolio net income, and
- » Grew Logistics assets under management by 5 per cent, with GPT development completions achieving >30 per cent development margin and an average yield on cost of 5.7 per cent.

Key priorities for 2023

- » Further embed the UniSuper and ACRT mandates into the Group, and
- » Continue to strengthen and optimise the portfolio so that it is well positioned to generate growing and predictable earnings.

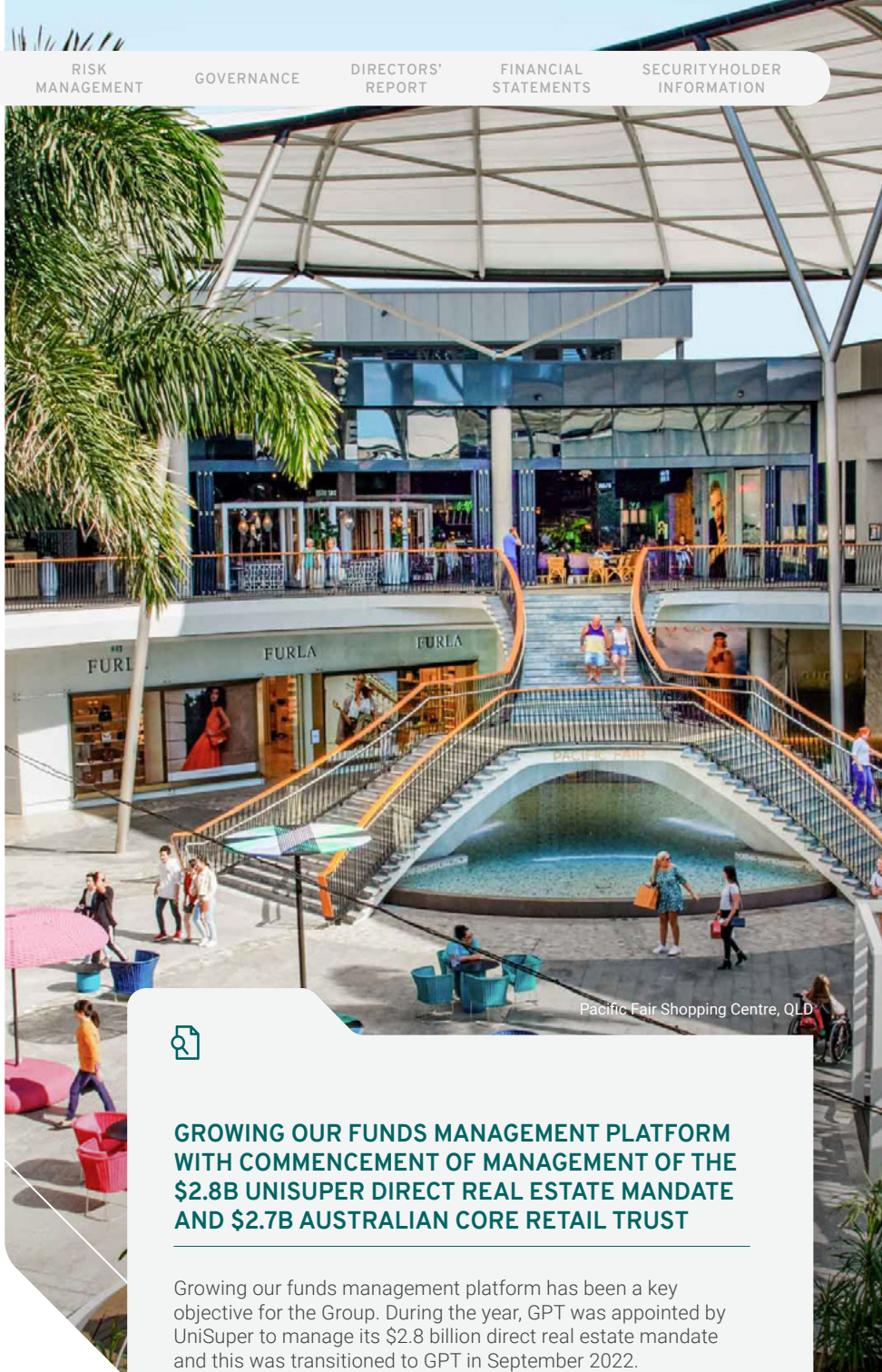
Value created



Growing and predictable earnings



Sustainable environment



GROWING OUR FUNDS MANAGEMENT PLATFORM WITH COMMENCEMENT OF MANAGEMENT OF THE \$2.8B UNISUPER DIRECT REAL ESTATE MANDATE AND \$2.7B AUSTRALIAN CORE RETAIL TRUST

Growing our funds management platform has been a key objective for the Group. During the year, GPT was appointed by UniSuper to manage its \$2.8 billion direct real estate mandate and this was transitioned to GPT in September 2022.

The UniSuper direct real estate mandate includes the following retail centres now managed by GPT: Karrinyup Shopping Centre in Western Australia, Marrickville Metro and Dapto Mall in New South Wales, and Malvern Central in Victoria. Office assets include 7 Macquarie Place and a 24.9 per cent interest in Brookfield Place in New South Wales.

Subsequently, GPT was selected by UniSuper and Cbus Property to manage the \$2.7 billion Australian Core Retail Trust (ACRT) and this was transitioned to GPT in December 2022. ACRT owns Pacific Fair Shopping Centre on the Gold Coast and 50 per cent of Macquarie Centre in Sydney. GPT has also commenced as the property manager of Pacific Fair Shopping Centre.

The transition of these mandates to GPT management was a large project for all involved. A multi-pronged approach was taken to onboard our new customers and team members to ensure a smooth transition from day one. These high quality assets and the teams that manage and support them are a great addition to GPT.

GPT's total funds under management are now \$19.1 billion.



Thriving places

Our properties are community places where people come together for work, connection and enjoyment.

2022 performance

97.5%

Portfolio occupancy

4.8 years

Portfolio Weighted
Average Lease Expiry

4.86%

Portfolio Weighted
Average Capitalisation Rate

71

Office portfolio
Net Promoter Score¹

137m

Retail portfolio customer visits

Creating value

Our real estate assets – office buildings, logistics facilities and retail shopping centres – are the core of our business and our ability to create value. Using our industry expertise and experience, we develop new assets and enhance existing assets when the time is right to meet tenant, customer and community needs and grow returns for our investors.

Our active management of each asset ensures they operate efficiently and sustainably, providing enjoyable places for our customers to be. Over the course of the year, more than 137 million shoppers visited a GPT retail centre, choosing to make our centres a part of their daily lives. Our Office team achieved a Net Promoter score (NPS) of 71 for GPT managed assets in 2022. Within our Logistics portfolio, customers' gave our building management team a satisfaction score averaging 80 per cent.

Thriving places are safe and inclusive. Our asset teams are focused on identifying and eliminating safety incidents and risks from our properties and our developments as we strive for our goal of zero injuries. Ensuring our properties, facilities and local events are culturally sensitive and safe for all people boosts community engagement, economic development and asset productivity. This includes partnering with and recognising the Traditional Custodians of the lands where we operate and other important community stakeholders local to our operations.

Our properties are workplaces for businesses of all shapes and sizes that contribute to the Australian economy. From family-owned small businesses to major government departments and development construction sites, GPT provides places where thousands of people work each day.

Places thrive when they are connected to their communities. Our properties are dynamic places where people come together and we apply our planning, design and management expertise to create opportunities for them to connect. Our places are desirable destinations where our tenants can succeed and where customers and communities want to visit to work, shop, transit and socialise.

Engaging with stakeholders

GPT engages with its tenants, customers and communities to understand how its properties can enable them to thrive. Our 'voice of the customer' programs provide us with insights into what works well and what could be improved at the places we manage, as do our strong relationships with current and prospective tenants and local community groups.

GPT engages daily with its tenants and customers at the asset and corporate level, as well as through surveys and meetings, sector outlook seminars, tenant intranets and portals, relationship managers and building management committee meetings. Customer complaints and feedback are closely monitored and actioned.

We collaborate with community groups and local leaders to inform our developments, placemaking activities and operations to ensure that our assets foster community connection, wellbeing and inclusion. We also work with non-profit partners and community groups to support and collaborate with the communities in which we operate, build resilience and actively contribute to local and national social matters of importance.

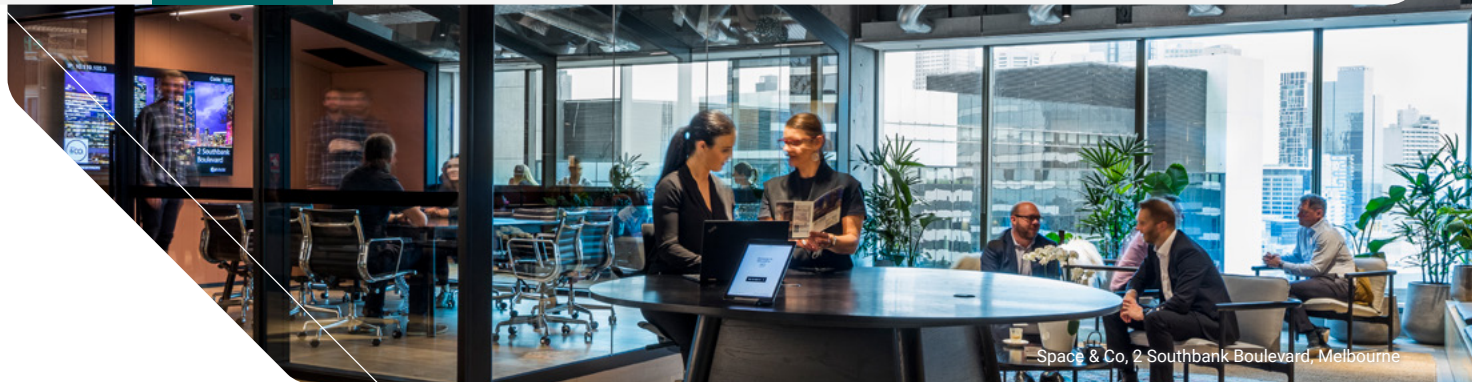
These insights guide how we develop, operate and enhance our properties so that they thrive – by offering relevant events and experiences, providing flexible spaces for start-ups and existing tenants, changing how people move through the local area, and sharing local First Nations history and culture.

Related risks and opportunities

- » Portfolio operating and financial performance
- » Development
- » Health and safety, and
- » Environmental and social sustainability.

For more information on our property portfolio, visit: www.gpt.com.au

1. The 2022 Office Customer Survey covered tenants at assets managed by GPT.



Key activities in 2022

- » Ongoing momentum across GPT's Retail portfolio with Specialty sales now exceeding \$12,000/sqm and portfolio leasing metrics continuing to strengthen
- » Rollout of GPT's Office turnkey DesignSuite offering has been well supported by smaller tenants
- » Delivered seven new Logistics projects to meet growing customer demand for high quality well located facilities for their supply chain requirements.

Key priorities for 2023

- » Office portfolio:
 - Progress with the rollout of our premium turnkey product, 'DesignSuites by GPT', and
 - Continue to provide tenants with the optionality of flexible space with our 'Space&Co. by GPT' and 'The Meeting Place by GPT' products.
- » Logistics portfolio:
 - Three speculative developments: Coulson Street, Wacol, Apex Business Park, Bundamba and Gateway Logistics Hub, Truganina expected to reach completion in 2023, and
 - Pursue opportunities to maintain a pipeline of future development opportunities for GPT and its capital partners.
- » Retail portfolio:
 - The expansion of the Rouse Hill Town Centre and development of residential apartments is being progressed.

Value created



Growing and predictable earnings



Thriving places



Sustainable environment



Prospering customers, suppliers and communities



GPT OFFICE ANNOUNCES A NET PROMOTER SCORE OF 71 IN 2022

Exceeding customer expectations is a strategic priority for GPT and our success is underpinned by our deep understanding of the ever-changing needs of our customers. Ongoing engagement and regular feedback provides us with the rich insights we need to ensure we are delivering tailored solutions.

In 2022, the Office team conducted a customer experience survey of GPT tenants across Sydney, Melbourne and Brisbane, using the Net Promoter Score® (NPS®) method. Through this method we were able to determine if we had provided our customers with long-term value while developing their loyalty. The survey engaged over 200 companies and focused on three areas:

- » Satisfaction level
- » Likelihood to recommend GPT, and
- » Building features and functionality.

The result of this survey was a NPS of 71, which represents very powerful feedback from GPT's customers across the Office portfolio. While this is a one point drop compared to last year's NPS score of 72, there was a 49 per cent increase in Respondents and a 42 per cent increase in Promoters (score of 9 or 10 out of 10).

This reflects a more robust result, and demonstrates that our team is delivering excellence in the industry. Our Customer Satisfaction Rating also remained strong in 2022, achieving 9.0+ scores across all categories including satisfaction with the GPT Building Management Team and GPT Building health and safety management procedures.

About NPS

The NPS® is an index ranging from -100 to +100 that measures the willingness of customers to recommend a company's products or services to others. It is used as a proxy for gauging the customer's overall satisfaction with a company's product or services and the customer's loyalty to the brand. It uses one simple question measured from 0 (not at all likely) to 10 (extremely likely).

Note: Bain & Co, the source of the NPS® system advises that above 50 is excellent and above 80 is world class.



Empowered people

Our talented, engaged and motivated workforce deliver on our purpose to create value for customers, investors and communities.

2022 performance

86%

Employees are proud to work for GPT

46.4%

Females in top quartile

Gold

Employer for LGBTQ+ inclusion, small employer (AWEI)

22.2 hours

Average training per full-time employee¹

Certified as a

Family Inclusive Workplace™



Employer of Choice for Gender Equality

citation achieved for a further 2 years

Creating value

Our people are central to GPT's ability to deliver on our strategy and generate value for our stakeholders. Their passion, expertise and capability drives our business activities and shapes our corporate culture.

Our ability to attract, engage and retain a motivated and empowered workforce is central to our success. We foster an inclusive and high performing work environment that provides our people with flexibility and development opportunities. An Employee Engagement Survey was completed in October 2022, which, with a participation rate of 83 per cent, provides us with great insight into what matters most to our people and their perspectives on and experiences of working at GPT. Our overall employee engagement scored 72 per cent, a six percentage point increase from last year. The survey showed that 86 per cent of employees are proud to work at GPT and believe we are a great place to work. Our commitment to community engagement and social sustainability, inclusive work environment, employee wellbeing and strong and effective cross team collaboration were also highly rated by our people with 84 per cent of our employees telling us GPT enables them to make a positive difference, which is 12 percentage points higher than the benchmark.

Our people are empowered when everyone feels represented and has a sense of belonging. We seek to be a diverse and inclusive workplace that offers opportunities for learning, development and growth to everyone. Our active LGBTQ+ (Lesbian, Gay, Bisexual, Transgender, Queer or Questioning) awareness and diversity network, GLAD, promotes a culture of inclusion so that our LGBTQ+ employees and their allies can feel safe and welcome at GPT. We participate in the Australian Workplace Equality Index (AWEI) (run by Pride in Diversity) and in 2022 we received a Gold ranking in the AWEI small employer category for the first time (up from Bronze in 2021).

We support all forms of flexibility, formal and informal. GPT's offices and assets remain the primary work location for most of our employees, playing an important cultural role as places where our people come together to collaborate, learn, exchange ideas and solve problems. GPT was certified as a Family Inclusive Workplace™ for the first time in 2022, receiving recognition for the calibre of our policies, practices and support for working parents and carers.

GPT continues to explore employment opportunities for First Nations people including through our ten year commitment to the CareerTrackers Indigenous Internship Program, which helps create pathways for First Nations university students into the workforce through industry experience. In 2022, GPT was pleased to support a scholarship for a First Nations student studying at the University of Western Sydney; and through our second Stretch Reconciliation Action Plan launching in 2023 we are pleased to further enhance employment outcomes and cultural learning in our business and wider network.

GPT remains committed to supporting the holistic wellbeing of our people. Our Wellbeing@GPT program incorporates initiatives addressing the four dimensions of mind, body, purpose and place. A wellbeing platform was launched to all employees in July 2022 providing free access to workouts, podcasts, toolkits, articles, videos and self-guided learning and therapy modules covering topics across health, money, work, family and life matters. A Wellbeing Month was held in October 2022 encouraging participation in a wide range of wellbeing activities, including health checks, lunch and learn forums and physical exercise challenges. Two wellbeing leave days ('Wellbeing Days') were offered during 2022 to coincide with public holidays to encourage our people to take time to look after themselves by taking a meaningful break from work. Maintaining our historically low levels, we had on average 3.85 days per year (total days: 2,046) of employee absenteeism across our workforce in 2022.

[📄 MORE IN THE REMUNERATION REPORT ON PAGE 50](#)

1. Total training hours 11,792.

Engaging with stakeholders

GPT has a consultative work environment where employee views are sought out, respected, and acted upon where appropriate. We engage regularly with employees through monthly Employee Town Hall meetings, internal committees and working groups, internal communication channels and business leader presentations. We conduct an employee engagement survey every year and more frequently use focused 'pulse' surveys to seek feedback and views on topical issues.

During 2022 we had a particular focus on Safety, Sexual Harassment, Domestic and Family Violence (DFV) and Inclusive Leadership education. To ensure we remain appropriately focused on a zero tolerance stance on all forms of discrimination or harassment and in response to the Sex Discrimination Commissioner's 'Respect at Work' report, sexual harassment education was delivered to all People Leaders throughout the year. In addition, the Inclusive Leadership education, delivered across our People Leader cohort, covered the value of both cognitive and identity diversity, mitigating bias and the core inclusive leadership behavioural traits needed to drive a culture of inclusion at GPT. Our comprehensive DFV education gave all Leaders a clear understanding of how to support and advocate for employees experiencing DFV.

GPT's participation in external benchmarks such as the Workplace Gender Equality Agency's (WGEA) Employer of Choice for Gender Equality citation, the Australian Workplace Equality Index (AWEI) for LGBTQ+ inclusion and the Family Inclusive Workplace™ certification help us to measure our progress and identify further actions we can take to ensure our work environment remains inclusive and engaging.

Related risks and opportunities

- » People and culture
- » Health and safety, and
- » Portfolio operating and financial performance.

Key activities in 2022

- » Employee Engagement Survey completed in October 2022
- » Welcomed the UniSuper and ACRT teams through the successful onboarding and transition of approximately 100 new team members
- » Inclusive Leadership training delivered across our entire People Leader cohort
- » Domestic and Family Violence and Sexual Harassment awareness sessions for People Leaders
- » Launch of a holistic Wellbeing Platform for our people
- » Gender diversity initiatives resulting in achievement of 38.3 per cent gender diversity in the top decile and gender pay gap decreasing from 20.73 per cent to 17.53 per cent exceeding target
- » Recognised as a Gold employer for LGBTIQ inclusion, moving up from Bronze in the AWEI Small Employer category
- » Commenced hosting CareerTracker interns and high school students, and
- » Launch of our new Parental Leave policy.

Key priorities for 2023

- » Continuing to build on our strong, inclusive culture to support our success
- » Roll out of a new Human Resources Information System (HRIS) to deliver improved employee experience, data management, reporting and analytics, and
- » Development and communication of a clear Employee Value Proposition (EVP) to attract and retain talent.

Value created



Empowered people



GPT, Tour de PIF



Sustainable environment

Carbon Neutral Now, Nature Positive Next. We will deliver resilient assets, that optimise environmental outcomes.

2022 performance

-86%

Emissions intensity reduction since 2005

-53%

Energy intensity reduction since 2005

-62%

Water intensity reduction since 2005

35%

Closed loop waste recovery in 2022

2024

Carbon neutral target¹

5 Stars

Retained highest GRESB rating

1st

Ranked first among more than 800 listed real estate companies in the 2022 S&P Global Corporate Sustainability Assessment (CSA) Corporate Sustainability Assessment

Creating value

GPT is committed to demonstrating leadership in sustainability. Excellence in environment, social and governance (ESG) matters underpins our activities and the future performance of the business.

We are committed to being a positive contributor to the environment across our property operations and development activities, informed by our restorative approach to addressing the residual environmental impacts of our direct activities. This approach creates value by restoring the environment while ensuring our buildings remain resilient as the environment changes to deliver shared benefits for our investors, local communities and stakeholders.

GPT has led the property industry's decarbonisation efforts, including delivering the first Climate Active carbon neutral certified prime property portfolio in 2020 and upfront embodied carbon neutral certified development in 2022. Considering the scientific imperative to cut emissions now, we are acting to measure and reduce carbon emissions as a priority, including both operational and embodied carbon emissions. Only residual emissions that can't be feasibly eliminated are offset, with a focus on Australian-based reforestation solutions that have co-benefits for biodiversity. This delivers on our focus of being carbon neutral now, nature positive next.

Comprehensive operations management systems and processes enable us to monitor and measure performance and set targets to improve building efficiency and reduce environmental impact. Our ISO14001 Certified Environmental Management System was expanded in 2022 beyond operating assets to include development and capital works, including upfront embodied carbon. Developments are designed so that they can be constructed and operated with reduced environmental impact and operated efficiently upon completion. In 2022, we delivered Australia's first upfront embodied carbon neutral Logistics development certified by the Green Building Council of Australia (GBCA) and Climate Active.

The Group has reduced its carbon emissions intensity (Scope 1 and 2 net offsets) by 86 per cent and energy intensity by 53 per cent against our 2005 baseline.

As part of GPT's net zero plans, 20 of GPT's operationally controlled assets in which we have an ownership interest are Climate Active Carbon Neutral (for Buildings) certified. Four are operating carbon neutrally with certification due in 2023.

GPT is also driving an orderly transition to a low carbon economy and improving its assets' resilience to this transition. The Carbon Neutral Certified Chirside Park Shopping Centre is home to GPT's first Smart Energy Hub in partnership with Shell Energy Australia and includes the investment in a 650 kW solar PV array, a 2MWh battery and a loadflex program that flexibly responds to grid supply constraint while lowering energy costs.

During the year, we continued developing our asset holistic water management plans in support of our water neutral objective, addressing monitoring capability, reducing potable water usage and decreasing the impacts of stormwater discharge. Our water intensity was reduced by 62 per cent against our 2005 baseline.

Resource circularity remains important to GPT and we continue to lead transparency in reporting closed loop waste recovery outcomes, not just diversion from landfill. Despite facing post pandemic challenges for recycling as individually wrapped materials and consumer behaviours have negatively impacted recycling processes, our target of 35 per cent closed loop recovery outcomes was achieved in 2022. Increased engagement programs and the focus on non-operational materials and waste are aimed at improving on this performance.

[MORE ON PAGE 38-39](#)

1. Target to achieve Climate Active Carbon Neutral (for Buildings) certifications for all assets that GPT operationally control and in which GPT has an ownership interest, by the end of 2024. The majority of Logistics assets are operationally controlled by tenants.



Riverside Centre, Brisbane

The GPT Materials and Embodied Carbon Working Group made significant progress in 2022 in implementing its strategy to achieve upfront embodied carbon neutrality. Through improved measurement processes and with more efficient design, changes in materials and a shift to using renewable energy in the construction and delivery processes, upfront embodied carbon emissions are reduced where feasible.

With an upfront embodied carbon neutral target set for all assets that are developed for GPT's investment portfolio to be upfront embodied carbon neutral from 2023 onwards, emissions that aren't eliminated will require offsetting. Over the past year, an offset strategy has been developed and implemented to mitigate risks around the certainty of supply, cost, and quality of offsets. High quality offsets are secured for GPT's forecast emissions until 2027 at a cost of approximately \$30 per tonne.

Since 2018, GPT has offset emissions in partnership with leading environmental not-for-profit, Greenfleet, Australia's first carbon offset provider to protect the climate through the restoration of protected native forests. In 2022, in a landmark agreement between GPT and Greenfleet, the partnership is set to support the restoration of 1,100 hectares of native forest in the Noosa Hinterland, an important region for endangered koalas and other animal species. As part of GPT's 'Restoring Country for Climate' project in partnership with Greenfleet, and in strong alignment with GPT's Reconciliation Action Plan, Greenfleet is also partnering with local Traditional Owners, the Kabi Kabi People's Aboriginal Corporation, bringing resources and jobs to their community.

Find out more

GPT's Climate Disclosure Statement is available on our website: www.gpt.com.au

GPT'S ENVIRONMENTAL STRATEGIES TO DRIVE ENVIRONMENTAL PERFORMANCE

1. RESILIENCE – Stay ahead of the curve of environmental change

- » Improve the resilience of our portfolios to emerging sustainability risks including climate change
- » Transparent disclosure of sustainability risk management processes to drive investor confidence

2. INNOVATION – Invest in innovations

- » Differentiated sustainability offerings and pioneering environmental solutions
- » New solutions for emerging risks and opportunities

3. SYSTEMATISATION – Systematically improve performance

- » Establish processes to take our innovations into BAU operations
- » Continued improvement and expansion of ISO 14001 certified environmental management systems

4. ENGAGEMENT – Broaden stakeholder engagement

- » Engage (with tenants, supply chain and investors) and partner to amplify results and support stakeholders on their sustainability journey
- » Call to action for internal and external stakeholders (to integrate environmental management into decision making)

With objectives and actions focused around:

- » Climate response: GPT is delivering certified carbon neutrality and building resilience to the impacts of climate change.
- » Restoring nature: GPT is focused on achieving a net positive impact on biodiversity.
- » Resource circularity: GPT is committed to circular outcomes by maximising the lifecycle of materials, closed-loop recovery processes and avoiding unnecessary consumption of materials.
- » Water neutrality: GPT strives to be water neutral and resilient to drought and flood (water scarcity and extreme rainfall).



Sustainable environment CONTINUED

Engaging with stakeholders

GPT participates in external surveys and benchmarks on ESG matters – primarily the S&P Global Corporate Sustainability Assessment and GRESB real estate assessment. These benchmarks enable our stakeholders to assess the progress of the Group and our wholesale funds. They also provide useful insights into stakeholder expectations in relation to ESG, how our performance aligns with those expectations, and how it compares to our global real estate peers.

Our understanding of sustainable property operations, environmental issues, and stakeholder expectations influences how we create value through our operations and informs our assessment of the material risks and opportunities arising from our environmental impact.

Related risks and opportunities

- » Portfolio operating and financial performance
- » Development, and
- » Environmental and social sustainability.

Key activities in 2022

- » Updating the ESG Strategy, approved by the Board
- » GPT ranked first internationally from 867 listed real estate companies in the S&P Global Corporate Sustainability Assessment
- » GPT's Restoring Country for Climate project sequesters carbon and restores 1100 hectares of native biodiverse forest in partnership with Greenfleet and Traditional Owners
- » TCFD aligned Climate Disclosure Statement with asset-level climate adaptation plans under way
- » ISO14001 certified environmental management system scope expanded to cover environmental impacts from development and capital works activities such as embodied carbon, and
- » Embodied carbon strategy endorsed with a target to deliver upfront embodied carbon neutral on top of our operational carbon neutral building commitments.

Key priorities for 2023

- » Continued delivery of GPT's net zero plan including Climate Active Carbon Neutral certification of buildings and developments
- » Climate adaption planning processes accelerated across the portfolio
- » Development of asset level water master plans to establish a pathway to water neutrality
- » Asset level biodiversity impact reviews and development of nature positive plans, and
- » Increased focus on materials and driving higher quality recycling outcomes.

Value created



Growing and predictable earnings



Thriving places



Sustainable environment



143 Foundation Road, Truganina



AUSTRALIA'S FIRST CLIMATE ACTIVE UPFRONT EMBODIED CARBON NEUTRAL LOGISTICS DEVELOPMENT

In implementing its environmental strategies, GPT has achieved the delivery of Australia's first Climate Active upfront embodied carbon neutral certified logistics development at 143 Foundation Road, Truganina, Victoria. GPT's net zero emissions plan involves measuring emissions and then a focus on reducing and eliminating emissions. Offsets are only used for residual emissions that cannot be feasibly eliminated and we independently validate our achievement through Climate Active Carbon Neutral certification.

The emissions were measured by GPT's quantity surveyors, using the bill of quantities and applying emissions factors from Environmental Product Declarations and the AusLCI database. To reduce upfront embodied carbon emissions from construction materials by 6.6 per cent, conventional concrete was replaced by lower carbon concrete with ground granulated blast furnace slag content in both internal and external slabs. For every tonne of residual emissions, GPT retired 1 tonne of Greenfleet forest restoration carbon removal offsets and 1 tonne of certified renewable energy emissions avoided offsets.

Additionally, the design of 51 Flinders Lane office development in Melbourne, Victoria which is currently being developed by GPT for the GPT Wholesale Office Fund, has been verified by Green Star to achieve upfront embodied carbon neutrality and will be certified by Climate Active after expected completion in 2025.

The cost of targeting upfront embodied carbon neutrality for all developments from 2023 will vary from project to project but on average is expected to increase development costs by less than 1 per cent. The current forecast cost increase directly attributable to upfront embodied carbon neutrality for GPT's development at 51 Flinders Lane, Melbourne is approximately 0.3 per cent.

A robust climate response is an important aspect of GPT's ESG leadership. As an early adopter with an ongoing commitment to reducing carbon emissions, GPT has benefited from significant savings over time in its operational assets. Our investment in reducing upfront embodied carbon emissions is expected to position the Group well to minimise risks associated with the transition to a low carbon economy, and our leadership in this area will provide valuable insights for the future.



Prospering customers, suppliers and communities

Strong relationships with customers, supply chain partners and communities enable us to meet their current and emerging needs and ensure our mutual future success.

2022 performance

\$7m

Community investment

96.8%

Employees supported
The GPT Foundation

93%

Small businesses paid on time

UN Global Compact

Participant of the United Nations Global Compact since 2012, contributing to the UN Sustainable Development Goals

Signatory of:



Signatory to the UN PRI in 2022

Creating value

GPT's success requires strong, productive relationships with our tenants, customers, supply chain partners and local communities. We foster trusted relationships and work collaboratively with these stakeholders to inform our business activities, such as strategy, operations, development and placemaking, to build prosperous and sustainable futures.

GPT publicly commits to protecting and respecting the human rights of its employees, customers, suppliers, and business partners. As outlined in our Human Rights Statement, we uphold human rights in line with the United Nations Guiding Principles (UNGP) on Business and Human Rights and continue to take action to enhance transparency in this area. Our commitment is embedded in our policies, systems and processes and we recognise the emphasis of the UNGP on tracking the effectiveness of measures to address human rights harms.

GPT has been a member of the United Nations Global Compact (UN Global Compact) since 2012, and annually reports a Communication on Progress. In 2022, we participated in the Early Adopter program to support the pilot of the UN Global Compact's new reporting framework enhancing transparency in reporting against the Global Compact's ten principles.

Additionally, GPT became a signatory to the United Nations Principles for Responsible Investment (UN PRI), to further publicly demonstrate the Group's commitment and actions to incorporate environmental, social and governance (ESG) factors in our investment decision making. Our first year of reporting will commence in 2023.

We maintain strong relationships with our tenants and customers, which are informed by research and data insights to ensure that we understand their current and emerging needs so that our properties support their prosperity today and into the future.

Our properties contribute to their local communities by providing employment and business opportunities, events and experiences where people can come together, and spaces which everyone can enjoy. We partner with national and local organisations to inform tailored social plans across the portfolio and to collaborate on initiatives with our customers and communities that support socio-economic outcomes.

We seek to build productive long-term partnerships with our suppliers that support the delivery of our procurement and supply chain commitments, and work together to source ethical and sustainable products and services to support a thriving supply chain. GPT is committed to the timely payment of our suppliers to support their business viability, we paid 93 per cent of small businesses on time in 2022.

We work together with our suppliers to identify and address the risk of unfair labour practices and modern slavery in our supply chain, including through our membership of the Cleaning Accountability Framework, the UN Global Compact and the Supply Chain Sustainability School; and our participation in the Property Council of Australia's Modern Slavery Working Group. During the year the Supplier Management System, Felix was implemented to improve our ability to screen for and monitor supply chain risks including modern slavery, and provide greater transparency across GPT's new and existing suppliers.

The Group's third Modern Slavery Statement was published in 2022 and builds on the foundations of our prior efforts to assess and address modern slavery risks in our business, setting out our current actions and critical next steps.

The GPT Foundation coordinates GPT's philanthropic contributions which includes workplace giving, fundraising, volunteering and supporting our partnerships with seven Australian charities. Creating value in the communities where we live and operate is a key objective for GPT and through the Foundation we are able to achieve this in two ways. Firstly, we provide targeted support to organisations working with young people, and secondly, we empower our people to play an active role in our communities.

During 2022, 96.8 per cent of GPT employees supported the Foundation and its charity partners, including the Australian Childhood Foundation, ReachOut, The Clontarf Foundation, Mission Australia, Property Industry Foundation, batyr and Youth Off The Streets. Moreover, 43 per cent of employees volunteered their time to support volunteering opportunities for various charity partners. 2023 marks the start of the GPT Foundation's next three year strategy, focusing on amplifying the impact of Australian charities relevant to the communities where we operate.

During 2022, GPT drafted its second Stretch Reconciliation Action Plan. We have continued to progress with action in line with our previous Stretch RAP, focusing on embedding cultural protocols and relationships with First Nations partners in our development practices, customer engagement and procurement. We look forward to launching our new commitments in 2023.

Find out more

GPT's Sustainability Report is available on our website: www.gpt.com.au

Engaging with stakeholders

Strong relationships with GPT Foundation partners, First Nations partners, and community organisations enable us to make relevant and meaningful contributions. We work together to understand how we can best progress towards our shared goals.

We engage and collaborate with Traditional Custodians and First Nations people, with community groups, non-profit organisations and local leaders to support reconciliation actions and inform our developments, placemaking activities and operations to ensure that our assets foster community connection, wellbeing and inclusion. We seek regular feedback from these partners.

GPT also works with local stakeholder groups, First Nations-owned businesses, social enterprises, non-profit organisations and government to support and collaborate with the communities in which we operate. These partnerships help us build resilience and provide the opportunity to actively contribute to local and national social matters of importance.

We regularly engage with our supply chain partners to understand their experience of working with GPT and identify how we can improve, while ensuring their ongoing performance and alignment through regular meetings, reporting, contractor reviews, audits and risk assessments.

Related risks and opportunities

- » Environmental and social sustainability
- » Health and safety, and
- » Portfolio operating and financial performance.

Key activities in 2022

- » Participation in the Early Adopter program to support the pilot of the UN Global Compact's new reporting framework enhancing transparency in reporting against the Global Compact's ten principles
- » Became a signatory to the United Nations Principles for Responsible Investment (UN PRI)
- » Supplier Management System, Felix was implemented to improve our ability to screen for and monitor supply chain risks, and
- » Publishing of 2022 Modern Slavery Statement.

Key priorities for 2023

- » Undertake further human rights reviews of our supply chain
- » Launch GPT's second Stretch Reconciliation Action Plan
- » Continue to progress on GPT's Modern Slavery road map including a focus on our development supply chain, and
- » Commence the GPT Foundation's 2023-26 Strategy.

Value created



Thriving places



Prospering customers, suppliers and communities



Group Performance

Review of Operations and Operating Result

The Group delivered solid growth in Funds From Operations (FFO) and distributions for the year despite the challenges of COVID restrictions in the early part of the year, and an environment of high inflation and a material increase in interest rates particularly in the second half of the year. All three business segments reported increased Funds From Operations on the prior period. This was partially offset by higher financing costs.

The Retail portfolio performed strongly as the operating environment normalised. Retail sales across the portfolio were generally well above 2019 pre-pandemic levels with the only exception being our CBD located asset at Melbourne Central where customer visitation has not fully recovered but continued to strengthen. High occupancy was retained across the Retail portfolio and leasing spreads continued to improve, with lease structures consisting of fixed base rents and annual fixed increases. The sale of a non-core retail asset, Casuarina Square, owned jointly by GPT and the GPT Wholesale Shopping Centre Fund was completed in March. Mixed-use development schemes are progressing at Rouse Hill Town Centre and Highpoint Shopping Centre.

Our prime grade Office portfolio occupancy reduced on the prior year reflecting the challenging leasing environment with vacancy remaining above long-term averages in each of our core markets. While larger tenants continue to evaluate their space requirements in light of hybrid work arrangements, delaying decisions, smaller tenants were actively seeking to upgrade to high quality assets in prime locations. In Office we continued the rollout of our premium turn-key product, 'DesignSuites by GPT', specifically designed to appeal to smaller tenants. The product continues to be well supported, with 22,500 sqm (on a 100 per cent NLA basis) of DesignSuites leased during the year. The GPT Wholesale Office Fund's development at 51 Flinders Lane is underway and during the year a development site was secured for the Fund in the North Sydney CBD.

Ongoing structural tailwinds in the sector continue to generate strong tenant demand and maintain high occupancy across our Logistics portfolio. During the year we increased our investment in the Logistics sector, completing seven developments, with a further four projects underway and due to complete by the end of 2023. Our Logistics partnership with QuadReal is well progressed, with half of the \$2 billion target committed and half of that invested. Logistics currently represents 28 per cent of the Group's diversified property portfolio.

Funds Management growth remains a key focus for the Group and in September, the transition of management to GPT of UniSuper's \$2.8 billion portfolio of real estate investment was completed. In December, GPT also commenced management of the Australian Core Retail Trust (ACRT) and property management of Pacific Fair Shopping Centre.

The Group's gearing at 31 December 2022 of 28.5 per cent remains below the mid-point of our stated range of 25 – 35 per cent.

Funds From Operations (FFO)

Funds From Operations (FFO) represents GPT's underlying earnings from its operations. This is determined by adjusting statutory net profit after tax (under Australian Accounting Standards) for certain items which are non-cash, unrealised or capital in nature. This is in accordance with FFO and Adjusted Funds From Operations (AFFO) in the Property Council of Australia 'Voluntary Best Practice Guidelines'.

GPT delivered FFO of \$620.6 million for the year ended 31 December 2022, up 11.9 per cent on the prior period (2021: \$554.5 million), reflecting increased FFO contributions from all segments, offset by increased financing costs. FFO per security increased 12.4 per cent to 32.40 cents, reflecting the reduction in securities due to the on-market buyback in the prior period.

Each segment's operational financial performance is detailed from page 30.

Finance costs from borrowings increased to \$140.8 million (2021: \$85.5 million). This was due to an increase in average borrowings of approximately \$0.9 billion over the prior period and a higher cost of debt of 3.2 per cent (2021: 2.4 per cent).

GPT's statutory net profit after tax was \$469.3 million, as compared to \$1,422.8 million in the prior corresponding period, predominantly due to negative investment property valuation movements of \$159.3 million (2021: \$924.3 million positive revaluation).

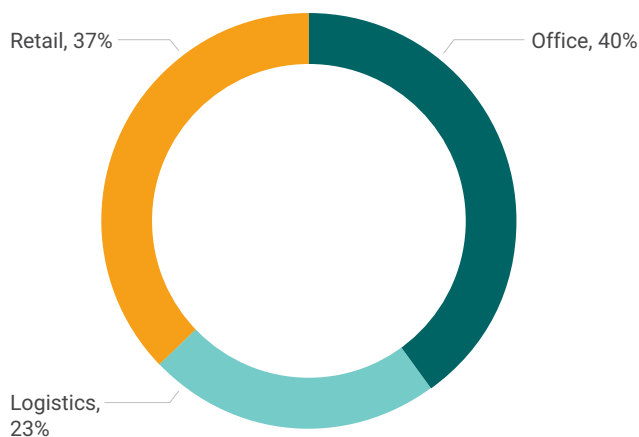
The Group's 12 month Total Return was 3.9 per cent (2021: 14.1 per cent) predominantly as a result of the FFO yield of 5.3 per cent (31 December 2021: 5.2 per cent) offset by the negative investment property revaluations resulting in a decrease in NTA per stapled security to \$5.98.

Distribution

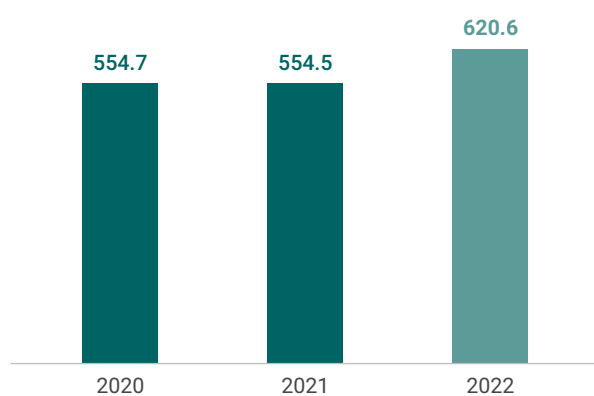
The Group targets to distribute 95 to 105 per cent of free cash flow, defined as operating cash flow less maintenance and leasing capex and inventory movements. The Group may make other adjustments in its determination of free cash flow for one-off or abnormal items. Over time, free cash flow approximates AFFO.

Distributions to stapled securityholders relating to the year ended 31 December 2022 are \$478.9 million (2021: \$444.4 million), representing an annual distribution of 25.0 cents per ordinary stapled security, an increase of 7.8 per cent on 2021 (2021: 23.2 cents). The payout ratio for the year ended 31 December 2022 is 96.0 per cent of free cash flow. The increase in distribution is due to higher free cash flow as a result of improved cash collections from tenants driving higher operating cash flows, partly offset by higher maintenance capex and lease incentives.

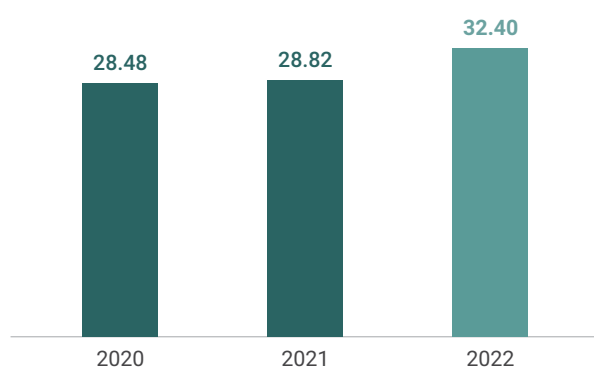
Group FFO earnings composition 31 December 2022



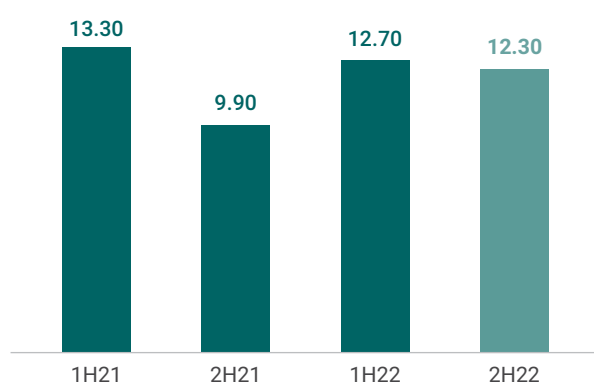
Funds From Operations (\$M)



FFO per ordinary stapled security (cents)



Distribution per ordinary stapled security (cents)



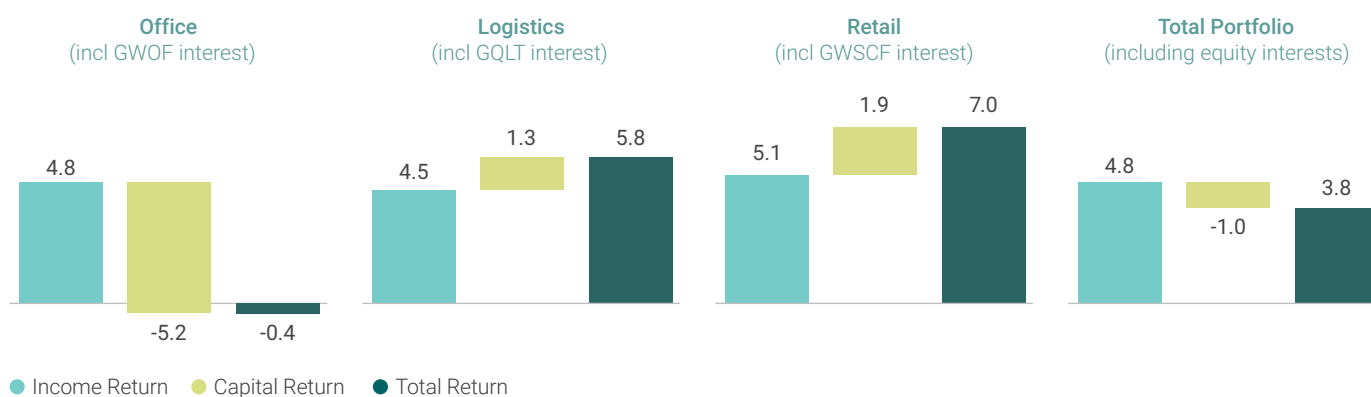
Financial Result

For the year ended	31 Dec 22 \$M	31 Dec 21 \$M	Change %
Retail			
– Operations net income	289.9	228.5	
– Funds management net income	13.7	11.8	
– Development net income	(0.1)	5.4	
	303.5	245.7	23.5%
Office			
– Operations net income	290.3	268.0	
– Funds management net income	41.9	36.5	
– Development net income	2.7	1.2	
	334.9	305.7	9.6%
Logistics			
– Operations net income	182.4	151.2	
– Funds management net income	1.8	–	
– Development net income	3.9	3.5	
	188.1	154.7	21.6%
Corporate management expenses	(57.6)	(62.5)	(7.8%)
Net finance costs	(139.9)	(85.2)	64.2%
Income tax expense	(8.4)	(3.9)	115.4%
Funds from Operations (FFO)	620.6	554.5	11.9%
Non-FFO items:			
Valuation (decrease)/increase	(159.3)	924.3	
Financial instruments mark to market, net foreign exchange movements and other items	8.0	(56.0)	
Net profit for the year after tax	469.3	1,422.8	(67.0%)
FFO per ordinary stapled security (cents)	32.40	28.82	12.4%
Funds from Operations (FFO)	620.6	554.5	11.9%
Maintenance capex	(31.7)	(31.3)	1.3%
Lease incentives	(78.1)	(60.3)	29.5%
Adjusted Funds from Operations (AFFO)	510.8	462.9	10.3%
Distributions	478.9	444.4	7.8%
Distribution per ordinary stapled security (cents)	25.00	23.20	7.8%

Group Performance CONTINUED

Unlevered Total Return (%)

The unlevered Total Return at the investment portfolio level for the 12 months to 31 December 2022 was 3.8 per cent with each portfolio's performance detailed in the following chart.



Financial Position

	31 Dec 22 \$M	31 Dec 21 \$M	Change %
Portfolio assets			
Retail	5,789.2	5,750.2	0.7%
Office	5,982.6	6,170.0	(3.0%)
Logistics	4,834.5	4,539.9	6.5%
Total portfolio assets	16,606.3	16,460.1	0.9%
Financing and corporate assets	687.9	719.6	(4.4%)
Total assets	17,294.2	17,179.7	0.7%
Borrowings	5,052.5	5,139.3	(1.7%)
Other liabilities	765.8	367.1	108.6%
Total liabilities	5,818.3	5,506.4	5.7%
Net assets	11,475.9	11,673.3	(1.7%)
Total number of ordinary stapled securities (million)	1,915.6	1,915.6	—
NTA (\$ per security)¹	5.98	6.09	(1.8%)

1. Includes all right-of-use assets of the GPT Group.

Balance sheet

- » The Group independently valued all completed investment properties as at 31 December 2022. Valuations were conducted by valuers with appropriate experience and expertise.
- » The independent valuations contain a number of assumptions, estimates and judgements on the future performance of each property including market rents and growth rates, occupancy, capital expenditure and investment metrics. Total portfolio assets increased by 0.9 per cent in the year ended 31 December 2022 due to investment in developments, offset by the divestment of Casuarina Square and net property devaluations.
- » Total borrowings decreased by \$86.8 million as a result of asset sales and favourable non-cash movements on the Group's foreign currency borrowings of \$211.0 million, partially offset by development capital expenditure.

Capital management

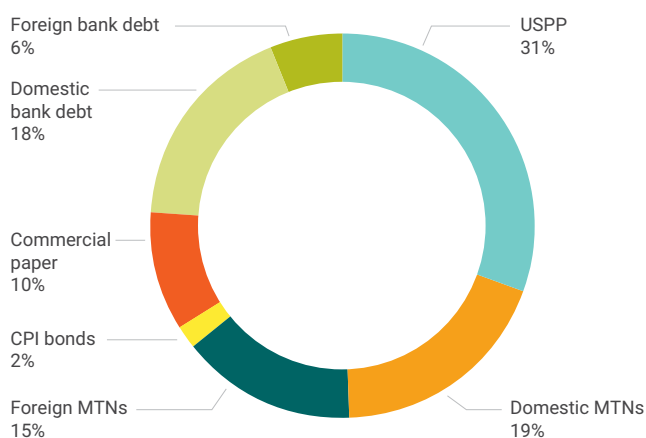
GPT continues to maintain a strong focus on capital management.

Key matters for the period include:

- » Net gearing of 28.5 per cent (31 December 2021: 28.2 per cent).
- » Weighted average cost of debt for the year was 3.2 per cent, up from 2.4 per cent for the year to 31 December 2021.
- » Mark to market movements on derivatives and borrowings has increased net tangible assets by \$4.3 million.

As at	31 Dec 22	31 Dec 21	Change
Net gearing	28.5%	28.2%	Up 30bps
Weighted average debt maturity	6.2 years	6.3 years	Down 0.1 years
Interest rate hedging	76%	69%	Up 7%
S&P/Moody's credit rating	A (negative / A2 (stable))	A (negative) / A2 (stable)	Unchanged

Sources of funds



Going concern

GPT believes it is able to meet its liabilities and commitments as and when they fall due for at least 12 months from the reporting date. In reaching this position, GPT has taken into account the following factors:

- » Available liquidity, through cash and undrawn facilities, of \$1,126.9 million (after allowing for refinancing of \$502.3 million of outstanding commercial paper) as at 31 December 2022;
- » Weighted average debt expiry of 6.2 years, with sufficient liquidity in place to cover the \$202.7 million of debt (excluding commercial paper outstanding) due between the date of this report and 31 December 2023;
- » Primary covenant gearing of 28.7 per cent, compared to a covenant level of 50.0 per cent; and
- » Interest cover ratio for the twelve months to 31 December 2022 of 5.5 times, compared to a covenant level of 2.0 times.

Cash flows

The cash balance as at December 2022 decreased to \$60.2 million (2021: \$61.5 million). The following table shows the reconciliation from FFO to the cash flow from operating activities and free cash flow:

	31 Dec 22 \$M	31 Dec 21 \$M	Change %
For the year ended			
FFO	620.6	554.5	11.9%
Less: non-cash items included in FFO	(30.2)	(36.6)	(17.5)%
Less: net movement in inventory	(4.8)	(7.1)	(32.4)%
Less: one-off transaction costs	(5.1)	—	N/A
Movements in working capital and reserves	(18.4)	9.6	Large
Net cash inflows from operating activities	562.1	520.4	8.0%
Add: net movement in inventory	4.8	7.1	(32.4)%
Add: one-off transaction costs in cashflows from operating activities	5.1	—	N/A
Less: maintenance capex and lease incentives (excluding rent free)	(73.0)	(60.0)	(21.7)%
Free cash flow	499.0	467.5	6.7%

The increase in free cash flow is a result of increased operating cash flows from higher cash collections from tenants, partly offset by higher maintenance capex and lease incentives. One-off transaction costs to transition UniSuper and ACRT mandates from AMP to GPT are excluded from free cash flow.

The Non-IFRS information included above has not been audited in accordance with Australian Auditing Standards, but has been derived from note 1 and note 16 of the accompanying financial statements.



Retail

\$5.6b

Retail portfolio value
(2021: \$5.6 billion)¹

99.4%

Retail portfolio occupancy
(2021: 99.1%)

4.0 years

Retail portfolio Weighted Average
Lease Expiry (2021: 3.9 years)

5.03%

Retail portfolio Weighted
Average Capitalisation Rate
(2021: 5.03%)

7.0%

Retail portfolio 12 month
Total Return (2021: 4.8%)

\$0.4b

Estimated end value of
Retail development pipeline²

Performance Operations

Full year operating net income was \$289.9 million, an increase of 26.9 per cent on 2021. This result reflects the normalisation of trade post COVID-19 with reduced rent relief provided to tenants and strong collection of trade receivables leading to a reversal of debtor and abatement provisions provided for in prior periods (+\$1.4 million).

The portfolio occupancy as at 31 December 2022 was 99.4 per cent (2021: 99.1 per cent), reflecting the strong demand from retailers seeking a presence in high quality assets.

The Group completed 581 leasing deals during the year, with both an improved average fixed annual rental increase of 4.4 per cent (31 December 2021: 4.3 per cent) and average lease term of 4.7 years (31 December 2021: 4.3 years). Total Specialty leasing spreads improved to negative 2.8 per cent (31 December 2021: negative 7.0 per cent).

Total Centre sales were up 30.9 per cent and Total Specialty sales were up 36.1 per cent compared to 2021. Sales growth in all retail categories was positive for the full year 2022 driven by continued sales growth in both non discretionary and discretionary spending, particularly in Dining, Fashion, Health and Beauty. Total Centre sales were also up 6.8 per cent on pre-pandemic 2019.

Melbourne Central, our largest retail investment property, continued to strengthen post COVID with both customer traffic and retail sales growing materially on 2021. The asset continues to be in strong demand by retailers, with a number of new flagship stores and experience concepts, including Lego, which opened in 2022 and Monopoly due to open in 2023.

The Retail portfolio achieved a net revaluation increase of \$93.3 million (1.7 per cent) for the 12 months to December 2022 (2021: \$30.7 million), including GPT's equity interest in the GPT Wholesale Shopping Centre Fund (GWSCF). The weighted average capitalisation rate remained flat at 5.03 per cent (2021: 5.03 per cent).

Funds Management

Retail Funds Management income increased by 16.1 per cent to \$13.7 million. GPT successfully transitioned the UniSuper portfolio funds and property management on 1 September 2022 with assets of \$2.8 billion. This was then followed by the transition of the \$2.7 billion Australian Core Retail Trust (ACRT) in December 2022. ACRT is the owner of Pacific Fair Shopping Centre (QLD) and Macquarie Centre (NSW), with GPT undertaking property management for Pacific Fair from 1 December 2022.

Development

GPT and its managed funds continue to have a material development pipeline of mixed-use opportunities. During the period management continued to advance the retail and residential mixed-use expansion of the Rouse Hill Town Centre. A development approval is expected to be received during the 1H 2023 which will then provide GPT the ability to commence the development at the appropriate time.

Development Applications have also been submitted for the first stages of a mixed-use scheme expansion of Highpoint Shopping Centre which is one of Australia's largest and most successful shopping centres.

1. Includes GPT's interest in GWSCF.

2. Includes GPT and GWSCF opportunities. Excludes mixed-use.



Office

Performance Operations

Operations net income for the period ending 31 December 2022 increased 8.3 per cent, as a result of the acquisition of 62 Northbourne Avenue, Canberra in November 2021 and the lease up of the Queen & Collins and 32 Smith developments that reached practical completion in 2021. Comparable income growth for the portfolio was 3.4 per cent. Office occupancy as at December 2022 is 87.9 per cent and the portfolio WALE is 4.9 years.

While the leasing market continues to be challenging, activity improved in the second half of the year. Smaller tenants were the most active as they sought to upgrade to high quality assets in prime locations. The Group's premium turn-key product, 'DesignSuites by GPT', was specifically designed to appeal to these tenants. Larger tenants continued to evaluate their space requirements in light of hybrid work arrangements, but activity from these tenants increased in the last quarter. The Group's flexible space offering, 'Space&Co' provides these tenants with the optionality they desire in the current environment. The Group continues to focus on providing exceptional customer experience in high quality, sustainable buildings.

The Office portfolio recorded a negative revaluation of \$316.0 million (-5.0 per cent) in 2022 (2021: net positive revaluation of \$338.3 million), including GPT's equity interest in the GPT Wholesale Office Fund (GWOF). The largest negative revaluations were recorded at Melbourne Central Tower (-\$42.0 million), 60 Station Street (-\$39.2 million), 2 Park Street (-\$ 36.6 million) and Darling Park 1 & 2 (-\$31.0 million), which was partly offset by a revaluation uplift at OneOneOne Eagle Street of \$6.9 million.

Funds Management

Office Funds Management income increased 14.8 per cent to \$41.9 million (2021: \$36.5 million), driven by investment property revaluations and acquisitions in GWOF in the first half of 2022.

Development

Master planning activity continued on the Group's development pipeline, creating value in the land to enable development of the next generation of workplaces when market conditions are favourable. Commencement of developments is customer led with timing within our control.

GWOF's development of 51 Flinders Lane in Melbourne is under construction, with completion expected in late 2025.

\$6.0b

Office portfolio value¹
(2021: \$6.1b)

87.9%

Office portfolio occupancy
(2021: 92.9%)

4.9 years

Office portfolio Weighted
Average Lease Expiry
(2021: 5.0 years)

5.03%

Office portfolio Weighted Average
Capitalisation Rate
(2021: 4.77%)

(0.4)%

Office portfolio 12 month Total Return
(2021: 11.2%)

\$5.9b

Estimated end value of Office
development pipeline²

1. Includes GPT's interest in GWOF.

2. Includes GPT and GWOF share and 51 Flinders Lane Melbourne, currently underway.
Corner George & Bathurst, Sydney excluded due to the concept nature of the scheme.



Logistics

\$4.5b

Logistics portfolio value¹
(2021: \$4.4b)

99.2%

Logistics portfolio occupancy
(2021: 98.8%)

6.2 years

Logistics portfolio Weighted
Average Lease Expiry
(2021: 6.5 years)

4.40%

Logistics portfolio Weighted
Average Capitalisation Rate
(2021: 4.11%)

5.8%

Logistics portfolio
12 month Total Return
(2021: 25.1%)

\$1.9b

Estimated end value of Logistics
development pipeline²

Performance Operations

Operations net income for the period ending 31 December 2022 increased 20.6 per cent as a result of development completions and asset acquisitions. Comparable income growth for the year was 3.0 per cent. Logistics occupancy as at December 2022 is 99.2 per cent and the portfolio has a WALE of 6.2 years.

The Group has divested a number of assets during the period. Contracts have been exchanged to divest Citiport Business Park, Port Melbourne and Rosehill Business Park, Camellia for \$256.2 million, with settlement expected to occur in 1H 2023. The sale price represents a 1.5 per cent discount to book value at 30 June 2022, and a 9 per cent premium to book value at 31 December 2021. In addition, three small regional assets acquired as part of the Ascot portfolio that were held as inventory were divested in December 2022.

The Logistics portfolio recorded positive revaluations of \$63.4 million (1.4 per cent) in 2022 (2021: \$555.3 million) including GPT's equity interest in the GPT QuadReal Logistics Trust (GQLT), with positive revaluations in the first half offset by second half declines. The weighted average capitalisation rate has expanded to 4.40 per cent (31 December 2021: 4.11 per cent), with some of the capitalisation rate movement offset by increased market rents.

Funds Management

Funds Management income increased to \$1.8 million, as a result of the Group's growing partnership with QuadReal.

GQLT was formed to create a \$2 billion prime Australian logistics portfolio, of which GPT's share is 50.1 per cent. Across land and future development projects, \$1.0 billion has been committed, with AUM of \$0.5 billion at December 2022.

Development

The Group continued to increase its weighting to the Logistics sector through the development of new assets.

Three fund-through projects reached completion during the period within GQLT. In 1H 2022 the 12,500 sqm facility at 18 Gorrick Court, Bundamba in Brisbane and the 70,100 sqm facility at 1 Hurst Drive, Tarneit in Melbourne reached completion. In 2H 2022 the first 38,100 sqm stage of the Keylink fund-through acquisition in Keysborough in Melbourne's South East reached completion, with the second 22,800 sqm stage expected to complete in 1H 2023.

Four GPT developments reached completion, three of which occurred within the period, with an additional facility delivered in January 2023.

In Brisbane, GQLT's 17,100 sqm development at 100 Metroplex Place, Wacol reached practical completion in the first half and is leased to Bulk Transport and Mainfreight. Practical completion of GPT's 21,900 sqm facility at 2 Wattlebird Court, Berrinba occurred in December 2022 with the facility leased to JB Hi-Fi and InterCentral Logistics.

In Melbourne, a 10,700 sqm facility at 143 Foundation Road, Truganina reached completion in July and is leased to Interior Secrets. This was followed in January 2023 by the completion of 24A & 24B Niton Drive, Truganina, a 27,200 sqm facility leased to Nature's Best and Daikin.

The Group has activated a further three speculative developments that are expected to reach completion in 2023.

A 17,500 sqm facility is due for completion at Coulson Street, Wacol in the first half of 2023, followed by a 11,600 sqm facility at Apex Business Park, Bundamba in the second half of 2023. Both assets are located in Brisbane and are held within GQLT.

In Melbourne's West, the final 31,600 sqm stage of the Group's Gateway Logistics Hub in Truganina is expected to be completed in late 2023.

In July 2022 GQLT exchanged contracts to acquire 35.2 hectares of land in the north Melbourne market of Epping, with settlement to occur in 1H 2023. The Group continues to pursue opportunities to maintain a pipeline of future development opportunities for GPT and its capital partners.

Note: Logistics portfolio metrics exclude Rosehill Business Park, Camellia and Citiport Business Park, Port Melbourne, which are contracted for sale.

1. Includes GPT's interest in the GQLT.
2. Includes GPT and GQLT opportunities.

Prospects

GPT is an owner and manager of high quality, diversified real estate assets, with assets under management of \$32.4 billion including a balance sheet portfolio valued at \$16.1 billion. Portfolio occupancy at 31 December 2022 was 97.5 per cent and we are expecting that the quality of our portfolio will continue to attract ongoing tenant demand.

Global economies including Australia are facing ongoing inflationary pressures and central banks including the Reserve Bank of Australia have raised interest rates materially over the past 12 months. The rise in interest rates has increased GPT's cost of debt impacting the FFO outlook for the year ahead. GPT has 78 per cent of its drawn debt hedged to reduce the exposure to further rate rises in 2023. The effect of rising bond yields is also observed in the slowing of investment capital flows and general economic uncertainty, increasing the potential for further softening of investment metrics adopted for valuations. Further tightening of monetary conditions is expected to moderate economic growth over the next 12 months.

GPT currently has 12 per cent of its Office portfolio area vacant, and in 2023, 9 per cent of the portfolio's lease income is due to expire. Our Office team is actively engaging with new and existing customers on their space needs and is pursuing a focused leasing strategy targeting occupancy of greater than 90 per cent by 31 December 2023. Tenants are continuing to seek accommodation in better quality office buildings and many businesses are taking the opportunity to upgrade their space, leading to growing enquiry in the premium office market. This supports GPT's view that this segment of the market will be more resilient over the long term. Our Office portfolio has an average NABERS energy rating of 5.1 Stars and we expect an increasing number of office tenants will seek to be located in assets with strong environmental credentials.

GPT's Retail portfolio is well positioned with strong retail sales productivity, high occupancy, fixed rental increases and ongoing tenant demand. There has been a strong recovery in sales performance across GPT's Retail portfolio in 2022, supporting tenant financial strength, buoyed by low unemployment and elevated levels of household savings. However, given the persistent rise in interest rates over the past 12 months and further increases expected, together with inflationary pressures on households, it is anticipated that retail sales growth will moderate during the course of 2023.

The logistics sector is benefiting from ongoing structural tailwinds. Vacancy rates remain low in the core markets nationwide and together with limited uncommitted new supply, this is expected to drive sustained market rent growth in GPT's Logistics portfolio.

The Group has an extensive development pipeline providing the opportunity to further up weight in the strong Logistics sector and to create next generation Office assets over the medium to long term in Melbourne, Sydney, North Sydney, Parramatta and Brisbane. The Group also continues to advance the mixed-use development of the Rouse Hill Town Centre with planning approval expected in 1H 2023.

Strategically the Group is also focused on growing its funds under management, underpinned by the Funds' existing development pipeline and enhanced by the addition of the UniSuper and ACRT mandates.

At 31 December 2022, the Group's balance sheet net gearing was 28.5 per cent, below the midpoint of our stated gearing range of 25 – 35 per cent and with liquidity of \$1.1 billion to meet funding requirements through to February 2025. GPT has strong credit ratings of A (negative) and A2 (stable) by S&P and Moody's respectively. Over the next 3 years the Group is 61 per cent hedged at an average rate of 2.9 per cent.

Our commitment to being a leader in ESG enhances and protects GPT and its assets for the long term. This is underpinned by data driven decision making, coupled with a robust environmental management system and transparent disclosures. We are also innovating with an investment in the restoration of 1,100 hectares of Australian biodiverse native forest in partnership with Greenfleet and First Nations peoples for permanent removal of our residual carbon emissions. The large scale of this nature positive initiative provides confidence in the availability, quality and costs of our offsets to support the delivery of our carbon neutral targets. We seek to continually increase the positive impact we can make on our people, investors, customers and communities.

Outlook

While uncertainty remains in our trading environment, including the impact of rising interest rates and ongoing inflationary pressures, the Group expects to deliver 2023 FFO of approximately 31.3 cents per security and a distribution of 25.0 cents per security.

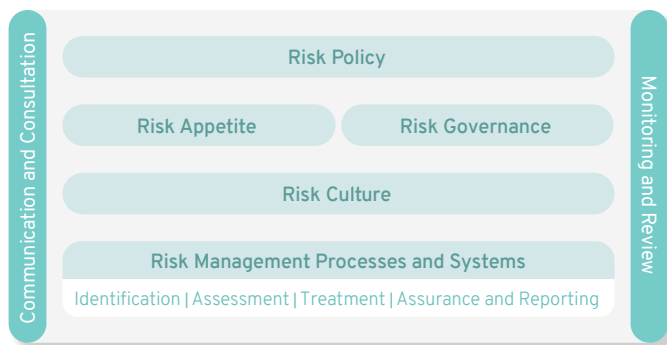
GPT has a high quality diversified portfolio, combined with a strong balance sheet and experienced management team, making it well positioned to create long-term value for securityholders.

Risk Management

GPT proactively identifies and manages risk in order to enable informed decisions which protect the value of our assets and realise strategic objectives.

GPT takes an integrated, enterprise-wide approach to risk management which incorporates culture, conduct, compliance, processes and systems, consistent with AS/NZS ISO 31000:2018.

Risk Management Framework



The Group's Risk Management Framework is overseen by the Board and consists of the following key elements:

- 1. Risk Policy** – The Risk Policy sets out the Group's approach to risk management, which is reviewed annually by the Board Sustainability and Risk Committee. The Risk Policy is available on GPT's website.
- 2. Risk Appetite Statement** – The Board sets GPT's risk appetite to align with strategy, having regard to GPT's operating environment and key risks. Risk appetite is documented in our Risk Appetite Statement, against which all key investment decisions are assessed.
- 3. Risk Governance** – The Board is supported in its oversight of the Risk Management Framework by the Sustainability and Risk Committee, which reviews the effectiveness of the Framework, and by the Audit Committee, the Leadership Team and the Investment Committee.
- 4. Risk Culture** – GPT maintains a transparent and accountable culture where risk is actively considered and managed in our day-to-day activities. Risk culture is assessed as part of all internal audits and tracked using a Risk Culture Scorecard.
- 5. Risk Management Processes and Systems** – GPT has robust processes and systems in place for the identification, assessment, treatment, assurance and reporting of risk.

Management of key risks in the 2022 operating environment

There has been considerable change in the Group's broader operating environment since the release of our 2021 Annual Report. In particular, there has been a significant shift in macroeconomic conditions, the global geopolitical climate, and Australia's response to COVID-19.

The most material key risk currently facing the Group is the potential impact on future financial performance of rising inflation and increases in interest rates. This impact can happen directly through increased financing costs and other costs, and indirectly through changes in consumer sentiment, retail sales, supply chain disruption and in the transactions market for commercial real estate, both through a slowing in capital flows and a resetting of required investment returns. GPT's management and Board have implemented a number of measures to mitigate this risk, which is expected to remain a key focus area for 2023.

An increasing number of cyber attacks on Australian companies throughout 2022 has caused GPT to remain particularly vigilant around cybersecurity and information protection. GPT holds limited personal identifying information, with the key risk in this area being interruption to business operations. A robust risk-based cyber security strategy is in place, aligned to the National Institute of Standards and Technology (NIST) Cyber Security Framework.

There continues to be a level of uncertainty in the office property market regarding the long-term impact of changing ways of working on demand for space. Levels of office leasing enquiry have been subdued throughout the year, with most activity driven by smaller customers. The rate of conversion of enquiries to leases has slowed, however, as customers assess their needs in the changing environment. Office leasing is expected to remain challenging in 2023.

GPT's funds under management grew significantly during the year, with the addition of the UniSuper and ACRT mandates. A key risk in these transactions has been the onboarding and integration of new staff members. This risk has been very closely managed and early indications are that the transition has been very successful. Extensive training of new staff (both in person and online) has been undertaken to minimise conduct risk, in particular.

A full assessment of GPT's key risks is set out in the table opposite.










In addition to key risks, GPT also monitors emerging threats, trends and themes which have the potential to disrupt the business. In many cases, these will also present opportunities. A review of emerging threats, trends and themes and GPT's response to them is undertaken every six months by both the GPT Leadership Team and the Sustainability and Risk Committee.

Some of the issues considered in 2022 include:

- » Global uncertainty in macroeconomic conditions including high inflation and rising interest rates
- » The transition to clean energy
- » Global trends in ESG regulation
- » The shift to electric vehicles
- » Responding to societal expectations, and
- » Increasing geopolitical tensions.

Key risks

The following table sets out GPT's material risks and our actions in response to them. Included in the table is an indication of the change in the level of each risk during the period.

Risk	Our Response	Change in Residual Risk for 2022	Value Creation Input Affected
<p>Portfolio Operating and Financial Performance</p> <p>Our portfolio operating and financial performance is influenced by internal and external factors including our investment decisions, market conditions, interest rates, economic factors and potential disruption.</p>	<ul style="list-style-type: none"> » A portfolio diversified by sector and geography » Structured review of market conditions twice a year, including briefings from economists » Scenario modelling and stress testing of assumptions to inform decisions » A disciplined investment and divestment approval process, including sensitivities of impacts to gearing and returns, as well as extensive due diligence requirements » A development pipeline to enhance asset returns and maintain asset quality » Active management of our assets, including leasing, to ensure a large and diversified tenant base » Experienced and capable management, supplemented with external capabilities where appropriate » A structured program of investor engagement 	<p>⬆️</p> <p>Rising inflation and increases in interest rates have the potential to negatively impact GPT's financial performance, primarily through increased cost of debt, the potential or a decline in asset valuations and a resetting of required investment returns.</p>	<p>Our investors </p> <p>Real estate </p> <p>Our people </p> <p>Environment </p> <p>Our customers, suppliers and communities </p>
<p>Development</p> <p>Development provides the Group with access to new, high quality assets.</p> <p>Delivering assets that exceed our risk adjusted return requirements and meet our sustainability objectives is critical to our success.</p>	<ul style="list-style-type: none"> » A disciplined acquisition and development approval process, including extensive due diligence requirements » Oversight of developments through regular cross-functional Project Control Group meetings » Scenario modelling and stress testing of assumptions to inform decisions » Experienced management capability » Application of a well defined development risk appetite with metrics around the proportion of a portfolio under development, contractor exposure and leasing pre-commitments 	<p>—</p> <p>GPT's development pipeline remains strong, particularly in the Office and Logistics portfolios. There has been some supply chain disruption and costs have increased as a result of inflation, however these risks are being effectively managed and are not impacting project delivery at the current time.</p>	<p>Our investors </p> <p>Real estate </p> <p>Our people </p> <p>Environment </p> <p>Our customers, suppliers and communities </p>
<p>Capital Management</p> <p>Effective capital management is imperative to meet the Group's ongoing funding requirements and to withstand market volatility.</p>	<ul style="list-style-type: none"> » Stated gearing range of 25 to 35 per cent consistent with stable investment grade credit ratings in the "A" range » Long term capital planning, including sensitivity of asset valuation movements on gearing » Maintenance of a minimum liquidity buffer in cash and surplus committed credit facilities » Diversified funding sources » Maintenance of a long weighted average debt term, with limits on the maximum amount of debt expiring in any 12 month period » Hedging of interest rates to keep exposure within policy » Limits on currency exposure » Limits on exposure to counterparties 	<p>⬆️</p> <p>Significant liquidity is in place and gearing sits below the mid-point of the stated range, however the cost of debt has increased materially, and net asset devaluations have increased gearing.</p>	<p>Our investors </p>







KEY



⬆️ Risk increased









— No change in risk



⬆️ Risk decreased

Key risks CONTINUED

Risk	Our Response	Change in Residual Risk for 2022	Value Creation Input Affected
<p>Health and Safety</p> <p>GPT is committed to promoting and protecting the health and safety of its people, customers, contractors and all users of our assets.</p>	<ul style="list-style-type: none"> » A culture of safety first and integration of safety risk management across the business » Comprehensive health and safety management systems » Training and education of employees and induction of contractors » Engagement of specialist safety consultants to assist in identifying risks and appropriate mitigation actions » Prompt and thorough investigation of all safety incidents to ascertain root causes and prevent future occurrences » Participation in knowledge sharing within the industry » Comprehensive Crisis Management and Business Continuity Plans, tested annually 	<p>↓</p> <p>Although the COVID-19 virus continued to circulate, the risk to health and safety of our employees, customers and contractors decreased over the period due largely to increased vaccination coverage. There have been no other changes in the period which have materially impacted health and safety risk.</p>	<p>Real estate </p> <p>Our people </p> <p>Our customers, suppliers and communities </p>
<p>People and Culture</p> <p>Our ongoing success depends on our ability to attract, engage and retain a motivated and high-performing workforce to deliver our strategic objectives and an inclusive culture that supports GPT's core values.</p>	<ul style="list-style-type: none"> » Active adoption and promotion of GPT's values » A comprehensive employee Code of Conduct, including consequences for non-compliance » Employee Engagement Surveys every 18 to 24 months with action plans to address results » An annual performance management process, setting objectives and accountability » Promotion of an inclusive workplace culture where differences are valued, supported by policies and training » Monitoring of both risk culture and conduct risk » An incentive system with capacity for discretionary adjustments and clawback policy » Benchmarking and setting competitive remuneration » Development and succession planning » Workforce planning 	<p>—</p> <p>Key drivers of People and Culture risk during the period have been a tight employment market resulting in increased competition for skilled resources, and growth in GPT's funds under management, significantly increasing employee numbers. A decrease in employee turnover and an increase in the employee engagement score indicate effective management of this risk.</p>	<p>Our investors </p> <p>Our people </p>
<p>Environmental and Social Sustainability</p> <p>Delivering sustainable outcomes for investors, customers, communities and the environment, today and for future generations, is essential. GPT understands and recognises that changes to the environment and society can affect our assets and business operations.</p>	<ul style="list-style-type: none"> » Extensive climate adaptation planning to ensure a portfolio of climate resilient assets » A world-class Environment and Sustainability Management System, including policies and procedures for managing environmental and social sustainability risks » Participation in the S&P Global Corporate Sustainability Assessment, Global Real Estate Sustainability Benchmark and other industry benchmarks » Climate related-risks and potential financial impacts are assessed within GPT's enterprise-wide Risk Management Framework » Climate change reporting in line with the recommendations of the Task Force on Climate-related Financial Disclosures » Active community engagement via The GPT Foundation, GPT's Reconciliation Action Plan and other targeted programs » A Modern Slavery Statement and program of work in response to Modern Slavery legislation 	<p>—</p> <p>There has been no material change to GPT's sustainability risk profile during the period. GPT remains highly proactive in its management of ESG risks, particularly around supply chain risk, energy use, the changing regulatory environment and climate change.</p>	<p>Our investors </p> <p>Real estate </p> <p>Our people </p> <p>Environment </p> <p>Our customers, suppliers and communities </p>

KEY  Risk increased  No change in risk  Risk decreased

Risk	Our Response	Change in Residual Risk for 2022	Value Creation Input Affected
<p>Technology and Cyber Security</p> <p>Our ability to prevent critical outages, ensure ongoing available system access and respond to major cyber security threats and breaches of our information technology systems is vital to ensure ongoing business continuity and the safety of people and assets.</p>	<ul style="list-style-type: none"> » A comprehensive technology risk management framework including third party risk management procedures around cyber security » Policies, guidelines and standards for Information Management and Privacy » Security testing and training completed by a specialist external security firm, including penetration testing, phishing exercises and social engineering testing » A Disaster Recovery Plan including annual disaster recovery testing, and a comprehensive Cyber Security Incident Response Plan » External specialists and technology solutions in place to monitor GPT platforms » Regular updates to technology hardware and software incorporating recommended security patches » Annual cyber risk assessments » An Information Security Risk and Compliance Committee overseeing information security » Alignment to the National Institute of Standards and Technology (NIST) Cyber Security Framework » Regular review of security of information and compliance with privacy regulations 	<p>⬆️</p> <p>The number of cyber attacks impacting Australia has increased significantly during the period.</p>	<p>Real estate </p> <p>Our people </p> <p>Our customers, suppliers and communities </p>
<p>Compliance and Regulation</p> <p>We ensure compliance with all applicable regulatory requirements through our established policies and frameworks.</p>	<ul style="list-style-type: none"> » An experienced management team with Legal, Tax, Finance, Compliance and Risk Management expertise » Engagement of external expert advisors as required » An internal and external audit program overseen by the Audit Committee of the Board » Active management of the Group's Compliance Plans, in accordance with the requirements of the Corporations Law » Internal committees such as a Continuous Disclosure Committee, a Data Privacy Committee and a Cyber Security Governance Committee to monitor key compliance risks » An Anti-money Laundering and Counter-terrorism Financing Policy, a Conflicts Management Policy, a Whistleblower Policy, a Code of Conduct and other internal policies and procedures which are reviewed and enforced » An ongoing program of training which addresses all key compliance requirements » Active involvement in the Property Council of Australia and other industry bodies 	<p>➖</p> <p>There has been no material change in GPT's compliance and regulatory risk during the period.</p>	<p>Our investors </p> <p>Real estate </p> <p>Our people </p> <p>Environment </p> <p>Our customers, suppliers and communities </p>

KEY  Risk increased  No change in risk  Risk decreased

Climate-related risks and opportunities

GPT outlines the steps that it is taking to identify and monitor, mitigate and adapt to climate change and other sustainability-related risks and opportunities in the Group's Climate Disclosure Statement, which is summarised below. The Group's fourth Climate Disclosure Statement has been prepared with reference to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and is available on GPT's website.

The threat of climate change is a global challenge. It presents numerous complex questions about the best approach to transition to an economy that aligns with the scientific imperative to limit global warming to 1.5 degrees. In 2022, Australia increased its decarbonisation ambitions and the COP27 United Nations Climate Change Conference in Egypt served to reinforce progress on Paris Agreement targets as well as widen the conversation to the importance of nature-related risks including biodiversity loss and water.

As the owner and manager of a \$32.4 billion portfolio of office, logistics, and retail properties across Australia, we understand the importance of our contribution to climate change mitigation efforts. GPT is a leader in its decarbonisation efforts, with our current emissions reduction actions and future targets tracking well ahead of Australia's commitments to the Paris Agreement and recent legislated emissions reductions targets.

Governance

GPT's approach to managing climate change risk is overseen by the Board and the Sustainability and Risk Committee (SRC). Management report to the SRC on sustainability matters such as climate change risks and opportunities, compliance with GPT's environmental management system and the delivery of environmental performance targets.

GPT's Chief Executive Officer and Managing Director (CEO) is accountable for ensuring that the Group is identifying, assessing and managing material risks including climate change and other sustainability risks, in accordance with GPT's Risk Management Framework. The Chief Risk Officer manages the Sustainability Team, which is responsible for formulating and driving the implementation of GPT's environmental sustainability initiatives across the Group. The Sustainability Team work closely with business unit managers to achieve this.

Strategy

GPT's overarching business strategy is outlined in the Our Strategy section of this report. The Group's strategy aims to deliver growing and predictable earnings for investors through owning, developing and managing a diversified portfolio of high quality real estate, located in Australian capital cities and established regional centres. The proactive identification and management of key risks and opportunities, including those related to climate change, biodiversity loss and water, supports the achievement of this strategy.

We take a long-term approach to our property investments and sustainability initiatives, which benefits our tenants and our broader stakeholder groups and improves the resilience of our assets to the impacts of physical and transitional climate risks.

Our detailed risk management process to identify and address climate-related risks and opportunities is described in the Risk Management section of the 2022 Climate Disclosure Statement on pages 18 to 21. Through these risk processes, together with natural catastrophe modelling and valuations undertaken by our insurers, no specific climate-related risks have been identified that we believe could have a material negative impact on our current business model or strategy.

By including ESG leadership as a core strategic pillar, GPT recognises the increasingly important role it plays in driving stakeholder value. In particular, GPT's focus on environmental sustainability will improve the resilience of its assets by reducing their vulnerability to climate change hazards. As a result of our climate response strategy and with GPT's focus on resilience, we aim to contribute to an orderly and just transition to a low carbon economy. Within our transition plans, we consider strategic opportunities as well as any co-benefits, such as sustainable financing options, climate-related income generation and funds management opportunities, that may be achieved in the change management process.

GPT's net zero plan always entails measuring emissions, reducing and eliminating wherever feasible and only offsetting residual emissions. Our targets are independently validated through Climate Active certifications.

As part of our ESG leadership strategy, GPT is focused not only on its carbon neutral targets but also on having a net positive impact on biodiversity. We have joined the Taskforce on Nature-related Financial Disclosure (TNFD) Forum and in the coming years will be disclosing nature related risks and opportunities. Our strategy is mature in dealing with climate-related risks and opportunities while nature-related impact consideration is gaining momentum.

GPT has adopted two global warming scenarios to model the potential future impacts of climate change on our business and the resilience of our strategy. The two scenarios we have adopted align with the Representative Concentration Pathways (RCP) recommended by the Intergovernmental Panel on Climate Change (IPCC). We have adopted a low emissions scenario aligned with RCP 2.6 and a high emissions scenario aligned with RCP 8.5.

These scenarios are used to test the resilience of the Group's strategy and to develop strategies that address climate-related risks and opportunities. Through a series of internal workshops supported by consulting subject matter experts, we have determined the risks, opportunities and strategic impacts by considering potential transitional impacts and potential physical impacts under both the low and high emissions scenarios. Potential physical impacts could affect GPT's assets and the regions they are located in and could damage or limit their capacity to operate. Potential transitional impacts could result from policy, regulatory, or technological change and shifts in market and stakeholder expectations.

A detailed summary of the scenarios adopted by GPT and the potential impacts identified by this analysis can be found in the Group's Climate Disclosure Statement.

We have implemented a range of mitigation and adaptation strategies in response to climate change, such as:

- » Our preference for assets in major cities and urban areas
- » Operating efficient carbon neutral buildings
- » Setting and achieving carbon neutral targets
- » Setting a target for all future developments that GPT controls to be upfront embodied carbon neutral from 2023 onward
- » Measuring and reducing embodied carbon
- » Ensuring long-term resilience through business and asset life-cycles
- » Ensuring our approach aligns with government resilience strategy, and
- » Considering the impact of a future carbon price.

Risk Management

Effective risk management is fundamental to GPT's ability to achieve its strategic and operational objectives. By understanding and effectively managing risk, GPT can create and protect enterprise value and provide greater certainty and confidence for investors, employees, partners, and the communities in which we operate.

Our detailed risk management process to identify and address climate-related risks and opportunities is described in the Risk Management section of the 2022 Climate Disclosure Statement on pages 18 to 21. Through these risk processes, together with natural catastrophe modelling and valuations undertaken by our insurers, no specific climate-related risks have been identified that we believe could have a material negative impact on our current business model or strategy.

Applying our enterprise-wide Risk Management Framework, GPT's Risk Team monitors the operation of risk management processes and assists in the identification, assessment, treatment and monitoring of identified risks. The Risk Team supports the Leadership Team, the GPT Board, the Funds Management Board, and their respective committees, in ensuring that we manage risk appropriately.

Climate change risk is included on GPT's Key Risk Dashboard, which is reviewed every six months by the Board, Sustainability and Risk Committee and quarterly by the Leadership Team. The Committee receives quarterly updates on the status of the actions and commitments disclosed in the metrics and targets section of GPT's Climate Disclosure Statement.

GPT's cross-functional Sustainability Reference Group meets three times a year to identify and assess the existing climate-related risks and opportunities for each of the climate scenarios adopted by GPT, and to discuss and capture any new risks and opportunities.

The GPT Energy Master Plan has been in place since 2018. A primary aim of the Plan is to limit GPT's exposure to the risks of rising energy costs and reduced reliability of supply as the grid transitions from ageing coal-fired power to renewable energy. GPT mitigates its exposure to rising energy costs through efficiencies, on-site generation and medium term contract hedging. A forward purchasing program is also in place for our residual offset needs. Measures such as these enable GPT to progress its carbon neutral goals whilst effectively managing financial risk. GPT expects to see minimal impact on the cost of operating its buildings due to energy market volatility over the next 18 months and it is closely watching the 2024 to 2026 markets for longer term risk. More detail can be found in the GPT Climate Disclosure Statement.

Metrics and Targets

GPT is committed to reducing its environmental impact. We aspire to be an overall positive contributor to environmental sustainability by taking a leadership role in reducing carbon emissions across our operations and shifting towards a nature positive outcome.

We are progressing towards our net zero target of Climate Active Carbon Neutral (for Buildings) certifications for all assets that GPT operationally controls and in which we have an ownership interest by the end of 2024.¹

During the year GPT also delivered Australia's first Climate Active certified upfront embodied carbon neutral development at 143 Foundation Road, Truganina. A target has now been set to deliver upfront embodied carbon neutral developments from 2023 onwards for all assets developed for GPT's investment portfolio.

GPT monitors its direct climate impacts and reports on emissions, energy, water and waste for each property annually. Our Environment Dashboard includes a portfolio-level summary for all key metrics – electricity, water, fuels, recycling, and emissions – since 2005.

GPT obtains independent external assurance over sustainability performance data including the following climate change metrics: energy consumption and energy production in base building, Scope 1, Scope 2 emissions under GPT's control, carbon offsets, water consumption, waste generated, and materials recycled by grade.

GPT sets environmental performance and resilience targets, driven by operational optimisation programs and capital upgrades. Medium to long term operational emissions targets are also set at a portfolio level to inform energy procurement and offsets.

In areas outside of its control, GPT aims to influence outcomes with a particular focus on supporting its tenants to reduce their emissions. As outlined in our Climate Change and Energy Policy, GPT is committed to actively engaging with its stakeholders to reduce greenhouse gas emissions and energy use, and to reduce waste, manage water use and protect biodiversity.

GPT's corporate activities and business premises, including its travel and consumables, have been certified as carbon neutral by Climate Active since 2011. This certification covers material Scope 1, 2 and 3 emissions. GPT aims to reduce emissions through initiatives such as energy efficiency improvements at its offices and using technology to reduce the frequency of business-related flights. Emissions that can't be avoided in these areas are offset to ensure GPT's net emissions from our operations are zero.

Find out more

GPT's Climate Disclosure Statement is available on our website: www.gpt.com.au

1. The majority of logistics assets are operationally controlled by tenants.

Governance

Good corporate governance is a fundamental part of GPT's commitment to its securityholders. Corporate governance plays an integral role in supporting GPT's business and helping it deliver on its strategy.

It provides the arrangements and practices through which GPT's strategy and business objectives are set, performance is monitored, and risks are managed. It includes a clear framework for decision making and accountability across the business. Further information on GPT's corporate governance framework is available in the 2022 Corporate Governance Statement available on GPT's website: www.gpt.com.au.

The Board and Committees

The Board comprises six independent non-executive Directors and the CEO and Managing Director. The Chairman of the Board is an independent non-executive Director who is responsible for providing leadership to the GPT Board. In 2022, Anne Brennan was appointed to the Board following the retirement of Angus McNaughton.

The Board has established the Audit Committee, Human Resources and Remuneration Committee, Nomination Committee and Sustainability and Risk Committee to assist it in carrying out its responsibilities. The Board also establishes special purpose committees as may be required from time to time to focus on specific matters.

The Chairman of each Committee is an independent non-executive Director with the appropriate qualifications and experience to carry out that role. The Board receives minutes of Board Committee meetings and updates from the Chairman of each Committee to ensure that there is an appropriate flow of information between the Committees and the Board.

Unless a conflict arises, all Directors have access to Board Committee papers, may attend Committee meetings and receive minutes even if not a member of the relevant committee.

Each Committee has a formal Charter setting out its responsibilities which is reviewed at least every three years. The Charters were reviewed during 2022 with amendments made to adjust to the changing needs of GPT and evolving governance practices. Copies of those Charters are available in the Corporate Governance section of GPT's website: www.gpt.com.au.

A summary of the responsibilities of each Committee, the areas of focus in 2022 and membership is in the 2022 Corporate Governance Statement available on our website: www.gpt.com.au

Culture

The Board is committed to ensuring that there is a transparent and inclusive culture at GPT and understands the importance of the Board's and management's role in promoting and supporting behaviours that underpin the desired culture, as shown in the Values set out on page 2. The Board meets regularly with various levels of the organisation to test and observe the culture. In addition, a culture dashboard is reported to the Board regularly through its Committees and the results of GPT's employee engagement survey and planned actions to address any issues raised are reported to the Board's Human Resources and Remuneration Committee.

Stakeholder engagement

Effective stakeholder engagement helps GPT to identify and manage business risks and opportunities, while also informing its decisions as GPT acts as a responsible business and creates long-term value.

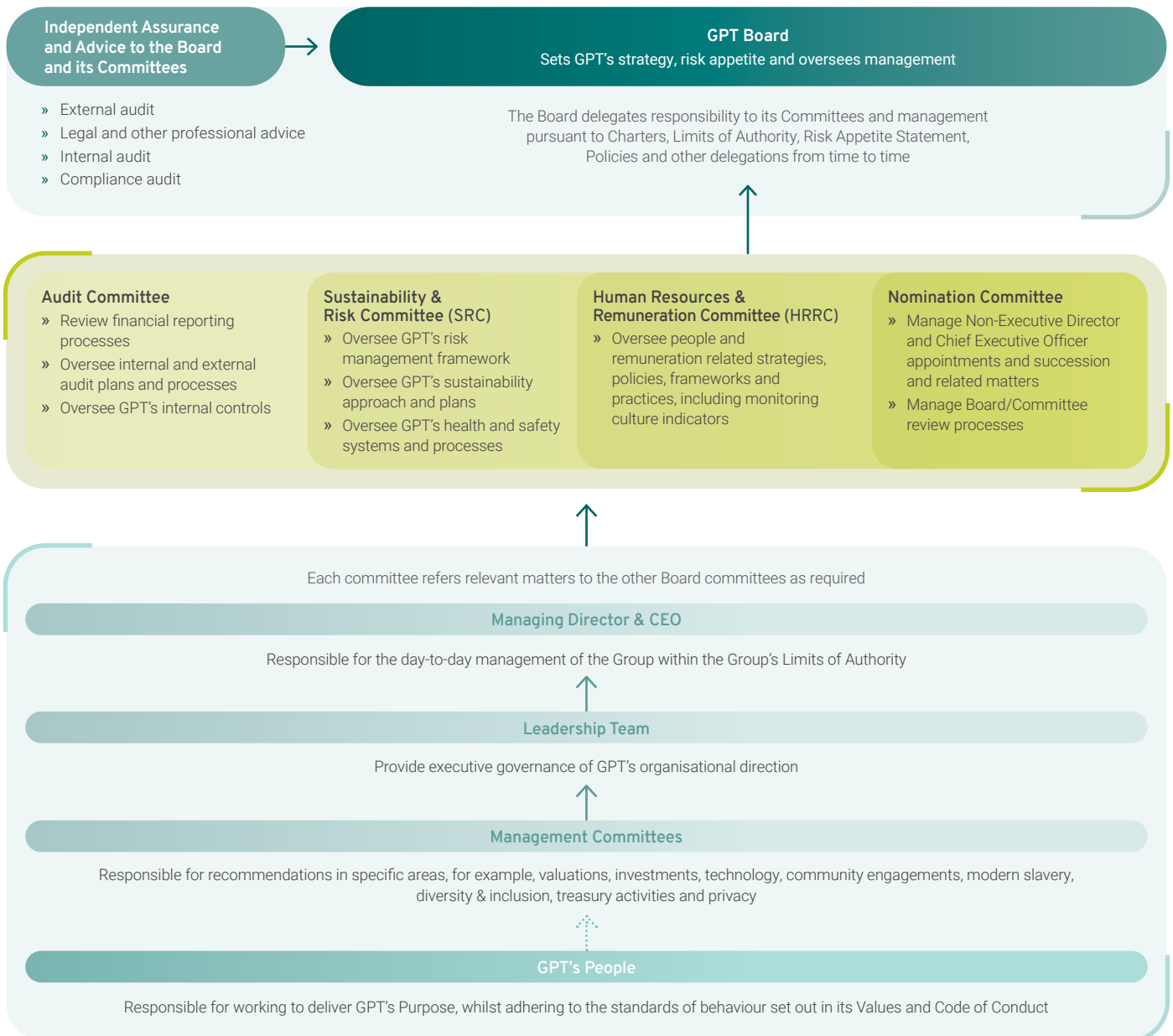
The Chairman of the Board, Chairman of the Human Resources and Remuneration Committee and members of the Leadership Team meet with investors and their representatives, analysts and proxy advisors on a regular basis to discuss GPT's performance. Major communication forums, such as Annual and Interim Results briefings and the Annual General Meeting, are webcast.

In addition, timely and accurate information is made available to investors by uploading ASX announcements to GPT's website and major media releases are distributed to key media contacts and also made available on the website.

GPT encourages securityholder engagement and participation at its Annual General Meetings which provides securityholders with the opportunity to be briefed on GPT's activities and to ask questions of the Board and management. In 2022, the Group held a hybrid AGM allowing securityholders the opportunity to engage with the Board in person and also participate online.

Corporate Governance Framework

Details of GPT's governance arrangements, including Board and Committee Charters and key policies, can be found in the 'Governance' section of the website: www.gpt.com.au. These charters and key policies are reviewed regularly to ensure that they remain appropriate, meet regulatory requirements and evolving stakeholder expectations, and maintain a high standard of corporate governance.



Governance CONTINUED

Key areas of governance focus in 2022

The GPT Board was actively engaged in its governance responsibilities throughout the year, fulfilling their role in accordance with the Board and Committee charters. Clear planning and agenda setting ensures the time of the Board and its Committees is used efficiently.

Time was allocated in 2022 to hear from experts in relevant fields, both internal and external to GPT, to further the Board's knowledge in specific areas. In addition, following the end of COVID-19 travel restrictions, the Board has been able to resume tours of GPT's assets and engagement with GPT's people. Other focus areas for the Board during the year included:



Strategic

- » Reviewing the Group's strategic initiatives to create long term value
- » The transition of the management of UniSuper's portfolio of real estate investments and the Australian Core Retail Trust investments from AMP Capital
- » Overseeing plans to develop capabilities across the business to drive GPT's strategic initiatives
- » Reviewing sustainability leadership, including approving the ESG Strategy, the targeted delivery of all assets that are developed for GPT's investment portfolio to be upfront embodied carbon neutral, on top of its leading operational carbon neutral building commitments and monitoring the pathway for assets GPT operationally controls and in which it has an ownership interest in to be carbon neutral by the end of 2024



Governance and Risk Management

- » Overseeing the Group's risk management framework, including a review of GPT's Risk Appetite Statement and metrics to ensure it remains appropriate to enable the achievement of GPT's strategic objectives
- » Approving an updated Whistleblower Policy and monitoring whistleblower procedures
- » Reviewing the Board's succession planning and skills matrix. Anne Brennan was appointed to the Board in May 2022 following the retirement of Angus McNaughton and to complement the Board's skills and experience in finance and accounting and property funds management
- » Overseeing GPT's culture including monitoring risk culture and programs for leadership in areas of employee wellbeing and psychological safety
- » Monitoring the performance on health and safety and management's policies and processes in this area



Financial oversight

- » Approving the interim and full year results and associated asset valuations and accounting judgements
- » Monitoring GPT's financial and operating performance
- » Reviewing the Group's capital management strategies and responses to the rise in interest rates



People, Culture and Remuneration

- » Reviewing CEO and management succession and talent plans
- » Reviewing of the results of the employee engagement survey and the strategies to improve employee engagement
- » Reviewing of GPT's remuneration framework to assess its effectiveness and relevance to the market
- » Reviewing and contributing to the continued development and implementation of GPT's diversity and inclusion strategy

Board skills and experience

The Board is committed to ensuring that collectively the Board has a mix of skills, experience, expertise and diversity to enable it to discharge its responsibilities. The Board also seeks to have a mix of tenure for its Directors to balance those who have established knowledge of GPT's business and history, with those who bring a fresh perspective and different insights.

The Board has identified the skills and experience set out in the matrix on page 44 as those required for GPT's Directors to provide effective governance and direction for the Group. This is reviewed on a regular basis in line with GPT's strategic direction and changes in Directors' skills and experience.

For each of the skills and experience identified, the level of experience is assessed using a set of objective criteria which include: tertiary qualifications; relevant industry experience or qualifications; and length of experience at a senior level.

Having assessed its composition and the results of the analysis set out above, the Board considers that it has the appropriate mix of skills and experience to enable it to discharge its responsibilities.

The skills matrix continues to be reviewed and updated as appropriate and used by the Board as a key component of succession planning, Committee membership and professional development.

Induction and training

On commencement of employment, all Directors undertake an induction program which includes information on GPT's values, Code of Conduct, health and safety, and employment practices and procedures. In addition, Directors meet with the members of the leadership team and visit GPT assets as appropriate to discuss GPT's strategy, the nature of its various businesses, its financial position and performance and risk management.

Ongoing training for Directors involves education programs which are incorporated into the Board programs, including in 2022 presentations on industry developments, modern slavery obligations, investment trends, GPT's upfront embodied carbon approach, ESG funds management, logistics supply chain trends, trends in office accommodation and other changes impacting the business.

Attendance of Directors at meetings

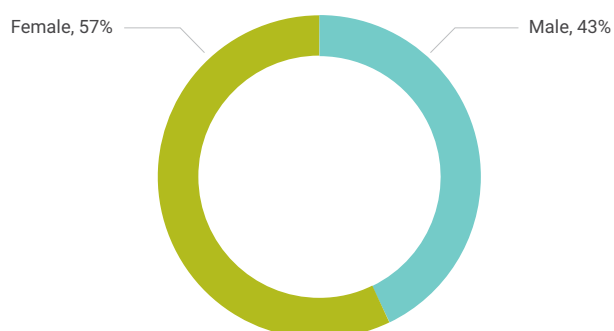
The number of Board meetings, including meetings of Board Committees, held during the year and the number of those meetings attended by each Director is set out below. There were also three special purpose Board Committees during the year with members appointed by the Board. Two of these were attended by Vickki McFadden, Bob Johnston and Michelle Somerville. The other special purpose Board Committee was attended by Vickki McFadden, Bob Johnston, Mark Menhinnitt and Rob Whitfield.

Director	Board		Audit Committee		Human Resources & Remuneration Committee		Nomination Committee		Sustainability & Risk Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Vickki McFadden	8	8	—	—	5	5	5	5	—	—
Anne Brennan	6	6	4	4	3	3	3	3	—	—
Bob Johnston	8	8	—	—	—	—	5	5	—	—
Tracey Horton AO	8	8	—	—	5	5	5	5	4	4
Angus McNaughton	3	3	2	2	2	2	2	2	—	—
Mark Menhinnitt	8	8	—	—	5	5	5	5	4	4
Michelle Somerville	8	8	6	6	—	—	5	5	4	4
Robert Whitfield AM	8	8	6	6	—	—	5	5	4	4

Director tenure (years)



Board gender diversity



Governance CONTINUED

Board Skills and Experience

Experience with property investment, funds management and development

2

2

3

- » Experience in property management and investment
- » Experience in property development, asset generation, capital partnering, construction and funds management
- » Understanding of industry trends

Health, safety, environment, sustainability

1

3

3

- » Experience in health, safety, environmental, social responsibility and sustainability initiatives in large organisations
- » Deep understanding of environmental and social issues

Finance and accounting

3

4

- » Senior executive or equivalent experience in financial accounting and reporting, corporate finance, capital management strategies, risk and internal controls
- » Experience in financial accounting and reporting
- » Experience in capital management and financing

Strategy

3

4

- » Experience in developing, implementing and challenging strategic plans to achieve the long-term goals of an organisation
- » Experience in complex merger and acquisition activities
- » Deep understanding of financial drivers and alternative business models

Risk management and compliance

2

5

- » Experience of financial and non-financial risk management frameworks and controls, and the identification, assessment and management of risk in large organisations

Leadership and Governance

2

5

- » ASX100 Directorship and Chairman of a Committee or CEO or senior executive experience
- » Knowledge, experience, and commitment to the highest standards of governance

People, remuneration and culture

3

4

- » Senior experience in people management and human resources policy
- » Experience with remuneration structures and incentives in large ASX listed companies

Transformation, innovation and technology

7

- » Experience in identifying innovative ways of doing business and achieving strategic goals
- » Experience in transforming business models and processes

- Experience in some aspects e.g. in a stage of career, or project roles
- Significant experience at management or professional levels and/or tertiary qualification
- Extensive career experience in senior executive, director or professional roles; tertiary qualifications

Modern Slavery

GPT understands and takes seriously our responsibility to uphold high ethical standards in our business practices and decision making. A critical part of this is respecting the human rights of everyone we deal with, directly and indirectly.

Modern slavery covers a range of unethical practices that result in serious exploitation of other people for personal or commercial gain. It can include forced labour, debt bondage and human trafficking.

GPT's third Modern Slavery Statement was released in October 2022 and articulates the actions we have taken and propose to take to identify and prevent modern slavery taking place within our operations and across our supply chains.

The GPT Human Rights Statement and Modern Slavery Statement are available on our website: www.gpt.com.au

Tax Transparency

Consistent with our commitment to good corporate governance, GPT is committed to managing the Group's tax obligations responsibly and in compliance with all laws and regulations.

The GPT Group is a stapled entity, a common arrangement in the Australian real estate sector. Each GPT security listed on the ASX is comprised of a share in GPT Management Holdings Limited (GMH) that is 'stapled' to a unit in General Property Trust (GPT). GPT is a unit trust (Managed Investment Trust) that is treated separately to GMH for Australian tax purposes. The GPT Group conducts its business only in Australia.

Tax Risk Management Framework

The Group has a Tax Risk Management Framework that is reviewed by the Audit Committee and reflects the Group's conservative risk appetite with respect to taxation. By applying this framework, GPT is able to manage its tax obligations efficiently and ensure compliance with tax laws and mitigate transaction-related tax risks.

The Tax Risk Management Framework provides a holistic governance approach that ensures compliance with tax law through the implementation of tax related policies, processes, procedures and systems across the Group's business. The Group applies this framework across the broader business to fully integrate the taxation implications of transactions, projects and business initiatives into day-to-day activities.

Private tax rulings, external advice and counsel opinion are obtained as necessary to ensure the correct application of the tax law to the Group's business.

Our tax contribution

The payment of applicable taxes is an important aspect of GPT's contribution to the Australian economy. The GPT Group's real estate investment assets are held in a trust (GPT) that is owned by securityholders. Under Australian tax law, rental income arising from real estate investments held by the Trust is taxed directly to securityholders. All other profits that arise from trading activities are earned by GMH and are subject to the Australian corporate income tax rate of 30 per cent.

GPT is also subject to goods and services tax, stamp duty, council rates, land tax, payroll tax, fringe benefits tax, and remits 'pay as you go' withholding taxes on behalf of employees and investors.

Tax Transparency Code

The GPT Group reports in accordance with the voluntary Tax Transparency Code (TTC) issued by the Board of Taxation. The TTC recommends a set of principles and minimum standards for the disclosure of tax information by businesses.

Tax disclosures

Information regarding taxation of the Group is disclosed in this Annual Report.

 [MORE ON PAGE 93](#)

Director biographies



Vickki McFadden

CHAIRMAN
INDEPENDENT NON-EXECUTIVE DIRECTOR

Term

Vickki joined the Board in March 2018 and was appointed Chairman in May 2018.

Skills, Experience and Qualifications

Vickki brings a broad range of skills and experience to the Group gained during a 20 year career spanning investment banking, corporate finance and corporate law, and through her current and previous board level positions.

Vickki holds a Bachelor of Commerce and a Bachelor of Laws. She is a member of Chief Executive Women and the Australian Institute of Company Directors. She was also previously President of the Australian Takeovers Panel, Non-Executive Chairman of Skilled Group Limited, a Non-Executive Director of Myer Family Investments Pty Limited and Leighton Holdings Limited (now CIMIC Group), and a Member of the Executive Council and Advisory Board of the UNSW Business School.

Listed Company Directorships (held within the last 3 years)

- » Newcrest Mining Limited (since 2016)
- » Tabcorp Holdings Limited (2017–2020)

Other Current Appointments

- » Non-Executive Director Allianz Australia Limited

Board Committee Memberships

- » Nomination Committee (Chair)
- » Human Resources & Remuneration Committee

GPT Security Holding (as at report date)

112,525 stapled securities



Bob Johnston

CHIEF EXECUTIVE OFFICER
& MANAGING DIRECTOR
EXECUTIVE DIRECTOR

Term

Bob joined the Board in September 2015.

Skills, Experience and Qualifications

Bob has over 30 years' experience in the property sector including investment, development, project management and construction in Australia, Asia, the US and UK. Prior to joining GPT, Bob was the Managing Director of listed Australand Property Group which became Frasers Australand in September 2014. Bob also held various senior positions at Lendlease.

Bob holds a Bachelor of Electrical and Electronic Engineering (Hons).

Listed Company Directorships (held within the last 3 years)

Nil

Other Current Appointments

- » Director of the Property Council of Australia

Board Committee Memberships

- » Nomination Committee

GPT Security Holding (as at report date)

1,783,489 stapled securities



Anne Brennan

INDEPENDENT NON-EXECUTIVE DIRECTOR

Term

Anne joined the Board in May 2022.

Skills, Experience and Qualifications

Anne is an experienced public company director with extensive experience across a range of sectors. She is currently a Non-Executive Director of The Lottery Corporation and Endeavour Group. She is also on the boards of NSW Treasury Corporation and Rabobank New Zealand Limited.

Anne holds a Bachelor of Commerce (Honours), and is a Fellow of the Chartered Accountants Australia and New Zealand and a Fellow of AICD.

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

Listed Company Directorships (held within the last 3 years)

- » The Lottery Corporation (since 2022)
- » Endeavour Group (since 2022)
- » Argo Investments Limited (2011 – 2022)
- » Spark Infrastructure Group (2020 – 2021)
- » Tabcorp Holdings Limited (2020 – 2022)
- » Charter Hall Group (2010 to 2021)
- » Nufarm Limited (2011 to 2020)
- » Metcash Limited (2018 to 2021)

Other Current Appointments

- » Non-Executive Director NSW Treasury Corporation
- » Non-Executive Director Rabobank New Zealand Limited

Board Committee Memberships

- » Human Resources & Remuneration Committee
- » Audit Committee
- » Nomination Committee

GPT Security Holding (as at report date)

12,000 stapled securities



Tracey Horton AO

INDEPENDENT NON-EXECUTIVE DIRECTOR

Term

Tracey joined the Board in May 2019.

Skills, Experience and Qualifications

Tracey Horton has experience across a wide range of listed, government and not-for-profit boards. Tracey 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.

Tracey holds a Bachelor of Economics (Hons) and a Masters of Business Administration (MBA). She is a Fellow of the Australian Institute of Company Directors.

Tracey is currently a member of the Australian Takeovers Panel, Chair of the Australian Industry and Skills Committee and a Non-Executive Director of IDP Education (ASX:IEL) and Campus Living Villages Pty Ltd. Previous appointments include Commissioner of Tourism WA, a Non-Executive Director of Nearmap Limited and Skilled Group and Automotive Holdings Group, President of the Chamber of Commerce and Industry (WA) and Winthrop Professor and Dean of the University of Western Australia Business School.

Listed Company Directorships (held within the last 3 years)

- » Nearmap Ltd (2019 – 2022)
- » Navitas Limited (2012 – 2019)
- » IDP Education (since 2022)

Other Current Appointments

- » Member of the Australian Takeovers Panel
- » Non-Executive Director Campus Living Villages Pty Ltd
- » Chair of the Australian Industry and Skills Committee

Board Committee Memberships

- » Human Resources & Remuneration Committee (Chair)
- » Sustainability & Risk Committee
- » Nomination Committee

GPT Security Holding (as at report date)

33,245 stapled securities



Mark Menhinnitt

INDEPENDENT NON-EXECUTIVE DIRECTOR

Term

Mark joined the Board in October 2019.

Skills, Experience and Qualifications

Mark has significant investment management, construction, development and urban regeneration experience in the real estate and infrastructure sectors, drawn from his 30 year career at Lendlease including as CEO of Lendlease Australia.

Mark holds a Master's Degree in Applied Finance and a Bachelor's Degree in Engineering and is a graduate member of the Australian Institute of Company Directors and a fellow of the Governance Institute of Australia. Mark is a Director of Downer EDI Limited (ASX:DOW), Chairman of Fluent Property Pty Ltd and a Director of Sunshine Coast Airport Pty Ltd.

Listed Company Directorships (held within the last 3 years)

- » Downer EDI Limited (since 2022)

Other Current Appointments

- » Chairman and Non-Executive Director of Fluent Property Pty Ltd
- » Director of Sunshine Coast Airport Pty Ltd

Board Committee Memberships

- » Human Resources & Remuneration Committee
- » Sustainability & Risk Committee
- » Nomination Committee

GPT Security Holding (as at report date)

42,000 stapled securities



Michelle Somerville

INDEPENDENT NON-EXECUTIVE DIRECTOR

Term

Michelle joined the Board in December 2015.

Skills, Experience and Qualifications

Michelle was previously an external audit partner of KPMG for nearly 14 years. She has deep business, finance, risk and governance experience gained in Australia and overseas, working with top tier financial services and industrial clients.

Michelle is currently a non-executive Director of Insignia Financial Limited (ASX:IFL), Select Harvest Limited (ASX:SHV), Epworth Foundation and the Summer Foundation. She was also previously on the board of Bank Australia, Challenger Retirement and Investment Services, not for profit organisations Down Syndrome Australia and Save the Children (Australia), and was an independent adviser to the Audit, Risk and Compliance Committee of UniSuper.

Listed Company Directorships (held within the last 3 years)

- » Insignia Financial Limited (since 2019)
- » Select Harvest Limited (since 2022)

Other Current Appointments

- » Non-Executive Director of Epworth Foundation
- » Non-Executive Director of Summer Foundation

Board Committee Memberships

- » Audit Committee (Chair)
- » Sustainability & Risk Committee
- » Nomination Committee

GPT Security Holding (as at report date)

36,663 stapled securities

Director biographies CONTINUED



Robert Whitfield AM

INDEPENDENT NON-EXECUTIVE DIRECTOR

Term

Rob joined the Board in May 2020.

Skills, Experience and Qualifications

Rob has significant banking and finance experience in senior management roles across the public and private sectors. This includes a 30 year career with Westpac Banking Corporation where he held various senior management positions, including Chief Executive Officer of the Institutional Bank, Chief Risk Officer, Group Treasurer and Chairman of the Asia Advisory Board.

Rob holds a Bachelor of Commerce, a Post-Graduate degree in Banking & Finance and completed the Harvard Advanced Management Program. He is a Senior Fellow of the Financial Services Institute of Australasia and a Fellow of the Australian Institute of Company Directors.

Rob was also previously Chairman and Director of NSW Treasury Corporation and Secretary of NSW Treasury and NSW Industrial Relations.

Listed Company Directorships (held within the last 3 years)

- » Commonwealth Bank Australia Limited (since 2017)
- » Transurban Group (since 2020)

Other Current Appointments

Nil

Board Committee Memberships

- » Sustainability & Risk Committee (Chair)
- » Audit Committee
- » Nomination Committee

GPT Security Holding (as at report date)

27,500 stapled securities

Company Secretary biographies

Marissa Bendyk

GENERAL COUNSEL AND
COMPANY SECRETARY

Marissa was appointed as General Counsel and Company Secretary of GPT in April 2022. Marissa has over 15 years' experience in the legal profession, with extensive experience in the areas of mergers and acquisitions, corporate and competition law, and corporate governance.

Before joining GPT as General Counsel and Company Secretary, Marissa was the General Counsel, Corporate & Governance and Group Company Secretary of AMP Limited. Marissa has also held senior positions with APA Group and King & Wood Mallesons.

Emma Lawler

GROUP COMPANY SECRETARY

Emma was appointed as a Company Secretary of GPT in October 2021. She has more than 20 years' corporate governance and company secretarial experience in public and private, listed and unlisted entities. Emma's previous roles include Group Company Secretary of Link Group, Senior Governance Consultant with Company Matters Pty Limited, Head of Group Secretariat and Company Secretary at Westpac Banking Corporation and Company Secretary for the former NSW State Rail Authority.

Directors' Report

The Directors of GPT RE Limited, the Responsible Entity of General Property Trust, present their report together with the financial statements of the General Property Trust (the Trust) and its controlled entities (the trust consolidated entity) for the year ended 31 December 2022. The trust consolidated entity together with GPT Management Holdings Limited and its controlled entities form the stapled entity, The GPT Group (GPT or The Group).

General Property Trust is a registered scheme, GPT Management Holdings Limited is a company limited by shares, and GPT RE Limited is a company limited by shares, each of which is incorporated and domiciled in Australia. The registered office and principal place of business is Level 51, 25 Martin Place, Sydney NSW 2000.

The Directors' Report for the year ended 31 December 2022 has been prepared in accordance with the requirements of the Corporations Act 2001 and includes the following information:

- » Operating and Financial Review, including information on the Group's operations and financial position, business strategies and prospects on pages 26 to 33
- » Information on the Directors and Company Secretary on pages 46 to 48
- » Board and committee meetings attendance on page 43
- » Remuneration Report on pages 50 to 62, and
- » Auditor's Independence Declaration on page 64.

Environmental regulation

GPT has policies and procedures in place that are designed to ensure that where operations are subject to any particular and significant environmental regulation under a law of Australia (for example property development and property management), those obligations are identified and appropriately addressed. This includes obtaining and complying with conditions of relevant authority consents and approvals and obtaining necessary licences. GPT is not aware of any significant breaches of any environmental regulations under the laws of the Commonwealth of Australia or of a State or Territory of Australia and has not incurred any significant liabilities under any such environmental legislation.

GPT is subject to the reporting requirements of the National Greenhouse and Energy Reporting Act 2007 ("NGER Act"). The NGER Act requires GPT to report its annual

greenhouse gas emissions and energy consumption and generation for the 12 month period from 1 July to 30 June. GPT has implemented systems and processes for the collection and calculation of the data required. The data is assured and submitted to the Australian Government Clean Energy Regulator by the legislative deadline of 31 October each year. GPT complied with the Regulator's submissions requirements for the period ended 30 June 2022 within the required timeframe.

Information about GPT's participation in the NGER program is available on our website: www.gpt.com.au.

Events subsequent to reporting date

As announced on 10 February 2023, it is Bob Johnston's current intention to retire by the end of this year. The Board has commenced a formal Chief Executive Officer search process to select a suitably qualified successor with the right leadership skills and experience to continue the successes of the Group.

The Directors are not aware of any other matter or circumstances occurring since 31 December 2022 that has significantly or may significantly affect the operations of GPT, the results of those operations or the state of affairs of GPT in the subsequent financial years.

Indemnification and insurance of directors officers and auditors

GPT provides a Deed of Indemnity and Access (Deed) in favour of each of the Directors and Officers of GPT and its subsidiary companies and each person who acts or has acted as a representative of GPT serving as an officer of another entity at the request of GPT. The Deed indemnifies these persons on a full indemnity basis to the extent permitted by law for losses, liabilities, costs and charges incurred as a Director or Officer of GPT, its subsidiaries or such other entities.

Subject to specified exclusions, the liabilities insured are for costs that may be incurred in defending civil or criminal proceedings that may be brought against Directors and Officers in their capacity as Directors and Officers of GPT, its subsidiary companies or such other entities, and other payments arising from liabilities incurred by the Directors and Officers in connection with such proceedings.

During the financial year, GPT paid insurance premiums to insure the Directors and Officers of GPT and its subsidiary companies. The terms of the contract prohibit the disclosure of the premiums paid.

GPT has agreed to indemnify the auditors out of the assets of GPT if GPT has breached the agreement under which the auditors are appointed.

Non-audit services

During the year PricewaterhouseCoopers, GPT's auditor, has performed other services in addition to their statutory duties. Details of the amounts paid to the auditor, which includes amounts paid for non-audit services and other assurance services, are set out in note 22 to the financial statements.

The Directors have considered the non-audit services and other assurance services provided by the auditor during the financial year. In accordance with advice received from the Audit Committee, the Directors are satisfied that the provision of non-audit services by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- » The Audit Committee Chairman reviewed the non-audit services and other assurance services to ensure that they did not impact upon the integrity and objectivity of the auditor
- » The Audit Committee's own review concluded that the auditor independence was not compromised, having regard to the Board's policy with respect to the engagement of GPT's auditor, and
- » The fact that none of the non-audit services provided by PricewaterhouseCoopers during the financial year had the characteristics of management, decision making, self review, advocacy or joint sharing of risks.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 64 and forms part of the Directors' Report.

Rounding of amounts

The amounts contained in this report and in the financial statements have been rounded to the nearest hundred thousand dollars unless otherwise stated (where rounding is applicable) under the option available to GPT under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. GPT is an entity to which the Instrument applies.

Remuneration Report

Introduction from the Chairman of the Human Resources and Remuneration Committee

On behalf of the Human Resources and Remuneration Committee (the Committee), I am pleased to present the Remuneration Report for 2022. This report describes the objectives, mechanisms and outcomes of our executive remuneration framework, which is a key element of our business strategy to deliver strong results.

During 2022, we saw a welcome return to more consistently stable market conditions as COVID restrictions lifted. This positive development followed an extended period during which the Group's financial performance and the experience of investors and customers were negatively impacted by responses to the pandemic and our people experienced subdued remuneration outcomes, reflecting a combination of missed performance thresholds and Board decisions to withdraw some incentive schemes and moderate fixed remuneration increases. Within this context, in 2022 the Committee focused its attention on ensuring that remuneration settings were carefully balanced to retain and motivate our people to deliver superior performance while aligning reward outcomes to the securityholders' experience. Other important considerations for the Committee included the continuation of an extremely competitive talent market and the impact of rising interest rate costs and inflation – which affected financial performance in 2022 and is expected to continue to be a headwind into 2023.

Group Performance and Remuneration

The Group delivered a solid financial and non-financial result in 2022. GPT's FFO was \$620.6 million for the year, up 11.9 per cent from last year, a result enabled by increased FFO contributions from all three business units. In addition, we also secured a number of valuable funds management mandates: management of UniSuper's \$2.8 billion direct real estate mandate; property management of Pacific Fair Shopping Centre; and management of the Australian Core Retail Trust (ACRT).

The Board and management have also reviewed performance targets for the year ahead, with the objective of setting targets that encourage high performance and optimum returns for securityholders. Noting the Group's lower guidance for 2023 FFO, particular judgement is required, balancing securityholder expectations and engaging the workforce with targets that are reasonable and do not incentivise undue risk-taking.

2022 Remuneration Outcomes

The remuneration outcomes for 2022 reflect the intended operation of the remuneration framework which is designed to deliver competitive remuneration to attract, engage and retain talent and be aligned to securityholders, using the following mechanisms:

- » Short term and long term incentives based on the achievement of financial measures and strategic and operational objectives important to the organisation's success
- » Consideration of values, behaviour and risk through the design of performance incentives and the remuneration framework including clawback mechanisms and the exercise of Board discretion
- » A minimum securityholding requirement, that aligns the interests of executives to those of securityholders, and
- » Strong governance through the Committee ensuring remuneration outcomes are reasonable taking into account community and stakeholder expectations.

The Group met its primary financial measure of FFO for the year, achieving its "target" performance level to determine the STIC pool. The CEO received a short-term incentive compensation (STIC) payment of \$1,314,000 (72 per cent of maximum opportunity), slightly ahead of target, in recognition of strong performance against GPT's strategic objectives and exceptional ESG results. The CFO received a STIC payment of \$575,000 (64 per cent of maximum opportunity) and the COO received a STIC payment of \$535,000 (64 per cent of maximum opportunity), aligned to target for performance outcomes achieved at the Group level.

Given the Board's decision in 2020 to withdraw the 2020-22 Long Term Incentive (LTI) plan, no performance rights were eligible to vest this year. This is the third consecutive year of nil LTI vesting, as the two prior awards did not meet the requisite performance-based thresholds. It is noted COVID-19 has had a material impact on the business during these performance periods.

For 2022, the Committee approved a budget for fixed remuneration reviews, resulting in an average increase of 3.0 per cent for eligible employees. Increases were restrained for executive KMP, with the CFO receiving a 2.85 per cent increase and the CEO and COO receiving nil increases.

Following benchmarking, the Committee determined that no changes to Non-Executive Director (NED) fees occur in 2022. However, some modest increases in some NED fees are planned for 2023, aligning fee levels with the median fee levels of GPT's key peers.

2022 Leadership and Organisational Changes

In early 2022, we made changes to GPT's organisation structure to provide greater sector alignment, enhance operational efficiencies and to reflect the growth in our Logistics portfolio. These changes were coupled with key appointments to our Leadership Team (LT) with Chris Davis appointed to Head of Logistics, Martin Ritchie to Head of Office, and Marissa Bendyk to Group General Counsel and Company Secretary. The Funds businesses now sit under each sector head achieving greater alignment and efficiencies. These appointments have added to a strong and capable LT. Our LT (including the CEO) is 44 per cent female and 56 per cent male.

Our People and Culture

We are proud of our people and culture at GPT, with our people being our most important asset. We continue to strive for a culture characterised by purpose, opportunity and pride, through investment in our employee experience targeting initiatives in areas such as diversity and inclusion, leadership capability, safety, flexible working arrangements and wellbeing. In 2022, we increased our engagement by 6 per cent with 86 per cent of people believing GPT is a great place to work and 86 per cent being proud to work at GPT. We are inspired by our people, who continued to demonstrate positive attitudes, commitment, resilience and drive throughout 2022.

We welcome feedback and comments from investors and stakeholders regarding this Remuneration Report.



Tracey Horton AO
CHAIRMAN OF THE HUMAN RESOURCES & REMUNERATION COMMITTEE

The information provided in this Report has been audited in accordance with section 308(3C) of the *Corporations Act 2001*.

Sydney, 20 February 2023

Key Management Personnel

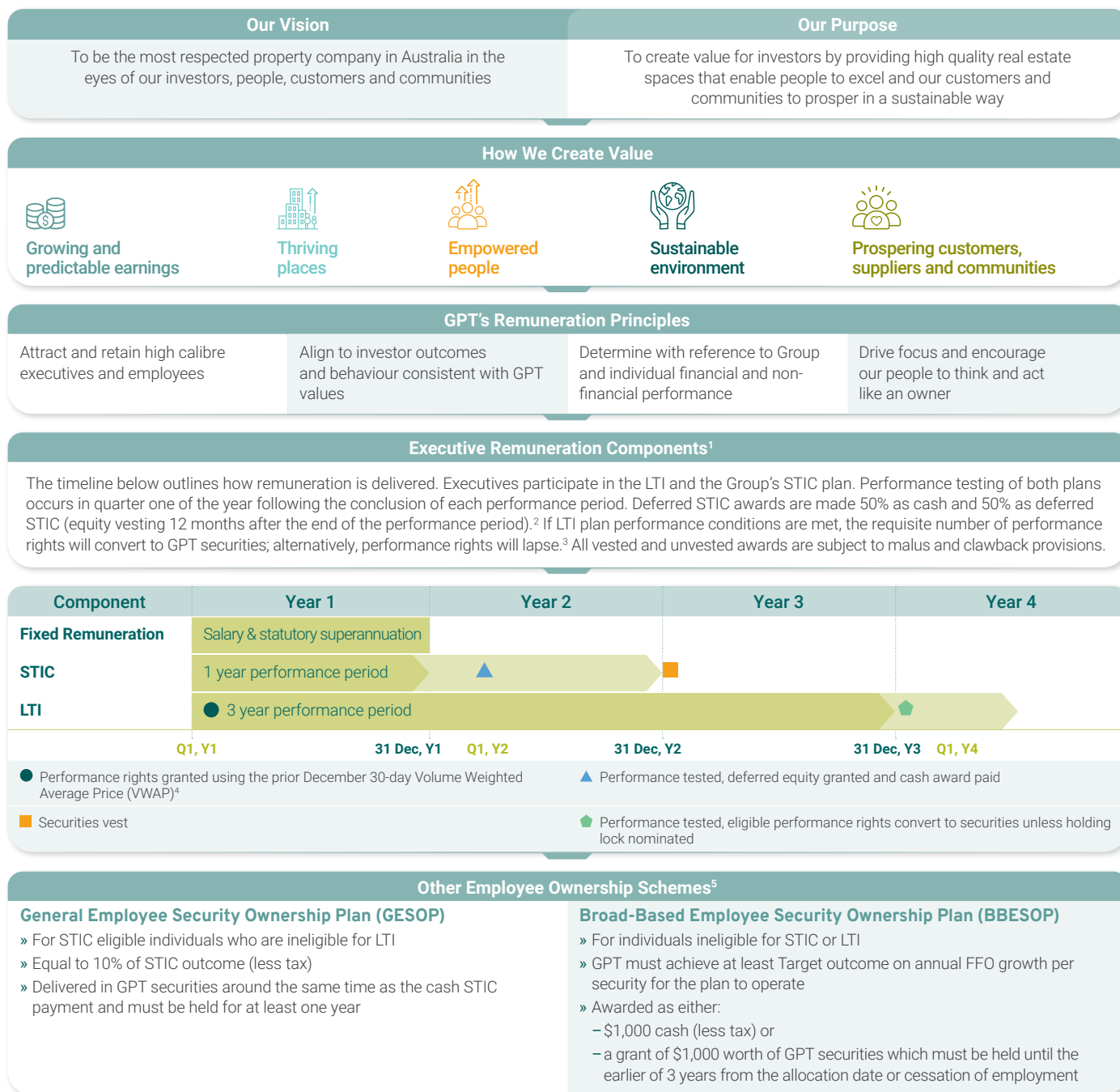
This Remuneration Report discloses information regarding our Key Management Personnel (KMP). In accordance with AASB 124 the KMP identified are all Non-Executive Directors and those individuals responsible for planning, controlling and managing the GPT Group. For 2022, the KMP were:

Name	Role	Term as KMP
Non-Executive Directors		
Vicki McFadden	Chairman	Full year
Anne Brennan	Non-Executive Director	Part year – appointed 1 May 2022
Tracey Horton AO	Non-Executive Director	Full year
Angus McNaughton	Non-Executive Director	Part year – retired 11 May 2022
Mark Menhinnitt	Non-Executive Director	Full year
Michelle Somerville	Non-Executive Director	Full year
Robert Whitfield AM	Non-Executive Director	Full year
Executive KMP		
Bob Johnston	Chief Executive Officer & Managing Director	Full year
Anastasia Clarke	Chief Financial Officer	Full year
Mark Fookes	Chief Operating Officer	Full year

Remuneration Report CONTINUED

Remuneration Framework

GPT's remuneration framework is designed to support the Group's strategy and reward our people for its successful execution and performance. The remuneration principles are the foundation of the framework, and the diagram below describes the typical delivery for remuneration and reward. The framework also provides a basis for the Board to exercise discretion when determining remuneration outcomes.



1. Eligibility to participate in the STIC and LTI plans is role-based and typically limited to permanently employed individuals. Generally, participants must satisfy the minimum service criteria applicable under each plan and have not resigned or been subject to any formal performance management process when an award is made.

2. Where deferred securities are awarded, the number allocated is determined by dividing 50% of the value of the total STIC by the 30-day VWAP immediately before the end of the performance period. The value of the award on the conversion date may vary as a result of security price having increased or decreased since that point in time. Any award for non-LTI eligible employees is delivered as 100% cash.

3. Participants may elect at the commencement of the LTI plan to apply additional dealing restrictions of up to a maximum of 4 years post vesting. A taxing point will arise in the financial year securities vest and become unrestricted.

4. The CEO's performance rights are granted following the relevant resolution's approval at the Annual General Meeting.

5. Eligibility to participate in the GESOP and BBESOP is subject to the same criteria set out in footnote 1.

Minimum Security Holding Requirement

GPT's Minimum Security Holding Policy requires Non-executive Directors, the CEO, other KMPs and members of the Leadership Team to build (initially over four years from appointment) and maintain a minimum holding of GPT securities. The guideline requires the CEO to maintain a holding equal to 150% of fixed remuneration. For Non-executive Directors, other KMP and Leadership Team members, the MSHR is equal to 100% of fixed remuneration or board fees.

Clawback and Malus

GPT's Clawback Policy provides the Board with the discretion to modify remuneration outcomes as a result of adverse circumstances that arise or become known after remuneration has been granted, paid or vested. Individuals who participate in the STIC and LTI are subject to these awards being adjusted, cancelled or clawed back if a trigger event occurs. No trigger events occurred in 2022, and the Board did not enact the Clawback Policy during the reporting period.

GPT's Values and Culture

GPT provides a workplace where its people can realise their potential and consistently deliver high performance in a safe and inclusive work environment. Its diverse workforce benefits from a dynamic and flexible work environment, investment in technology and a culture where people feel they can bring their whole selves to work. These key elements that drive value are underpinned by GPT's shared sense of purpose – to create value by delivering superior returns to investors, and to provide environments that enable our people to excel and customers and communities to prosper in a sustainable way.

As part of employees' end-of-year performance assessments, GPT employees are assessed against the values. This signals that performance is not just about "what" employees deliver, it is "how" employees deliver. There is alignment between remuneration outcomes and behaviour in accordance with our values.

Our culture is underpinned by the following core values



Remuneration Report CONTINUED

Performance and Remuneration Outcomes

1. Five year Group financial performance

		2022	2021	2020	2019	2018
Total Securityholder Return (TSR) ¹	%	(16.2)	27.8	(17.7)	9.6	9.6
Relative TSR ²	%	(1.4)	8.2	(13.1)	(9.7)	6.7
Total Return ³	%	3.9	14.1	(2.4)	8.7	15.8
NTA per security ⁴	\$	5.98	6.09	5.57	5.80	5.58
FFO per security	cents	32.40	28.82	28.48	32.68	31.84
FFO per security growth	%	12.4	1.2	(12.9)	2.6	3.5
Security price at end of calendar year	\$	4.20	5.42	4.50	5.60	5.34

1. TSR is calculated as the percentage growth in GPT's security price from the last trading date of the previous financial year to the last trading date of the current financial year, together with the value of distributions received during the year, assuming that all of those distributions are reinvested into new securities.

2. GPT's TSR compared to the TSR of the S&P/ASX 200 A-REIT Index adjusted to exclude Goodman Group and The GPT Group for 2021 and 2022.

3. Total Return is defined as the sum of the change in Net Tangible Assets (NTA) per security plus distributions per security over the Performance Period, divided by the NTA per security at the beginning of the performance period.

4. Includes all right-of-use assets of The GPT Group.

















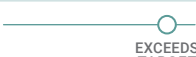
2. Short Term Incentive Compensation (STIC) overview and funding

GPT's STIC plan provides executive KMP with the opportunity to be rewarded for their performance toward financial and non-financial objectives consistent with the Group's strategic and operational goals. FFO is used by the Committee and the Board to determine the size of the overall STIC pool. At target performance, the pool is 64 per cent of the aggregate of all participants' maximum opportunity. The Committee then reviews the performance of KMP against their objectives along with other relevant factors to determine their incentive award for the year.

3. Group Performance

The Board takes a robust approach to determining executive remuneration outcomes considering a range of quantitative and qualitative factors. An assessment of performance against the primary objectives is summarised in the table below.

The percentage weightings for each category for the table below reflect the range used for the individual scorecards for each KMP.

Category	Performance measure	Achievement	Commentary
Financial Weighting 50% 	Achievement of a FFO Target		» Delivered FFO of \$620.6m (FFO per security of 32.4 cents)
	Position the business to deliver FFO per security growth target in 2023		» Market guidance for 2023 is for FFO per security to be lower in 2023 while DPS is maintained
Strategy Weighting 20%-30% 	Secure new Funds/Mandates to grow Funds Management Platform		» Secured \$2.8b UniSuper direct Real Estate Platform » Secured management of \$2.7b Australian Core Retail Trust
	Effective hedging and capital management plan in place to address higher interest rate environment		» Increased levels of interest rate hedging for 2023-2025 period with 78% of drawn debt hedged for 2023 » Balance sheet gearing of 28.5%
	GPT Wholesale Funds (GWSCF and GWOF) to be ranked 1st or 2nd in their peers set for 12 month Total Return		» GWSCF ranked 1st in the MSCI Index while GWOF was ranked 5th in the relative MSCI Index
	Leadership in ESG		» Ranked number 1 real estate company globally in S&P Global Corporate Real Estate Assessment » Maintained highest rating of 5 stars for GRESB » Delivered Australia's first certified Upfront Embodied Carbon Neutral logistics development
Operations Weighting 10%-15% 	Deliver logistics developments at or exceeding the target commerce		» Successfully completed four logistics developments at >30% margin and an average yield on cost of 5.7%
	Alignment of business into 3 sectors and integration of Funds Platform to drive efficiency and strategy execution		» Business restructure implemented in Q1 2022 and operating effectively
	Positive feedback from Customers on our service offerings		» Office portfolio – Net Promoter Score of 71% » Retail portfolio – Net promoter score of 58% (up 18% on 2021) » Logistics portfolio – Customers' satisfaction with team averages 80%
People and Safety Weighting 10%-15% 	To be equal to or greater than the Australian National Average in the annual employee engagement survey		» Employee engagement scored 72% – 6% higher than the prior survey and higher than the Australian national average
	Improvement of % of top decile of females and gender pay gap		» Achieved 38.3% gender diversity in the top decile of roles » Gender pay gap decreased from 20.73% to 17.53% exceeding the target ¹
	Continue to build our inclusive culture		» Recognised as a Gold employer for LGBTQ+ inclusion, moving up from Bronze in the AWEI Small Employer category » WGEA 'Employer of Choice' citation for the 4th consecutive year » Awarded Family Inclusive Workplace™ certification » Maintained our workforce at 56% female
	Number of material incidents decreasing		» Strong HSE performance with zero employee recordable injuries and decrease of material incidents by 48% since 2021

1. Assessment based on annualised fixed remuneration. GPT has also assessed the total compensation gender pay gap, which is 23.80 per cent.

Remuneration Report CONTINUED

4. 2022 STIC outcomes by Executive KMP

Executive KMP's STIC outcomes for 2022 ranged between 64 to 72 per cent of their maximum STIC opportunity and are set out in the table below.

Executive KMP	Position	Actual STIC awarded	Actual STIC awarded as a % of maximum STIC	% of maximum STIC award forfeited	Cash component	Equity component (# of GPT securities) ¹
Bob Johnston	Chief Executive Officer & Managing Director	\$1,314,000	72.00%	28.00%	\$657,000	151,274
Anastasia Clarke	Chief Financial Officer	\$575,000	63.89%	36.11%	\$287,500	66,197
Mark Fookes	Chief Operating Officer	\$535,000	63.69%	36.31%	\$267,500	61,592

1. The number of deferred GPT securities is calculated by dividing 50% of the Actual STIC awarded by GPT's 30-day VWAP of \$4.3431 immediately before the end of the performance period. Vesting subject to service on 31 December 2023.

5. Deferred STIC outcomes – fair value and maximum value recognised in future years¹

Executive KMP	Plan	Grant date	Fair value per security ²	Securities awarded	Vesting date	Portion vested in year ³
Bob Johnston Chief Executive Officer & Managing Director	2021	21 March 2022	\$4.91	94,411	31 December 2022	100%
Anastasia Clarke Chief Financial Officer	2021	21 March 2022	\$4.91	54,286	31 December 2022	100%
Mark Fookes Chief Operating Officer	2021	21 March 2022	\$4.91	47,205	31 December 2022	100%

1. The GPT deferred STIC awards are allocated with reference to the 30-day VWAP of a GPT security up to 31 December 2021.

2. Reflects fair value per security as at the grant date.

3. The Deferred STIC was fully vested and fully expensed as at reporting date. As such, the maximum value to be recognised in future years is nil.

6. LTI performance hurdles

LTI	LTI performance measurement period	Performance measure ^{1,2}	Performance measure hurdle	Weighting	Result ³	Vesting % by performance measure ³	Overall Plan Vesting Outcome % ³
2020	2020-22	2020 LTI withdrawn					
2021	2021-23	Relative TSR versus ASX200 AREIT Accumulation Index	10% of PR vest at Index performance, up to 100% at Index plus 10% (pro-rata vesting in between)	50%	N/A	N/A	N/A
		Total Return	10% of PR vest at 4% Total Return, up to 100% at 6% Total Return (pro-rata vesting in between)	50%	N/A	N/A	
2022	2022-24	Relative TSR versus ASX200 AREIT Accumulation Index	10% of PR vest at Index performance, up to 100% at Index plus 10% (pro-rata vesting in between)	50%	N/A	N/A	N/A
		Total Return	10% of PR vest at 6.0% Total Return, up to 100% at 8.5% Total Return (pro-rata vesting in between)	50%	N/A	N/A	

1. The Relative TSR comparator group, being the ASX200 AREIT Accumulation Index, is adjusted to exclude GPT and Goodman for LTI plans. TSR is calculated as the percentage growth in GPT's security price over the performance period, together with the value of distributions received during the performance period, assuming that all of those distributions are reinvested into new securities.

2. Total Return is defined as the sum of the change in Net Tangible Assets (NTA) per security plus distributions per security over the performance period, divided by the NTA per security at the beginning of the performance period.

3. Entries of "N/A" are for awards that are part-way through their performance periods and where the testing date is in the future.

7. 2020-2022 LTI outcomes by Executive KMP

As noted in the above table, the 2020-22 LTI awards were withdrawn by the Board. On that basis, the realised values from the 2020-2022 LTI awards are nil for each of the Executive KMP.

8. LTI outcomes – fair value and maximum value recognised in future years¹

Executive KMP	Plan	Grant date	Fair value per performance right ²	Performance rights granted as at 31 December 2022 ³	Vesting date	Maximum value to be recognised in future years
Bob Johnston Chief Executive Officer & Managing Director	2022	20 May 2022	\$3.205	413,520	31 December 2024	\$597,803
	2021	21 May 2021	\$3.038	470,199	31 December 2023	\$476,590
Anastasia Clarke Chief Financial Officer	2022	28 March 2022	\$3.211	169,939	31 December 2024	\$215,898
	2021	26 April 2021	\$3.077	187,865	31 December 2023	\$192,920
Mark Fookes Chief Operating Officer	2022	28 March 2022	\$3.211	158,610	31 December 2024	\$223,894
	2021	26 April 2021	\$3.077	180,350	31 December 2023	\$185,126

1. The GPT LTI plan is calculated on face value grants of performance rights based on the VWAP of GPT securities for specified periods.

2. Reflects fair value per performance right as at the grant date.

3. Approval of the issue of performance rights to Mr Johnston was obtained in accordance with ASX Listing Rule 10.14.

9. Remuneration – Executive KMP – Actual Amounts Received (Non-IFRS information)

This table discloses the cash, equity and other benefit amounts actually received by GPT's executive KMP, as distinct from the accounting expense. As a result, it does not align to Australian Accounting Standards.

Executive KMP	Year	Fixed Pay		Non-monetary Benefits ³	Variable or "at risk" ¹		Total
		Base Pay ²	Superannuation		STIC receivable ⁴	LTI	
Bob Johnston Chief Executive Officer & Managing Director	2022	\$1,435,570	\$24,430	\$8,222	\$1,314,000	–	\$2,782,222
	2021	\$1,437,869	\$22,631	\$7,192	\$1,000,000	–	\$2,467,692
Anastasia Clarke Chief Financial Officer	2022	\$875,570	\$24,430	\$8,129	\$575,000	–	\$1,483,129
	2021	\$852,869	\$22,631	\$3,893	\$575,000	–	\$1,454,393
Mark Fookes Chief Operating Officer	2022	\$815,570	\$24,430	\$7,862	\$535,000	–	\$1,382,862
	2021	\$817,869	\$22,631	\$5,868	\$500,000	–	\$1,346,368
Total	2022	\$3,126,710	\$73,290	\$24,213	\$2,424,000	–	\$5,648,213
	2021	\$3,108,607	\$67,893	\$16,953	\$2,075,000	–	\$5,268,453

1. Gross dollar values for the equity components have been calculated by multiplying the number of securities by GPT's 30-day VWAP immediately before the end of the relevant performance period of \$4.3431.

2. Base Pay includes taxable cash salary and the value of items salary packaged on a pre-tax basis e.g. car parking.

3. Non-Monetary Benefits may include death and total/permanent disability insurance premiums, service awards, GPT superannuation plan administration fees, professional memberships, subscriptions and/or other benefits.

4. STIC receivable amounts are provided in two components: a 50 per cent cash component; and a 50 per cent deferred STIC component. The deferred STIC components are subject to time-based vesting conditions.

Remuneration Report CONTINUED

10. Reported remuneration – Executive KMP (AIFRS Accounting)

This table provides a breakdown of remuneration for executive KMP in accordance with statutory requirements and Australian accounting standards.

Executive KMP	Year	Short-term benefits			Long-term benefits		Share-based payments ¹			Total
		Base Pay ²	STIC (cash)	Non-monetary Benefits ³	Super-annuation	Long-Service Leave Movements ⁴	STIC (Deferred) ⁵	LTI		
Bob Johnston	2022	\$1,490,658	\$657,000	\$8,222	\$24,430	\$26,787	\$525,739	\$772,523	\$3,505,359	
Chief Executive Officer & Managing Director	2021	\$1,454,372	\$500,000	\$7,192	\$22,631	\$23,777	\$255,503	\$578,569	\$2,842,044	
Anastasia Clarke	2022	\$898,000	\$287,500	\$8,129	\$24,430	(\$24,662)	\$258,651	\$300,386	\$1,752,434	
Chief Financial Officer	2021	\$869,098	\$287,500	\$3,893	\$22,631	(\$5,809)	\$146,913	\$258,350	\$1,582,576	
Mark Fookes	2022	\$780,935	\$267,500	\$7,862	\$24,430	\$23,635	\$233,374	\$296,678	\$1,634,414	
Chief Operating Officer	2021	\$819,140	\$250,000	\$5,868	\$22,631	\$12,872	\$127,750	\$249,102	\$1,487,363	
Total	2022	\$3,169,593	\$1,212,000	\$24,213	\$73,290	\$25,760	\$1,017,764	\$1,369,587	\$6,892,207	
	2021	\$3,142,610	\$1,037,500	\$16,953	\$67,893	\$30,840	\$530,166	\$1,086,021	\$5,911,983	

- These columns record the fair values of the awards under the STIC (deferred) and LTI plans, expensed in the relevant financial years. Values do not represent actual awards made to executives or the face value grant method.
- Base Pay includes the value of items salary packaged on a pre-tax basis (e.g. car parking) as well as the value of year-on-year changes to annual leave provisions.
- Non-Monetary Benefits may include death and total/permanent disability insurance premiums, service awards, GPT superannuation plan administration fees, professional memberships, subscriptions and/or other benefits.
- Long-Service Leave Movements reflect the long-service leave balances as at the relevant year end, less the relevant balances from the prior comparable period. A negative value can result where leave taken during the year exceeds the value of any accrued leave during the year.
- The 2021 comparatives have been restated to reflect the number of deferred GPT securities granted under the 2021 STIC (Deferred) plan. This results in a decrease of the 2021 STIC share-based expense of \$92,618 for Bob Johnston, \$19,995 for Anastasia Clarke, and \$32,481 for Mark Fookes.

11. GPT security ownership – Executive KMP as at 31 December 2022

Executive KMP	GPT Holdings (start of period) ¹	Employee Security Scheme (ESS)			Purchase / (Sales) during period ²	GPT Holdings (end of period) ³	Value of GPT Holdings ⁴	MSHR Guideline ⁵
		2021 Deferred STIC	2019-21 LTI					
Bob Johnston	1,689,078	94,411	–	–	1,783,489	\$7,745,871	\$2,190,000	
Chief Executive Officer & Managing Director								
Anastasia Clarke	235,428	54,286	–	54,849	344,563	\$1,496,472	\$900,000	
Chief Financial Officer								
Mark Fookes	1,222,362	47,205	–	–	1,269,567	\$5,513,856	\$840,000	
Chief Operating Officer								

- GPT Holdings (start of period) include GPT securities obtained via sign-on grants (Mr Johnston only), awards previously received under Employee Share Schemes up to and including the 2021 performance period, private holdings less any prior sales.
- Movement in GPT security holdings as a result of the sale of vested, unrestricted security holdings and/or the sale or purchase of additional private holdings on the individuals own account during the 2022 calendar year.
- GPT Holdings (end of period) is the sum of GPT Holdings (start of the period) plus any securities granted during 2022 in respect of the 2021 Deferred STIC and 2019-21 LTI plan (noting this plan was cancelled) adjusted for any purchases or sales during the period.
- The GPT Holdings (end of period) multiplied by GPT's December 2022 30-day VWAP of \$4.3431 to derive a dollar value.
- GPT's Minimum Security Holding Requirement (MSHR) guideline requires the CEO to acquire and maintain a holding equal to 150 per cent of their Total Package Value i.e. their base pay plus superannuation. For other KMP and Leadership Team members the holding requirement is equal to 100 per cent of their Total Package Value. Individuals have four years from commencement of employment to achieve the MSHR before it is assessed.

12. GPT performance rights – Executive KMP

Executive KMP	Opening balance	Performance rights awarded during 2022	Performance rights exercised during 2022 ¹	Performance rights that lapsed in 2022 ¹	Performance rights still on foot at 31 Dec 22 ²
Bob Johnston Chief Executive Officer & Managing Director	470,199	413,520	–	–	883,719
Anastasia Clarke Chief Financial Officer	187,865	169,939	–	–	357,804
Mark Fookes Chief Operating Officer	180,350	158,610	–	–	338,960

1 No performance rights were allocated under the 2020-22 LTI as the LTI offer was withdrawn.

2 The total of unvested performance rights currently on foot excluding any GPT securities or performance rights that may have lapsed up to 31 December 2022. This represents the current maximum number of additional GPT securities to which the individual may become entitled subject to satisfying the applicable performance measures in the 2021-23 and 2022-24 LTI plans. As such, these performance rights represent the incentive opportunity over future years, are subject to performance and hence "at risk", and as a result, may never vest.

Employment Terms

1. Employment terms

Employment Terms	Conditions		
	CEO & Managing Director	Other Executive KMP	
Remuneration Package	Bob Johnston	Anastasia Clarke	Mark Fookes
Fixed Remuneration ¹	\$1,460,000	\$900,000	\$840,000
Range of STIC Opportunity as a percentage of Fixed Remuneration ²	0% to 125%	0% to 100%	
Range of LTI Opportunity as a percentage of Fixed Remuneration ³	0% to 150%	0% to 100%	
Contract duration	Ongoing	Ongoing	
Notice period ⁴	6 months	3 months	
Termination by Company without cause	12 months' notice. Treatment of unvested STIC and LTI will remain on foot and be treated in the same manner as if the CEO remained in employment. The GPT Board retains discretion to forfeit a prorated amount of any unvested LTI	3 months' notice. Treatment of unvested STIC and LTI will be at the Board's discretion under the terms of the relevant plans and GPT policy	
Termination by Company for cause	No notice requirement or termination benefits (other than accrued entitlements)		
Post Employment Restraints	6 months non-compete (CEO only), and 12 months non-solicitation of GPT employees		

1. Fixed remuneration is inclusive of superannuation.

2. Performance assessed against financial and non-financial objectives, with any award generally also subject to the Group achieving FFO performance targets set by the Board at the beginning of each performance period.

3. Face value of performance rights at time of grant. Vesting outcomes dependent on performance and continued service, delivered in GPT securities.

4. GPT may elect to make a payment in lieu of notice.

2. Compensation mix at maximum STIC and LTI outcomes

The percentage of each component of variable or 'at risk' remuneration is calculated with reference to maximum or stretch potential opportunity as set out in the Remuneration Packages detailed in Tables 1 and 2 of the Employment Terms section. It does not reflect the actual remuneration paid during the period.

Executive KMP	Fixed Remuneration	Variable or "at risk" remuneration	
	Base Pay	STIC	LTI
Bob Johnston , Chief Executive Officer & Managing Director	26.7%	33.3%	40.0%
Anastasia Clarke , Chief Financial Officer	33.4%	33.3%	33.3%
Mark Fookes , Chief Operating Officer	33.4%	33.3%	33.3%

Remuneration Report CONTINUED

Governance

Who are the members of the Committee?	<p>The Committee consists of the following four Non-Executive Directors:</p> <ul style="list-style-type: none"> » Tracey Horton AO (HRRC Chairman) » Anne Brennan » Vicki McFadden » Mark Menhinnitt
What is the scope of work of the Committee?	<p>The Committee operates in accordance with the HRRC Charter and undertakes the following activities on behalf of the Board:</p> <p>GPT's Remuneration Framework and Application</p> <ul style="list-style-type: none"> » Consider and recommend any changes to GPT's Remuneration Framework to the Board for approval » Oversee the implementation of key plans in support of GPT's Remuneration Framework » Review and approve an annual salary review budget for all employees » Review and make recommendations to the Board regarding incentive plans within GPT, including the total pools and performance hurdles » Exercise key functions and discretion for the administration of GPT incentive plans in accordance with plan rules <p>Remuneration for the Board, Chief Executive Officer and other members of the Leadership Team</p> <ul style="list-style-type: none"> » Periodically review and recommend to the Board for approval any changes to the remuneration for Non-Executive Directors, including recommending any increase to the pool approved by securityholders for Non-Executive Director remuneration » Review annually and make recommendations to the Board for approval in relation to the remuneration package for the CEO and any other Executive Director, including contract terms, remuneration, benefits and incentives » In consultation with the CEO, review and approve the remuneration packages for any new members and existing members of the Leadership Team (excluding the CEO), including contract terms, remuneration, benefits and incentives <p>Evaluation of the Chief Executive Officer and Leadership Team performance</p> <ul style="list-style-type: none"> » Recommend to the Board for approval the Key Performance Indicators (KPIs) for the CEO » The Chairman of the Board and the CEO will assess the CEO's performance against these KPIs and that assessment will be provided to the Committee for consideration. The Committee will recommend the incentive plan outcomes for the CEO to the Board for approval » Review the CEO's assessment of the Leadership Team's (excluding the CEO) performance against KPIs and proposed incentive plan outcomes. The Committee will approve incentive plan outcomes for the Leadership Team (excluding the CEO) <p>Oversee the management of GPT's culture including:</p> <ul style="list-style-type: none"> » Ensure clear accountabilities for culture » Systems in place to monitor culture, including any material breaches of the Code of Conduct or other workplace behaviour policies » Recommend any changes to the Code of Conduct to the Board for approval, in conjunction with the Sustainability and Risk Committee » Ensure the remuneration framework balances risk and return and promotes appropriate risk taking behaviours <p>Succession planning</p> <ul style="list-style-type: none"> » Review and monitor the implementation of succession plans for the Leadership Team (excluding the CEO which is a responsibility of the Nomination Committee¹) <p>Diversity and inclusion</p> <ul style="list-style-type: none"> » Review and approve GPT's diversity & inclusion strategy » Oversee the implementation of key initiatives in support of this strategy and review GPT's achievement of the strategy and measurable objectives <p>Talent</p> <ul style="list-style-type: none"> » Monitor and oversee employee talent and oversee the processes to support the implementation of those initiatives <p>Compliance with legal and regulatory requirements</p> <ul style="list-style-type: none"> » Review the annual Remuneration Report and make recommendations to the Board for its inclusion in the Annual Report.

1. The full Board are members of the Nomination Committee and no additional fees are paid for membership. Further information about the role and responsibility of committees is set out in their respective Charters, which are available on GPT's website: www.gpt.com.au.

Remuneration – Non-Executive Directors

What are the key elements of the Non-executive Director Remuneration Policy?

- » The Board determines the remuneration structure for Non-executive Directors based on recommendations from the Human Resources and Remuneration Committee.
- » Non-executive Directors are paid one fee for participation as a Director in all GPT related companies (principally GPT RE Limited, the Responsible Entity of General Property Trust and GPT Management Holdings Limited).
- » Non-executive Director remuneration is composed of three main elements:
 - Main Board fees
 - Committee fees, and
 - Superannuation contributions at the statutory superannuation guarantee contribution rate.
- » Non-executive Directors do not participate in any short or long term incentive arrangements and are not entitled to any retirement benefits other than compulsory superannuation.
- » Non-executive Directors are subject to the Group's Minimum Security Holding Policy as detailed on page 53 of this Report.
- » Non-executive Director remuneration is set by reference to comparable entities listed on the ASX (having regard to GPT's industry sector and market capitalisation).
- » External independent advice on remuneration levels for Non-executive Directors is sought annually. In the event that a review results in changes, the new Board and Committee fees are effective from 1 January in the applicable year and advised in the ensuing Remuneration Report.
- » Fees (including superannuation) paid to Non-executive Directors are subject to an aggregate limit of \$1,800,000 per annum, which was approved by GPT securityholders at the Annual General Meeting on 5 May 2015. As an Executive Director, Mr Johnston does not receive fees from this pool as he is remunerated as one of GPT's senior executives.

1. Board and committee fees^{1,2}

		Board Fee	Audit Committee	Sustainability and Risk Committee	Human Resources and Remuneration Committee
Chairman	2022	\$450,000	\$40,000	\$34,000	\$34,000
	2021	\$450,000	\$40,000	\$34,000	\$34,000
Members	2022	\$170,000	\$20,000	\$17,000	\$17,000
	2021	\$170,000	\$20,000	\$17,000	\$17,000

1. In addition to the fees noted in the table, all Non-executive Directors receive reimbursement for reasonable travel, accommodation and other expenses incurred while undertaking GPT business.

2. Fees for Non-executive Directors are inclusive of superannuation.

Remuneration Report CONTINUED

2. Reported remuneration – Non-Executive Directors – AIFRS Accounting¹

This table provides a breakdown of remuneration for Non-executive Directors in accordance with statutory requirements and Australian accounting standards.

		Fixed Pay			Total
		Base Fees	Superannuation	Other ¹	
Non-Executive Directors					
Vicki McFadden	2022	\$443,677	\$6,323	–	\$450,000
Chairman	2021	\$449,942	–	–	\$449,942
Anne Brennan ²	2022	\$123,857	\$13,005	–	\$136,862
	2021	–	–	–	–
Tracey Horton AO	2022	\$200,455	\$20,545	–	\$221,000
	2021	\$201,368	\$19,632	–	\$221,000
Mark Menhinnitt	2022	\$185,035	\$18,965	–	\$204,000
	2021	\$185,878	\$18,122	–	\$204,000
Michelle Somerville	2022	\$205,897	\$21,103	–	\$227,000
	2021	\$206,835	\$20,165	–	\$227,000
Robert Whitfield AM ³	2022	\$203,176	\$20,824	–	\$224,000
	2021	\$225,372	\$20,464	–	\$245,836
Former Non-Executive Directors					
Angus McNaughton ⁴	2022	\$68,517	\$6,852	–	\$75,369
	2021	\$188,611	\$18,389	–	\$207,000
Total	2022	\$1,430,614	\$107,617	–	\$1,538,231
	2021	\$1,458,006	\$96,772	–	\$1,554,778

1. 'Other' may include death and total/permanent disability insurance premiums and/or GPT superannuation plan administration fees.

2. Anne Brennan was appointed to the GPT Board on 1 May 2022.

3. Mr Whitfield's total fees for 2021 were \$224,000. However, an adjustment for unpaid fees in 2020 was made during the period.

4. Angus McNaughton retired from the GPT Board on 11 May 2022.

3. Non-executive Director – GPT security holdings

Non-executive Director	Balance 31 Dec 21	Holdings (# of securities)		Minimum securityholding requirement (MSHR)		
		Purchase / (Sale)	Balance 31 Dec 22	MSHR assessment ¹	MSHR guideline ²	MSHR assessment date
Vicki McFadden	112,525	–	112,525	\$527,976	\$450,000	March 2022
Anne Brennan	–	12,000	12,000	\$52,117	\$170,000	May 2026
Tracey Horton AO	27,525	5,720	33,245	\$170,736	\$170,000	May 2023
Mark Menhinnitt	30,000	12,000	42,000	\$223,395	\$170,000	October 2023
Michelle Somerville	36,663	–	36,663	\$179,936	\$170,000	December 2019
Robert Whitfield AM	15,000	12,500	27,500	\$119,435	\$170,000	May 2024

1. The MSHR is assessed by the higher of cost or the current market value (derived by multiplying the number of holdings at the end of the period by GPT's December 2022 30-day VWAP of \$4.3431).

2. The MSHR for Non-Executive Directors is equal to 100% of board fees. Individuals have four years from commencement of employment to achieve the MSHR before it is assessed for the first time.

Remuneration Advisors

During the year, advisors did not provide any remuneration recommendations in relation to KMPs, as defined in Section 9B of the *Corporations Act 2001*.

The Directors' Report is signed in accordance with a resolution of the Directors of the GPT Group.



Vicki McFadden
CHAIRMAN



Bob Johnston
CHIEF EXECUTIVE OFFICER AND
MANAGING DIRECTOR

Sydney

20 February 2023

Auditor's Independence Declaration



Auditor's Independence Declaration

As lead auditor for the audit of General Property Trust for the year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of General Property Trust and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'S. Horlin', is written over a light grey horizontal line.

Susan Horlin
Partner
PricewaterhouseCoopers

Sydney
20 February 2023

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Melbourne Central Tower,
Melbourne

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Consolidated Statement of Comprehensive Income

Year ended 31 December 2022

	Note	31 Dec 22 \$M	31 Dec 21 \$M
Revenue			
Rent from investment properties	17	707.3	673.7
Property management fees		17.0	17.0
Funds management fees		66.9	61.9
Development revenue		11.0	34.8
Development management fees		11.0	7.8
Profit on sale of investment		2.3	—
		815.5	795.2
Fair value adjustments and other income			
Fair value gain on investment properties		34.0	762.5
Share of after tax profit of equity accounted investments		62.8	384.6
Interest revenue		0.9	0.3
Impairment reversal/(loss) on trade and other receivables		5.9	(50.0)
Gain on financial liability at amortised cost		2.4	2.4
Net gain from hedge ineffectiveness on qualifying hedges	14(b)	0.6	17.6
Gain on financial asset at amortised cost		—	8.7
Net gain/(loss) on fair value movements of derivatives		3.8	(11.9)
		110.4	1,114.2
Total revenue, fair value adjustments and other income		925.9	1,909.4
Expenses			
Property expenses and outgoings		212.8	197.5
Management and other administration costs		91.3	111.0
Development costs		10.6	27.2
Depreciation, amortisation and (impairment reversal)/impairment expense		(4.4)	64.7
Finance costs		142.0	87.0
Net foreign exchange loss		0.4	0.2
Total expenses		452.7	487.6
Profit before income tax expense		473.2	1,421.8
Income tax expense/(benefit)	9(a)	3.9	(1.0)
Net profit for the year		469.3	1,422.8
Other comprehensive income			
Items that may be reclassified to profit or loss, net of tax			
Movement in hedging reserve	10(c)	(0.3)	20.9
Movement in fair value of cash flow hedges	10(c)	(1.8)	6.0
Total other comprehensive (loss)/income		(2.1)	26.9
Total comprehensive income for the year		467.2	1,449.7
Net profit/(loss) attributable to:			
» Securityholders of the Trust		446.7	1,433.7
» Securityholders of the Company		22.6	(10.9)
Total comprehensive income/(loss) attributable to:			
» Securityholders of the Trust		444.6	1,460.6
» Securityholders of the Company		22.6	(10.9)
Basic earnings per unit attributable to ordinary securityholders of the Trust			
Earnings per unit (cents per unit)	11(a)	23.3	74.5
Basic earnings per stapled security attributable to ordinary stapled securityholders of the GPT Group			
Earnings per stapled security (cents per stapled security)	11(b)	24.5	73.9

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2022

	Note	31 Dec 22 \$M	31 Dec 21 \$M
Assets			
Current assets			
Cash and cash equivalents		60.2	61.5
Trade receivables	4(a)	56.2	46.1
Other receivables	4(b)	175.4	169.3
Intangible assets	5	0.3	–
Inventories	6	13.4	14.5
Derivative assets	14(a)	33.5	1.4
Prepayments		11.7	13.3
Other assets		23.8	20.5
Current tax assets	9(c)	6.2	–
		380.7	326.6
Assets classified as held for sale – investment properties	2(a)(v)	256.6	198.6
Total current assets		637.3	525.2
Non-current assets			
Investment properties	2(a)	11,956.6	11,954.7
Equity accounted investments	3	4,098.3	4,067.9
Intangible assets	5	24.5	13.0
Inventories	6	141.3	71.0
Property, plant and equipment		10.6	9.2
Derivative assets	14(a)	354.5	464.6
Right-of-use assets		23.9	30.7
Deferred tax assets	9(d)	21.9	26.0
Other assets		25.3	17.4
Total non-current assets		16,656.9	16,654.5
Total assets		17,294.2	17,179.7
Liabilities			
Current liabilities			
Payables	7	485.9	207.0
Borrowings	13	704.9	802.4
Derivative liabilities	14(a)	0.2	6.3
Lease liabilities – other property leases		8.6	8.1
Provisions	8	44.0	30.5
Current tax liabilities	9(c)	–	6.1
Total current liabilities		1,243.6	1,060.4
Non-current liabilities			
Borrowings	13	4,347.6	4,336.9
Derivative liabilities	14(a)	188.8	62.0
Lease liabilities – investment properties	2(a)	14.2	14.8
Lease liabilities – other property leases		22.6	31.2
Provisions	8	1.5	1.1
Total non-current liabilities		4,574.7	4,446.0
Total liabilities		5,818.3	5,506.4
Net assets		11,475.9	11,673.3
Equity			
Securityholders of the Trust (parent entity)			
Contributed equity	10(a)	8,526.6	8,526.6
Reserves	10(c)	(22.8)	(20.7)
Retained earnings	10(d)	3,402.5	3,624.6
Total equity of the Trust's securityholders		11,906.3	12,130.5
Securityholders of the Company			
Contributed equity	10(a)	331.8	331.8
Reserves	10(c)	26.9	22.7
Accumulated losses	10(d)	(789.1)	(811.7)
Total equity of the Company's securityholders		(430.4)	(457.2)
Total equity		11,475.9	11,673.3

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

Year ended 31 December 2022

	General Property Trust and its subsidiaries			GPT Management Holdings Limited and its subsidiaries			Total equity \$M
	Contributed equity \$M	Reserves \$M	Retained earnings \$M	Contributed equity \$M	Reserves \$M	Accumulated losses \$M	
Equity attributable to Securityholders							
At 1 January 2021	8,673.2	(47.6)	2,700.9	332.0	19.6	(800.6)	10,877.5
Movement in hedging reserve	—	20.9	—	—	—	—	20.9
Movement in fair value of cash flow hedges	—	6.0	—	—	—	—	6.0
Other comprehensive income for the year	—	26.9	—	—	—	—	26.9
Net profit/(loss) for the year	—	—	1,433.7	—	—	(10.9)	1,422.8
Total comprehensive income/(loss) for the year	—	26.9	1,433.7	—	—	(10.9)	1,449.7
Transactions with Securityholders in their capacity as Securityholders							
On-market securities buy-back	(146.6)	—	—	(0.2)	—	—	(146.8)
Movement in employee incentive scheme reserve net of tax	—	—	—	—	5.2	—	5.2
Purchase of treasury securities for employees	—	—	—	—	(0.4)	—	(0.4)
Reclassification of employee incentive security scheme reserve to retained earnings/accumulated losses	—	—	1.9	—	(1.7)	(0.2)	—
Distributions paid and payable	—	—	(511.9)	—	—	—	(511.9)
At 31 December 2021	8,526.6	(20.7)	3,624.6	331.8	22.7	(811.7)	11,673.3
Equity attributable to Securityholders							
At 1 January 2022	8,526.6	(20.7)	3,624.6	331.8	22.7	(811.7)	11,673.3
Movement in hedging reserve	—	(0.3)	—	—	—	—	(0.3)
Movement in fair value of cash flow hedges	—	(1.8)	—	—	—	—	(1.8)
Other comprehensive loss for the year	—	(2.1)	—	—	—	—	(2.1)
Net profit for the year	—	—	446.7	—	—	22.6	469.3
Total comprehensive (loss)/income for the year	—	(2.1)	446.7	—	—	22.6	467.2
Transactions with Securityholders in their capacity as Securityholders							
Movement in employee incentive scheme reserve net of tax	—	—	—	—	5.3	—	5.3
Purchase of treasury securities for employees	—	—	—	—	(1.4)	—	(1.4)
Reclassification of employee incentive security scheme reserve to retained earnings/accumulated losses	—	—	(0.3)	—	0.3	—	—
Distributions paid and payable	—	—	(668.5)	—	—	—	(668.5)
At 31 December 2022	8,526.6	(22.8)	3,402.5	331.8	26.9	(789.1)	11,475.9

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

Year ended 31 December 2022

	Note	31 Dec 22 \$M	31 Dec 21 \$M
Cash flows from operating activities			
Receipts in the course of operations (inclusive of GST)		876.8	808.7
Payments in the course of operations (inclusive of GST)		(331.6)	(328.6)
Proceeds from sale of inventories		11.0	14.9
Payments for inventories		(15.4)	(14.4)
Distributions received from equity accounted investments		172.5	142.9
Interest received		0.9	0.3
Income taxes paid		(12.3)	(6.3)
Finance costs paid		(139.8)	(97.1)
Net cash inflows from operating activities	16(a)	562.1	520.4
Cash flows from investing activities			
Payments for acquisition of investment properties		(22.4)	(897.3)
Payments for maintenance and leasing capital expenditure on investment properties		(70.6)	(55.2)
Payments for development capital expenditure on investment properties		(212.9)	(151.3)
Proceeds from disposal of investment properties (net of transaction costs)		221.2	5.5
Deposit received for investment properties held for sale		—	10.5
Payments for property, plant and equipment		(4.0)	(1.6)
Payments for intangibles		(3.1)	(4.4)
Capital return from unlisted investment		2.3	—
Investment in equity accounted investments		(154.0)	(132.3)
Net cash outflows from investing activities		(243.5)	(1,226.1)
Cash flows from financing activities			
Payments for on-market buy-back of securities		—	(146.8)
Proceeds from borrowings		3,477.0	1,430.8
Repayment of borrowings		(3,354.0)	(369.9)
Repayment of principal elements of lease payments		(8.3)	(7.5)
Purchase of securities for security based payments plans		(1.7)	—
Distributions paid to securityholders		(432.9)	(511.9)
Net cash (outflows)/inflows from financing activities		(319.9)	394.7
Net decrease in cash and cash equivalents		(1.3)	(311.0)
Cash and cash equivalents at the beginning of the year		61.5	372.5
Cash and cash equivalents at the end of the year		60.2	61.5

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

Year ended 31 December 2022

These are the consolidated financial statements of the consolidated entity, The GPT Group (GPT or the Group), which consists of General Property Trust (the Trust) and its controlled entities and GPT Management Holdings Limited (the Company) and its controlled entities.

The notes to these financial statements have been organised into sections to help users find and understand the information they need to know. Additional information has also been provided where it is helpful to understand GPT's performance.

The notes to the financial statements are organised into the following sections:

Note 1 – RESULT FOR THE YEAR: focuses on results and performance of GPT.

Notes 2 to 9 – OPERATING ASSETS AND LIABILITIES: provides information on the assets and liabilities used to generate GPT's trading performance.

Notes 10 to 15 – CAPITAL STRUCTURE: outlines how GPT manages its capital structure and various financial risks.

Notes 16 to 24 – OTHER DISCLOSURE ITEMS: provides information on other items that must be disclosed to comply with Australian Accounting Standards and other regulatory pronouncements.

Key judgements, estimates and assumptions

In applying GPT's accounting policies, management has made a number of judgements, estimates and assumptions regarding future events.

The impact of inflation and interest rate rises has caused heightened levels of economic uncertainty. As such there is a higher level of estimation uncertainty than usual in management's judgements and estimates for the year.

Management have reviewed the investment property valuations for both accuracy and the reasonableness of assumptions used to determine fair value. See note 2(c) for information on GPT's valuation process, and note 2(d) for a sensitivity analysis showing indicative movements in investment property valuations should certain key metrics differ from those assumed in the valuations.

The following judgements, estimates and assumptions have the potential to have a material impact on the financial statements:

Area of judgements and estimates	Assumptions underlying	Note
Lease liabilities	Lease term, incremental borrowing rate	2, 24
Investment properties	Fair value	2
Trade receivables	Measurement of expected credit loss	4
Inventories	Lower of cost and net realisable value	6
Security based payments	Fair value	20
Equity accounted investments	Assessment of control versus significant influence	24(c)
Right-of-use assets	Recoverable amount	24(d)(vii)

RESULT FOR THE YEAR

1. Segment Information

GPT's operating segments are described in the following table. The chief operating decision makers monitor the performance of the business on the basis of Funds from Operations (FFO) for each segment. FFO represents GPT's underlying and recurring earnings from its operations, and is determined by adjusting the statutory net profit after tax for certain items which are non-cash, unrealised or capital in nature. FFO has been determined in accordance with guidelines issued by the Property Council of Australia.

Segment	Types of products and services which generate the segment result
Retail	Ownership, development (including mixed-use) and management of predominantly regional, sub-regional and CBD shopping centres and also includes the management of the GPT Wholesale Shopping Centre Fund (GWSCF) and external mandates as well as the results of GPT's equity investment in GWSCF.
Office	Ownership, development and management of prime office properties and also includes the management of the GPT Wholesale Office Fund (GWOF) as well as the results of GPT's equity investment in GWOF.
Logistics	Ownership, development and management of logistics assets and also includes the management of the GPT QuadReal Logistics Trust (GQLT) as well as the results of GPT's equity investment in GQLT.
Corporate	Cash, other assets, borrowings and associated hedges as well as net finance costs, corporate management and administration expenses and income tax expense.

1. Segment Information continued

a) Segment financial information

31 December 2022

The segment financial information provided to the chief operating decision makers for the year ended 31 December 2022 is set out below:

Financial performance by segment

	Note	Retail \$M	Office \$M	Logistics \$M	Corporate \$M	Total \$M
Rent from investment properties	b(ii)	350.5	295.8	222.6	—	868.9
Property expenses and outgoings	b(iii)	(112.2)	(76.6)	(42.3)	—	(231.1)
Income from Funds	b(iv)	45.2	72.3	4.1	—	121.6
Management net income	b(v)	6.4	(1.2)	(2.0)	(57.6)	(54.4)
Operations Net Income		289.9	290.3	182.4	(57.6)	705.0
Funds Management Net Income	b(vi)	13.7	41.9	1.8	—	57.4
Development profit	b(vii)	(0.3)	—	0.6	—	0.3
Development management net income	b(viii)	0.2	2.7	3.3	—	6.2
Development Net Income		(0.1)	2.7	3.9	—	6.5
Interest revenue		—	—	—	0.9	0.9
Finance costs	b(ix)	—	—	—	(140.8)	(140.8)
Net Finance Costs		—	—	—	(139.9)	(139.9)
Segment Result Before Tax		303.5	334.9	188.1	(197.5)	629.0
Income tax expense	b(x)	—	—	—	(8.4)	(8.4)
Funds from Operations (FFO)	b(i)	303.5	334.9	188.1	(205.9)	620.6

Reconciliation of segment assets and liabilities to the Consolidated Statement of Financial Position

	Retail \$M	Office \$M	Logistics \$M	Corporate \$M	Total \$M
Current Assets					
Current assets	48.2	—	338.9	250.2	637.3
Total Current Assets	48.2	—	338.9	250.2	637.3
Non-Current Assets					
Investment properties	4,783.5	2,987.8	4,185.3	—	11,956.6
Equity accounted investments	873.6	2,973.7	241.0	10.0	4,098.3
Inventories	73.7	—	67.6	—	141.3
Other non-current assets	10.2	21.1	1.7	427.7	460.7
Total Non-Current Assets	5,741.0	5,982.6	4,495.6	437.7	16,656.9
Total Assets	5,789.2	5,982.6	4,834.5	687.9	17,294.2
Current and non-current liabilities	25.1	17.2	7.7	5,768.3	5,818.3
Total Liabilities	25.1	17.2	7.7	5,768.3	5,818.3
Net Assets/(Liabilities)	5,764.1	5,965.4	4,826.8	(5,080.4)	11,475.9

Notes to the Consolidated Financial Statements

Year ended 31 December 2022

1. Segment Information continued

31 December 2021

The segment financial information provided to the chief operating decision makers for the year ended 31 December 2021 is set out below:

Financial performance by segment¹

	Note	Retail \$M	Office \$M	Logistics \$M	Corporate \$M	Total \$M
Rent from investment properties	b(ii)	306.0	264.3	185.7	—	756.0
Property expenses and outgoings	b(iii)	(112.2)	(68.4)	(33.7)	—	(214.3)
Income from Funds	b(iv)	34.1	74.0	0.6	—	108.7
Management net income	b(v)	0.6	(1.9)	(1.4)	(62.5)	(65.2)
Operations Net Income		228.5	268.0	151.2	(62.5)	585.2
Funds Management Net Income	b(vi)	11.8	36.5	—	—	48.3
Development profit	b(vii)	5.2	—	3.3	—	8.5
Development management net income	b(viii)	0.2	1.2	0.2	—	1.6
Development Net Income		5.4	1.2	3.5	—	10.1
Interest revenue		—	—	—	0.3	0.3
Finance costs	b(ix)	—	—	—	(85.5)	(85.5)
Net Finance Costs		—	—	—	(85.2)	(85.2)
Segment Result Before Tax		245.7	305.7	154.7	(147.7)	558.4
Income tax expense	b(x)	—	—	—	(3.9)	(3.9)
Funds from Operations (FFO)	b(i)	245.7	305.7	154.7	(151.6)	554.5

Reconciliation of segment assets and liabilities to the Consolidated Statement of Financial Position

	Retail \$M	Office \$M	Logistics \$M	Corporate \$M	Total \$M
Current Assets					
Current assets	218.5	—	126.2	180.5	525.2
Total Current Assets	218.5	—	126.2	180.5	525.2
Non-Current Assets					
Investment properties	4,630.1	3,019.3	4,305.3	—	11,954.7
Equity accounted investments	830.5	3,126.9	100.5	10.0	4,067.9
Inventories	71.0	—	—	—	71.0
Other non-current assets	0.1	23.8	7.9	529.1	560.9
Total Non-Current Assets	5,531.7	6,170.0	4,413.7	539.1	16,654.5
Total Assets	5,750.2	6,170.0	4,539.9	719.6	17,179.7
Current and non-current liabilities	6.9	20.7	7.9	5,470.9	5,506.4
Total Liabilities	6.9	20.7	7.9	5,470.9	5,506.4
Net Assets/(Liabilities)	5,743.3	6,149.3	4,532.0	(4,751.3)	11,673.3

1. Comparatives in this table have been restated to the current year presentation format. There have been no changes to total amounts.

1. Segment Information continued

b) Reconciliation of segment result to the Consolidated Statement of Comprehensive Income

	31 Dec 22 \$M	31 Dec 21 \$M
i) FFO to Net profit for the year		
Segment result		
FFO	620.6	554.5
Adjustments		
Fair value gain on investment properties	34.0	762.5
Fair value (loss)/gain and other adjustments to equity accounted investments	(130.0)	206.6
Amortisation of lease incentives and costs	(62.1)	(49.4)
Straightlining of rental income	(1.2)	4.6
Valuation (decrease)/increase	(159.3)	924.3
Net gain/(loss) on fair value movement of derivatives	3.8	(11.9)
Net gain from hedge ineffectiveness on qualifying hedges	0.6	17.6
Net foreign exchange loss	(0.4)	(0.2)
Gain on financial liability at amortised cost	2.4	2.4
Financial instruments mark to market and net foreign exchange movements	6.4	7.9
Impairment reversal/(expense)	8.5	(56.2)
Transaction costs ¹	(13.8)	(20.7)
Other items	6.9	13.0
Total other items	1.6	(63.9)
Consolidated Statement of Comprehensive Income		
Net profit for the year	469.3	1,422.8
ii) Rent from investment properties		
Segment result		
Rent from investment properties	868.9	756.0
Adjustments		
Less: share of rent from investment properties in equity accounted investments	(89.6)	(85.2)
Eliminations of intra-group lease payments	(2.8)	(2.3)
Amortisation of lease incentives and costs	(62.1)	(49.4)
Straightlining of rental income	(1.2)	4.6
Impairment (reversal)/loss on trade and other receivables	(5.9)	50.0
Consolidated Statement of Comprehensive Income		
Rent from investment properties	707.3	673.7
iii) Property expenses and outgoings		
Segment result		
Property expenses and outgoings	(231.1)	(214.3)
Adjustment		
Less: share of property expenses and outgoings in equity accounted investments	18.3	16.8
Consolidated Statement of Comprehensive Income		
Property expenses and outgoings	(212.8)	(197.5)
iv) Share of after tax profit of equity accounted investments		
Segment result		
Income from funds	121.6	108.7
Adjustments		
Share of rent from investment properties in equity accounted investments	89.6	85.2
Share of property expenses and outgoings in equity accounted investments	(18.3)	(16.8)
Development revenue – equity accounted investments	(0.1)	0.9
Fair value (loss)/gain and other adjustments to equity accounted investments	(130.0)	206.6
Consolidated Statement of Comprehensive Income		
Share of after tax profit of equity accounted investments	62.8	384.6

1. Year ended 31 December 2022: Transaction costs predominantly relate to costs incurred in the transition of the management of the property portfolios of UniSuper and the Australian Core Retail Trust (ACRT). Year ended 31 December 2021: Transaction costs include \$10.7 million of penalties and interest in relation to the Darling Park stamp duty assessment (refer to note 3(b)(ii) for further details) and a \$10.0 million termination fee paid upon the acquisition of the Ascot portfolio.

Notes to the Consolidated Financial Statements

Year ended 31 December 2022

1. Segment Information continued	31 Dec 22 \$M	31 Dec 21 \$M
v) Management net income		
Segment result		
Operations management net income	(54.4)	(65.2)
Adjustments		
Expenses in development management net income	(4.8)	(6.2)
Expenses in funds management net income	(11.0)	(13.6)
Eliminations of intra-group lease payments	2.8	2.3
Transfer to finance costs – leases	1.2	1.5
Depreciation, amortisation and impairment expense	4.1	8.5
Transaction costs	(12.3)	(20.7)
Other	0.1	(0.6)
Management net income	(74.3)	(94.0)
Consolidated Statement of Comprehensive Income		
Property management fees	17.0	17.0
Management and other administration costs	(91.3)	(111.0)
Management net income	(74.3)	(94.0)
vi) Funds management net income		
Segment result		
Funds management net income	57.4	48.3
Adjustments		
Add: expenses in funds management net income	11.0	13.6
Transaction costs	(1.5)	–
Consolidated Statement of Comprehensive Income		
Funds management fees	66.9	61.9
vii) Development profit		
Segment result		
Development profit	0.3	8.5
Adjustment		
Less: share of after tax loss/(profit) of equity accounted investments	0.1	(0.9)
Development profit	0.4	7.6
Consolidated Statement of Comprehensive Income		
Development revenue	11.0	34.8
Development costs	(10.6)	(27.2)
Development profit	0.4	7.6
viii) Development management net income		
Segment result		
Development management net income	6.2	1.6
Adjustment		
Add: expenses in development management net income	4.8	6.2
Consolidated Statement of Comprehensive Income		
Development management fees	11.0	7.8
ix) Finance costs		
Segment result		
Finance costs – borrowings	(140.8)	(85.5)
Adjustment		
Finance costs – leases	(1.2)	(1.5)
Consolidated Statement of Comprehensive Income		
Finance costs	(142.0)	(87.0)
x) Income tax expense		
Segment result		
Income tax expense	(8.4)	(3.9)
Adjustment		
Tax impact of reconciling items from segment result to net profit for the year	4.5	4.9
Consolidated Statement of Comprehensive Income		
Income tax (expense)/benefit	(3.9)	1.0

1. Segment Information continued

c) Net profit on disposal and derecognition of assets

	31 Dec 22 \$M	31 Dec 21 \$M
Details of disposals during the year:		
Consideration received/receivable	198.6	108.5
Carrying amount of net assets sold	(198.6)	(108.5)
Profit on sale and derecognition before income tax	—	—
The carrying amounts of assets and liabilities as at the date of disposal were:		
Investment properties	198.6	108.5
Equity accounted investments	—	—
Net assets	198.6	108.5

OPERATING ASSETS AND LIABILITIES

2. Investment Properties

Basis of valuation

In line with the Valuation Policy, GPT independently values each completed investment property (including investment property assets disclosed within equity accounted investments) at least annually. Independent valuers consider transaction evidence and prevailing market conditions, which guides them in their key valuation assumptions, including capitalisation and discount rates, market rental levels, tenant incentives, lease up periods, income growth rates and capital expenditure.

GPT provides factual information to the independent valuers, including passing rent information, outstanding incentives and capital expenditure forecasts which the independent valuers then use to form their own assessment.

In early February 2023 the Group consulted with the independent valuers to understand whether any changes subsequent to the balance date changed their view regarding the 31 December 2022 valuations. In particular the Group noted the rapidly changing economic environment, including high inflation, rising interest rates and a slowing in capital flows. All valuers confirmed that their valuations were appropriate as at 31 December 2022, noting that the valuations are based on recent market transactions and information available as at that date. On 9 February 2023, the Valuation Committee undertook a further review of the valuations, assessing the impact of the elevated level of economic uncertainty.

Management has reviewed the investment property valuations for both accuracy and reasonableness of the assumptions used to determine fair value. The fair values are shown in the following tables.

a) Investment properties

	Note	Investment properties	Less lease liabilities	Fair value	Investment properties	Less lease liabilities	Fair value
		31 Dec 22	31 Dec 21		31 Dec 22	31 Dec 21	
		\$M	\$M	\$M	\$M	\$M	\$M
Retail	(i)	4,783.5	(6.5)	4,777.0	4,630.1	(6.9)	4,623.2
Office	(ii)	2,987.8	—	2,987.8	3,019.3	—	3,019.3
Logistics	(iii)	3,841.3	(7.7)	3,833.6	4,025.8	(7.9)	4,017.9
Properties under development	(iv)	344.0	—	344.0	279.5	—	279.5
Total investment properties	(vi)	11,956.6	(14.2)	11,942.4	11,954.7	(14.8)	11,939.9

Notes to the Consolidated Financial Statements

Year ended 31 December 2022

2. Investment Properties continued

a) Investment properties continued

	Ownership interest % ¹	Acquisition date	Investment properties 31 Dec 22		Fair value \$M	Investment properties 31 Dec 21		Fair value \$M	Latest independent valuation date	Valuer
			\$M	\$M		Less lease liabilities 31 Dec 22	Less lease liabilities 31 Dec 21			
i) Retail										
Charlestown Square, NSW	100.0	Dec 1977	880.0	—	880.0	864.4	—	864.4	Dec 2022	Urbis
Highpoint Shopping Centre, VIC	16.7	Aug 2009	400.0	—	400.0	366.7	—	366.7	Dec 2022	CBRE
Melbourne Central, VIC	** 100.0	May 1999 / May 2001	1,519.5	(5.5)	1,514.0	1,496.8	(4.8)	1,492.0	Dec 2022	Colliers
Rouse Hill Town Centre, NSW	100.0	Dec 2005	713.0	—	713.0	672.8	—	672.8	Dec 2022	JLL
Sunshine Plaza, QLD	** 50.0	Dec 1992 / Jun 1999 / Sep 2004	576.5	(1.0)	575.5	569.4	(2.1)	567.3	Dec 2022	JLL
Westfield Penrith, NSW	50.0	Jun 1971	694.5	—	694.5	660.0	—	660.0	Dec 2022	CBRE
Total Retail			4,783.5	(6.5)	4,777.0	4,630.1	(6.9)	4,623.2		
ii) Office										
Australia Square, Sydney, NSW	50.0	Sep 1981	627.8	—	627.8	623.5	—	623.5	Dec 2022	Savills
60 Station Street, Parramatta, NSW	100.0	Sep 2018	244.0	—	244.0	277.4	—	277.4	Dec 2022	Knight Frank
32 Smith, Parramatta, NSW	100.0	Mar 2017	346.0	—	346.0	335.7	—	335.7	Dec 2022	Knight Frank
4 Murray Rose Avenue, Sydney, Olympic Park, NSW	* 100.0	May 2002	146.0	—	146.0	152.0	—	152.0	Dec 2022	Cushman & Wakefield
62 Northbourne Avenue, Canberra, ACT	100.0	Nov 2021	53.0	—	53.0	79.5	—	79.5	Dec 2022	Savills
Melbourne Central Tower, VIC	100.0	May 1999 / May 2001	785.0	—	785.0	785.5	—	785.5	Dec 2022	CBRE
181 William & 550 Bourke Streets, Melbourne, VIC	50.0	Oct 2014	456.0	—	456.0	449.0	—	449.0	Dec 2022	Savills
One One One Eagle Street, Brisbane, QLD	33.3	Apr 1984	330.0	—	330.0	316.7	—	316.7	Dec 2022	Cushman & Wakefield
Total Office			2,987.8	—	2,987.8	3,019.3	—	3,019.3		

1. Freehold, unless otherwise marked with an * which denotes leasehold and ** denotes a combination of freehold and leasehold.

2. Investment Properties continued

a) Investment properties continued

	Ownership interest % ¹	Acquisition date	Investment properties		Less lease liabilities		Fair value	Investment properties		Less lease liabilities		Fair value	Latest independent valuation date	Valuer
			\$M	\$M	31 Dec 22	\$M		\$M	31 Dec 21	\$M	\$M			
iii) Logistics														
New South Wales														
Rosehill Business Park, Camellia, NSW ³	100.0	May 1998	—	—	—	—	118.0	—	—	—	—	118.0	—	—
10 Interchange Drive, Eastern Creek, NSW	100.0	Aug 2012	49.0	—	—	47.7	47.7	—	—	—	47.7	Dec 2022	Savills	
54 Eastern Creek Drive, Eastern Creek, NSW	100.0	Apr 2016	76.5	—	—	74.5	74.5	—	—	—	74.5	Dec 2022	CBRE	
50 Old Wallgrove Road, Eastern Creek, NSW	100.0	Jun 2016	101.8	—	—	100.5	100.5	—	—	—	100.5	Dec 2022	Knight Frank	
16-34 Templar Road, Erskine Park, NSW	100.0	Jun 2008	80.8	—	—	77.0	77.0	—	—	—	77.0	Dec 2022	Colliers	
36-52 Templar Road, Erskine Park, NSW	100.0	Jun 2008	149.5	—	—	148.3	148.3	—	—	—	148.3	Dec 2022	JLL	
54-70 Templar Road, Erskine Park, NSW	100.0	Jun 2008	201.0	—	—	202.2	202.2	—	—	—	202.2	Dec 2022	Colliers	
67-75 Templar Road, Erskine Park, NSW	100.0	Jun 2008	41.2	—	—	39.8	39.8	—	—	—	39.8	Dec 2022	Colliers	
29-55 Lockwood Road, Erskine Park, NSW	100.0	Jun 2008	148.0	—	—	148.0	148.0	—	—	—	148.0	Dec 2022	Savills	
57-87 and 89-99 Lockwood Road, Erskine Park, NSW	100.0	Jul 2019	128.1	—	—	124.1	124.1	—	—	—	124.1	Dec 2022	Colliers	
128 Andrews Road, Penrith, NSW	100.0	Jul 2019	110.0	—	—	105.7	105.7	—	—	—	105.7	Dec 2022	Knight Frank	
42 Cox Place, Glendenning, NSW	100.0	Dec 2019	55.3	—	—	52.7	52.7	—	—	—	52.7	Dec 2022	Colliers	
407 Pembroke Road, Minto, NSW	50.0	Oct 2008	45.5	—	—	45.5	45.5	—	—	—	45.5	Dec 2022	JLL	
4 Holker Street, Newington, NSW	100.0	Mar 2006	48.0	—	—	50.0	50.0	—	—	—	50.0	Dec 2022	Knight Frank	
83 Derby Street, Silverwater, NSW	100.0	Aug 2012	57.3	—	—	56.1	56.1	—	—	—	56.1	Dec 2022	Colliers	
Sydney Olympic Park Town Centre, NSW ²	* 100.0	Jun 2010 / Apr 2013	—	—	—	—	54.8	—	—	—	54.8	Dec 2021	Colliers	
Quad 1, Sydney Olympic Park, NSW	* 100.0	Jun 2001	28.5	—	—	32.0	32.0	—	—	—	32.0	Dec 2022	Knight Frank	
Quad 4, Sydney Olympic Park, NSW	* 100.0	Jun 2004	61.0	—	—	60.0	60.0	—	—	—	60.0	Dec 2022	Knight Frank	
372-374 Victoria Street, Wetherill Park, NSW	100.0	Jul 2006	42.0	—	—	40.2	40.2	—	—	—	40.2	Dec 2022	CBRE	
38 Pine Road, Yennora, NSW	100.0	Nov 2013	107.0	—	—	83.3	83.3	—	—	—	83.3	Dec 2022	CBRE	
38A Pine Road, Yennora, NSW	100.0	Nov 2013	16.7	—	—	15.5	15.5	—	—	—	15.5	Dec 2022	Knight Frank	
18-24 Abbott Road, Seven Hills, NSW	100.0	Oct 2006	55.8	—	—	55.0	55.0	—	—	—	55.0	Dec 2022	Colliers	
1A Huntingwood Drive, Huntingwood, NSW	100.0	Oct 2016	63.5	—	—	63.3	63.3	—	—	—	63.3	Dec 2022	Savills	
1B Huntingwood Drive, Huntingwood, NSW	100.0	Oct 2016	35.5	—	—	34.3	34.3	—	—	—	34.3	Dec 2022	Savills	
104 Vanessa Street, Kingsgrove, NSW	100.0	May 2019	33.8	—	—	34.0	34.0	—	—	—	34.0	Dec 2022	JLL	
64 Biloela Street, Villawood, NSW	100.0	May 2019	50.5	—	—	48.0	48.0	—	—	—	48.0	Dec 2022	CBRE	
30-32 Bessemer Street, Blacktown, NSW	100.0	May 2019	49.0	—	—	46.5	46.5	—	—	—	46.5	Dec 2022	CBRE	
21 Pipeclay Avenue, Thornton, NSW	100.0	Nov 2021	4.1	—	—	4.0	4.0	—	—	—	4.0	Dec 2022	Savills	

1. Freehold, unless otherwise marked with an * which denotes leasehold.

2. During the year, these properties were transferred to inventory.

3. During the year, this property was transferred to properties held for sale.

Notes to the Consolidated Financial Statements

Year ended 31 December 2022

2. Investment Properties continued

a) Investment properties continued

	Ownership interest % ¹	Acquisition date	Investment properties 31 Dec 22		Investment properties 31 Dec 21		Fair value	Fair value	Latest independent valuation date	Valuer
			\$M	\$M	\$M	\$M				
iii) Logistics continued										
ACT										
12 Faulding Street, Symonston, ACT	100.0	Nov 2021	20.5	—	22.6	—	20.5	22.6	Dec 2022	Savills
Victoria										
Citiport Business Park, Port Melbourne, VIC ²	100.0	Mar 2012	—	—	117.5	—	—	117.5	—	—
21-23 Wirraway Drive, Port Melbourne, VIC	100.0	Mar 2020	33.5	—	36.5	—	33.5	36.5	Dec 2022	CBRE
Citiwest Industrial Estate, Altona North, VIC	100.0	Aug 1994	153.9	—	154.0	—	153.9	154.0	Dec 2022	Savills
Sunshine Business Estate, Sunshine, VIC	100.0	Jan 2018	112.0	—	108.0	—	112.0	108.0	Dec 2022	CBRE
521 Geelong Road, Brooklyn, VIC	100.0	Nov 2021	52.5	—	50.9	—	52.5	50.9	Dec 2022	Savills
396 Mount Derrimut Road, Derrimut, VIC	100.0	Nov 2018	19.0	—	18.8	—	19.0	18.8	Dec 2022	CBRE
40 Fulton Drive, Derrimut, VIC	100.0	Nov 2021	16.8	—	17.2	—	16.8	17.2	Dec 2022	Savills
21 Shiny Drive, Truganina, VIC	100.0	Nov 2018	56.5	—	55.5	—	56.5	55.5	Dec 2022	CBRE
2 Prosperity Street, Truganina, VIC	100.0	Nov 2018	51.5	—	49.0	—	51.5	49.0	Dec 2022	CBRE
25 Nilton Drive, Truganina, VIC	100.0	Jul 2019	62.5	—	59.0	—	62.5	59.0	Dec 2022	CBRE
1 Botero Place, Truganina, VIC	100.0	May 2020	53.5	—	54.5	—	53.5	54.5	Dec 2022	CBRE
Foundation Estate, Truganina, VIC	100.0	Dec 2020	138.0	—	148.0	—	138.0	148.0	Dec 2022	JLL
143 Foundation Road, Truganina, VIC ³	100.0	Dec 2020	23.0	—	—	—	23.0	—	Dec 2022	JLL
399 Boundary Road, Truganina, VIC	100.0	Dec 2018	28.3	—	27.0	—	28.3	27.0	Dec 2022	Colliers
235-239 Boundary Road, Laverton North, VIC	100.0	Aug 2021	71.8	—	72.8	—	71.8	72.8	Dec 2022	CBRE
79 Cherry Lane, Laverton North, VIC	100.0	Nov 2021	45.8	—	48.3	—	45.8	48.3	Dec 2022	Savills
16 Henderson Road, Knoxfield, VIC	100.0	Nov 2021	32.8	—	34.2	—	32.8	34.2	Dec 2022	Savills
Austrak Business Park, Somerton, VIC	50.0	Oct 2003	255.3	—	255.3	—	255.3	255.3	Dec 2022	JLL

1. Freehold, unless otherwise marked with an * which denotes leasehold.

2. During the year, this property was transferred to properties held for sale.

3. Following practical completion during the year, these properties were reclassified from properties under development to investment property in the Logistics Portfolio.

2. Investment Properties continued

a) Investment properties continued

	Ownership interest % ¹	Acquisition date	Investment properties 31 Dec 22		Fair value \$M	Investment properties 31 Dec 21		Fair value \$M	Latest independent valuation date	Valuer
			\$M	\$M		Less lease liabilities 31 Dec 22	Less lease liabilities 31 Dec 21			
iii) Logistics continued										
Queensland										
59 Forest Way, Karawatha, QLD	100.0	Dec 2012	152.0	—	152.0	157.5	—	157.5	Dec 2022	Savills
55 Whitelaw Place, Wacol, QLD	100.0	Dec 2016	22.7	—	22.7	23.3	—	23.3	Dec 2022	Savills
2 Ironbark Close, Wembley Business Park, Berrinba, QLD	100.0	Jun 2015	66.3	—	66.3	66.3	—	66.3	Dec 2022	JLL
30 Ironbark Close, Wembley Business Park, Berrinba, QLD	100.0	Jun 2015	39.5	—	39.5	34.7	—	34.7	Dec 2022	JLL
1 Wattiebird Court, Berrinba, QLD	100.0	Jun 2015	42.0	—	42.0	40.6	—	40.6	Dec 2022	JLL
2 Wattiebird Court, Berrinba, QLD ²	100.0	Jun 2015	55.8	—	55.8	—	—	—	Dec 2022	JLL
102-108 Magnesium Drive, Crestmead, QLD	100.0	Nov 2021	25.9	—	25.9	26.8	—	26.8	Dec 2022	Savills
248 Fleming Road, Tingalpa, QLD	100.0	Nov 2021	29.4	—	29.4	29.6	—	29.6	Dec 2022	Savills
48 Miller Street, Murarrie, QLD	100.0	Nov 2021	36.7	—	36.7	39.8	—	39.8	Dec 2022	Savills
4 Enterprise Street, Wulkuraka, QLD	100.0	Nov 2021	103.0	—	103.0	117.5	—	117.5	Dec 2022	Savills
15 Northern Link Circuit, Townsville, QLD	100.0	Nov 2021	30.0	—	30.0	28.7	—	28.7	Dec 2022	Savills
South Australia										
1 Vimy Avenue, Adelaide Airport, SA	* 100.0	Nov 2021	24.3	(4.2)	20.1	24.6	(4.4)	20.2	Dec 2022	Savills
26 Butler Boulevard, Adelaide Airport, SA	* 100.0	Nov 2021	21.2	(3.5)	17.7	20.0	(3.5)	16.5	Dec 2022	Savills
176 Eastern Parade, Gillman, SA	100.0	Nov 2021	19.0	—	19.0	19.5	—	19.5	Dec 2022	Savills
1A Symonds Street, Royal Park, SA	100.0	Nov 2021	6.8	—	6.8	6.8	—	6.8	Dec 2022	Savills
6-10 Senna Road, Wingfield, SA	100.0	Nov 2021	36.7	—	36.7	38.5	—	38.5	Dec 2022	Savills
Western Australia										
15 Modal Crescent, Canning Vale, WA	100.0	Nov 2021	24.5	—	24.5	23.8	—	23.8	Dec 2022	Savills
23 Destiny Way, Wangara, WA	100.0	Nov 2021	25.8	—	25.8	25.5	—	25.5	Dec 2022	Savills
50 Triumph Avenue, Wangara, WA	100.0	Nov 2021	8.0	—	8.0	7.3	—	7.3	Dec 2022	Savills
56 Triumph Avenue, Wangara, WA	100.0	Nov 2021	5.1	—	5.1	4.9	—	4.9	Dec 2022	Savills
Total Logistics			3,841.3	(7.7)	3,833.6	4,025.8	(7.9)	4,017.9		

1. Freehold, unless otherwise marked with an * which denotes leasehold.

2. Following practical completion during the year, these properties were reclassified from properties under development to investment property in Logistics Portfolio.

Notes to the Consolidated Financial Statements

Year ended 31 December 2022

2. Investment Properties continued

a) Investment properties continued

	Ownership interest % ¹	Acquisition date	Investment properties 31 Dec 22		Fair value		Investment properties 31 Dec 21		Fair value		Latest independent valuation date	Valuer
			\$M	Less lease liabilities 31 Dec 22	\$M	Fair value	\$M	Less lease liabilities 31 Dec 21	\$M	Fair value		
iv) Properties under Development												
407 Pembroke Rd, Minto, NSW	50.0	Oct 2008	13.3	—	13.3	—	13.3	—	13.3	—	Dec 2022	JLL
Yiribana Logistics Estate – East, Kemps Creek, NSW	100.0	Oct 2020	155.9	—	155.9	—	147.7	—	147.7	—	Apr/Jun 2021	Knights Frank
The Gateway Logistics Hub, Stage 4-6, Truganina, VIC	100.0	Jul 2019	76.3	—	76.3	—	30.6	—	30.6	—	Dec 2022	JLL
Austrak Business Park, Somerton, VIC	50.0	Oct 2003	64.8	—	64.8	—	64.8	—	64.8	—	Dec 2022	JLL
143 Foundation Road, Truganina, VIC ²	100.0	Dec 2020	—	—	—	—	8.0	—	8.0	—	—	—
865 Boundary Road, Truganina, VIC ⁴	100.0	Jul 2022	33.7	—	33.7	—	—	—	—	—	—	—
Wembley Business Park, Stage 3, Berrinba QLD ²	100.0	Jun 2015	—	—	—	—	15.1	—	15.1	—	—	—
Total Properties under development			344.0	—	344.0	—	279.5	—	279.5	—		
v) Property held for sale												
Rosehill Business Park, Camellia, NSW ³	100.0	May 1998	137.3	—	137.3	—	—	—	—	—	—	—
Citipoint Business Park, Port Melbourne, VIC ³	100.0	Mar 2012	119.3	—	119.3	—	—	—	—	—	—	—
Casuarina Square, NT ¹	50.0	Oct 1973	—	—	—	—	198.6	—	198.6	—	—	—
Total Properties held for sale			256.6	—	256.6	—	198.6	—	198.6	—		

1. Casuarina Square was sold on 31 March 2022 for total consideration of \$397.2 million (\$418.0 million less capital adjustments of \$20.8 million) (GPT's 50% share: \$198.6 million).

2. Following practical completion during the year, these properties have been reclassified from properties under development to investment property in the Logistics portfolio.

3. Sale contracts for Citipoint Business Park and Rosehill Business Park were executed on 23 November 2022 for total consideration of \$256.6 million. Settlement is expected in 1H 2023.

4. 865 Boundary Road was acquired on 1 July 2022 for a total consideration of \$28.1 million (inclusive of transaction costs).

2. Investment Properties continued

vi) Reconciliation

	Retail \$M	Office \$M	Logistics \$M	Properties under development \$M	31 Dec 22 \$M	31 Dec 21 \$M
Opening balance at the beginning of the year	4,630.1	3,019.3	4,025.8	279.5	11,954.7	10,323.6
Additions – maintenance capital expenditure	16.0	8.3	5.1	–	29.4	29.5
Additions – development capital expenditure	65.5	66.3	6.4	77.9	216.1	154.6
Additions – interest capitalised ¹	–	0.1	–	9.0	9.1	5.9
Asset acquisitions	–	–	–	28.1	28.1	865.3
Transfers to assets held for sale	–	–	(256.6)	–	(256.6)	(198.6)
Transfers (to)/from properties under development/ other assets	–	–	78.8	(78.8)	–	0.8
Transfer to inventory	(9.6)	–	(55.0)	–	(64.6)	(2.9)
Movement in ground leases of investment properties	(0.4)	–	(0.2)	–	(0.6)	7.0
Fair value adjustments	72.9	(107.1)	37.9	28.3	32.0	763.4
Lease incentives (includes rent free)	21.7	33.4	5.8	–	60.9	43.2
Leasing costs	4.2	2.6	1.9	–	8.7	7.7
Amortisation of lease incentives and costs	(16.1)	(35.6)	(9.7)	–	(61.4)	(49.4)
Straightlining of leases	(0.8)	0.5	1.1	–	0.8	4.6
Closing balance at the end of the year	4,783.5	2,987.8	3,841.3	344.0	11,956.6	11,954.7

1. A capitalisation interest rate of 3.2% (31 December 2021: 2.4%) has been applied when capitalising interest on qualifying assets.

Land and buildings which are held to earn rental income or for capital appreciation or for both, and which are not wholly occupied by GPT, are classified as investment properties.

Investment properties are initially recognised at cost and subsequently stated at fair value at each balance date. Fair value is based on the latest independent valuation adjusting for capital expenditure and capitalisation and amortisation of lease incentives since the date of the independent valuation report. Any change in fair value is recognised in the Consolidated Statement of Comprehensive Income in the period.

Properties under development are stated at fair value at each balance date. Fair value is assessed with reference to reliable estimates of future cash flows, status of the development and the associated risk profile. Finance costs incurred on properties undergoing development are included in the cost of the development.

Lease incentives provided by GPT to lessees are included in the measurement of fair value of investment property and are amortised over the lease term using a straight-line basis.

Notes to the Consolidated Financial Statements

Year ended 31 December 2022

2. Investment Properties continued

b) Fair value measurement, valuation techniques and inputs

Critical judgements are made by GPT in respect of the fair values of investment properties. Fair values are reviewed regularly by management with reference to independent property valuations, recent transactions and market conditions, using generally accepted market practices. A description of the valuation techniques and key inputs are included in the following table:

Class of assets	Fair value hierarchy ¹	Valuation technique	Inputs used to measure fair value	Unobservable inputs 31 Dec 22	Unobservable inputs 31 Dec 21
Retail	Level 3	Discounted cash flow (DCF) and income capitalisation method	Gross market rent (per sqm p.a.)	\$1,502 – \$2,444	\$1,427 – \$2,288
			10 year average specialty market rental growth (DCF)	2.7% – 3.3%	2.4% – 3.2%
			Adopted capitalisation rate	4.50% – 5.63%	4.50% – 5.50%
			Adopted terminal yield (DCF)	4.75% – 5.88%	4.75% – 5.75%
			Adopted discount rate (DCF)	6.25% – 6.50%	6.00% – 6.50%
			Lease incentives (gross)	7.5% – 10.0%	7.5% – 14.0%
			Stabilisation allowance (% of asset annual income)	0.0% – 0.0%	0.6% – 20.6%
Office	Level 3	DCF and income capitalisation method	Net market rent (per sqm p.a.)	\$435 – \$1,630	\$430 – \$1,400
			10 year average market rental growth (DCF)	3.0% – 3.9%	3.1% – 3.9%
			Adopted capitalisation rate	4.75% – 6.00%	4.50% – 5.63%
			Adopted terminal yield (DCF)	5.00% – 6.25%	4.75% – 5.75%
			Adopted discount rate (DCF)	5.88% – 6.50%	5.75% – 6.25%
			Lease incentives (gross)	15.0% – 42.5%	15.0% – 40.0%
			Stabilisation allowance (% of asset annual income)	0.2% – 0.8%	0.0% – 4.9%
Logistics	Level 3	DCF and income capitalisation method	Net market rent (per sqm p.a.)	\$80 – \$480	\$70 – \$529
			10 year average market rental growth (DCF)	3.0% – 3.9%	2.5% – 3.5%
			Adopted capitalisation rate	4.13% – 6.25%	3.50% – 5.75%
			Adopted terminal yield (DCF)	4.25% – 6.50%	3.63% – 6.00%
			Adopted discount rate (DCF)	5.38% – 7.00%	5.25% – 7.00%
			Lease incentives (net)	8.3% – 30.0%	10.0% – 32.0%
Properties under development	Level 3	Development feasibility analysis or land rate	Net market rent (per sqm p.a.)	\$95 – \$115	\$80 – \$134
			Adopted capitalisation rate	4.13% – 4.75%	3.63% – 5.00%
			Adopted terminal yield (DCF)	4.38% – 5.00%	3.88% – 5.13%
			Adopted discount rate (DCF)	5.50% – 5.75%	5.25% – 6.00%
			Land rate (per sqm)	\$363 – \$679	\$348 – \$679
			Profit and risk factor	0.0% – 20.0%	0.0% – 10.0%

1. Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2. Investment Properties continued

b) Fair value measurement, valuation techniques and inputs continued

DCF	Under the DCF method, the fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's or liability's life including an exit or terminal value. The DCF method involves the projection of a series of cash flows from the asset or liability. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the cash flows from the asset or liability.
Income capitalisation method	This method involves assessing the total net market income receivable from the property and capitalising this in perpetuity to derive a capital value, with allowances for capital expenditure and reversions.
Gross market rent	A gross market rent is the estimated amount of rent for which a property or space within a property should lease between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and wherein the parties have each acted knowledgeably, prudently and without compulsion.
Net market rent	Net market rent is defined as gross market rent less the building outgoings or cleaning costs paid by the tenant.
10 year average specialty market rental growth	The expected annual rate of change in market rent over a 10 year forecast period in specialty tenancy rents. Specialty tenants are those retail tenancies with a gross lettable area of less than 400 square metres (excludes ATMs and kiosks).
10 year average market rental growth	The expected annual rate of change in market rent over a 10 year forecast period.
Adopted capitalisation rate	The rate at which net market income is capitalised to determine the value of a property. The rate is determined with regards to market evidence.
Adopted terminal yield	The capitalisation rate used to convert income into an indication of the anticipated value of the property at the end of the holding period when carrying out a discounted cash flow calculation. The rate is determined with regards to market evidence.
Adopted discount rate	The rate of return used to convert a monetary sum, payable or receivable in the future, into present value. Theoretically it should reflect the opportunity cost of capital, that is, the rate of return the capital can earn if put to other uses having similar risk. The rate is determined with regards to market evidence.
Land rate (per sqm)	The land rate is the market land value per sqm.
Profit and risk factor	The profit and risk factor is applied to the remaining costs of a development to reflect a target margin required to complete the project. The factor will vary depending on the remaining leasing or construction required.
Lease incentives	A lease incentive is often provided to a lessee upon the commencement of a lease. Incentives can be a combination of, or, one of the following: a rent-free period, a fit-out contribution, a cash contribution or rental abatement.
Stabilisation allowance	The stabilisation allowance reflects the anticipated prospective rent relief granted to tenants.

Notes to the Consolidated Financial Statements

Year ended 31 December 2022

2. Investment Properties continued

c) Valuation process – investment properties

GPT manages the semi-annual valuation process to ensure that investment properties are held at fair value in GPT's accounts and that GPT is compliant with applicable regulations (for example the *Corporations Act 2001* and ASIC regulations), the GPT RE Constitution and Compliance Plan.

GPT has a Valuation Committee (committee) which is comprised of the Chief Operating Officer, Chief Financial Officer, Head of Transactions, Deputy Chief Financial Officer and General Counsel.

The purpose of the committee is to:

- » approve the panel of independent valuers;
- » review valuation inputs and assumptions;
- » provide an escalation process where there are differences of opinion from various team members responsible for the valuation;
- » oversee the finalisation of the valuations; and
- » review the independent valuation sign-off and any comments that have been noted.

All independent valuations and internal tolerance checks are reviewed by the committee prior to these being presented to the Board for approval.

Independent valuations

GPT's independent valuations are performed by independent professionally qualified valuers who hold recognised relevant professional qualifications and have specialised expertise in the investment properties being valued. Selected independent valuation firms form part of a panel approved by the committee. Each valuation firm is limited to undertaking consecutive valuations of a property for a maximum period of two years. Where an exceptional circumstance arises, the extension of the valuer's term must be approved by the relevant Board.

The Valuation Policy requires an independent valuation at least annually for all completed investment properties. Properties under development with a value of \$100 million or greater are independently valued at least every six months. Unimproved land is independently valued at least every three years. Additional valuations will be completed in the event an internal tolerance check identifies the requirement for an independent valuation.

Internal tolerance checks

Every six months, with the exception of properties independently valued, an internal tolerance check is prepared. The internal tolerance check involves the preparation of a DCF and income capitalisation valuation for each investment property. These are produced using a capitalisation rate, terminal yield and discount rate based on comparable market evidence and recent independent valuation parameters. The tolerance measurement will typically be a mid-point of these two approaches.

These internal tolerance checks are used to determine whether the book value is in line with the fair value or whether an independent valuation is required.

Properties under development

The valuation of the properties under development is determined by a development feasibility analysis for each parcel of land within each asset. The development feasibility analysis is prepared on an "as if complete" basis and is a combination of the income capitalisation method and where appropriate, the discounted cash flow method. The cost to complete of the development includes development costs, finance costs and an appropriate profit and risk margin. These costs are deducted from the "as if complete" valuation to determine the "as is" basis or "current fair value."

The fair value of vacant land parcels is based on the market land value per square metre.

Highest and best use

The fair value of investment properties is calculated based on the highest and best use whether or not the current use reflects the highest and best use.

2. Investment Properties continued

d) Sensitivity information – investment properties

Critical judgements are made by GPT in respect of the fair values of investment properties (including investment properties within equity accounted investments). Fair values are reviewed regularly by management with reference to independent property valuations, recent transactions and market conditions, and using generally accepted market practices. The valuation process, critical assumptions underlying the valuations and information on sensitivity are disclosed below and in note 2(b).

An independent valuer will typically conduct both an income capitalisation valuation and a discounted cash flow (DCF) valuation for each asset, which informs a range of valuation outcomes. The valuer will then apply their expertise in determining an adopted value, which may include adopting one of these specific approaches or a mid-point of these two approaches.

In conducting the sensitivity analysis, management have selected a sample of assets for each portfolio, for which key metrics are typical of the portfolio to which they relate. For those assets, the independent valuer conducted the sensitivity analysis in the following tables. Results for individual assets may differ based on each asset's particular attributes and market conditions.

The following table shows the sensitivity of the valuation to movements in the key variables of cap rates and market rent per sqm when using the income capitalisation valuation approach and the discount rate and terminal rate and market rental growth rates when using the DCF valuation approach.

	Capitalisation Method					
	Cap Rate				Market Rent per sqm	
	0.25%	0.50%	0.75%	1.00%	(5.0%)	5.0%
Retail – impact to valuation	(5.4%)	(10.3%)	(14.7%)	(18.7%)	(6.3%)	6.3%
Office – impact to valuation	(5.0%)	(9.6%)	(13.9%)	(17.8%)	(5.4%)	5.3%
Logistics – impact to valuation	(5.8%)	(11.0%)	(15.7%)	(20.0%)	(3.5%)	3.6%

	DCF Method					
	Discount Rate and Terminal Rate				10-Year Growth Rate ¹	
	0.25%	0.50%	0.75%	1.00%	(0.50%)	0.50%
Retail – impact to valuation	(5.4%)	(10.3%)	(14.7%)	(18.7%)	(3.3%)	3.4%
Office – impact to valuation	(5.3%)	(10.2%)	(14.6%)	(18.8%)	(3.9%)	4.0%
Logistics – impact to valuation	(5.7%)	(10.9%)	(15.5%)	(19.7%)	(3.4%)	3.6%

1. For Retail, this is the 10 year specialty growth rate.

e) Lease payments to be received

Lease amounts to be received not recognised in the financial statements at balance date are as follows:

	31 Dec 22 \$M	31 Dec 21 \$M
Less than 1 year	593.1	582.5
2 years	534.0	507.2
3 years	463.2	446.5
4 years	384.7	382.0
5 years	296.1	312.1
Due after five years	936.5	1,055.1
Total lease payments to be received	3,207.6	3,285.4

Lease amounts to be received include future amounts to be received on non-cancellable operating leases, not recognised in the financial statements at balance date. A proportion of this balance includes amounts receivable for recovery of operating costs on gross and semi-gross leases which will be accounted for as revenue from contracts with customers as this income is earned. The remainder will be accounted for as lease income as it is earned. Amounts receivable under non-cancellable operating leases where GPT's right to consideration for a service directly corresponds with the value of the service provided to the customer have not been included (for example, variable amounts payable by tenants for their share of the operating costs of the asset). Leases have only been included where there is an active lease in place and renewal has not been assumed unless there is reasonable certainty that the tenant intends to renew.

Notes to the Consolidated Financial Statements

Year ended 31 December 2022

3. Equity Accounted Investments

	Note	31 Dec 22 \$M	31 Dec 21 \$M
Investments in joint ventures	(a)(i)	1,105.3	991.0
Investments in associates	(a)(ii)	2,993.0	3,076.9
Total equity accounted investments		4,098.3	4,067.9

a) Details of equity accounted investments

Name	Principal Activity	Ownership Interest		31 Dec 22 \$M	31 Dec 21 \$M
		31 Dec 22 %	31 Dec 21 %		
i) Joint ventures					
2 Park Street Trust ¹	Investment property	50.00	50.00	819.5	847.1
Horton Trust	Investment property	50.00	50.00	30.2	28.8
GPT QuadReal Logistics Trust	Investment property	50.10	50.10	241.0	100.5
Lendlease GPT (Rouse Hill) Pty Limited ^{1,2}	Property development	50.00	50.00	14.6	14.6
Total investment in joint venture entities				1,105.3	991.0
ii) Associates					
GPT Wholesale Office Fund ^{1,3}	Investment property	21.74	21.81	1,601.5	1,702.9
GPT Wholesale Shopping Centre Fund ¹	Investment property	28.48	28.48	828.8	787.1
GPT Funds Management Limited	Funds management	100.00	100.00	10.0	10.0
Darling Park Trust ¹	Investment property	41.67	41.67	552.7	576.9
DPT Operator Pty Limited ¹	Management	91.67	91.67	—	—
DPT Operator No.2 Pty Limited ¹	Management	91.67	91.67	—	—
Total investments in associates				2,993.0	3,076.9

1. The entity has a 30 June balance date.

2. GPT has a 50% interest in Lendlease GPT (Rouse Hill) Pty Limited, a joint venture developing residential and commercial land at Rouse Hill, in partnership with Urban Growth and the NSW Department of Planning.

3. Ownership has decreased as a result of GPT not participating in the Distribution Reinvestment Plan (DRP) which occurred during the year.

For those joint ventures and associates with investment property as the principal activity refer to note 2 for details on key judgements and estimates relating to the valuation of these investment properties.

For those joint ventures where the principal activity is property development refer to note 6 for details on key judgements and estimates.

3. Equity Accounted Investments continued

b) Summarised financial information for associates and joint ventures

The information disclosed reflects the amounts presented in the 31 December 2022 financial results of the relevant associates and joint ventures and not GPT's share of those amounts. They have been amended to reflect adjustments made by GPT when using the equity method, including fair value adjustments and modifications for differences in accounting policies.

i) Joint ventures

	2 Park Street Trust		GPT QuadReal Logistics Trust		Others	
	31 Dec 22 \$M	31 Dec 21 \$M	31 Dec 22 \$M	31 Dec 21 \$M	31 Dec 22 \$M	31 Dec 21 \$M
Current assets						
Cash and cash equivalents	10.5	47.8	13.5	25.6	13.6	16.7
Other current assets	0.7	1.2	13.2	9.3	14.5	14.5
Total current assets	11.2	49.0	26.7	34.9	28.1	31.2
Non-current assets						
Investment properties and loans	1,660.0	1,700.0	469.1	181.2	65.8	61.4
Total non-current assets	1,660.0	1,700.0	469.1	181.2	65.8	61.4
Current liabilities						
Trade and other payables	32.2	54.9	14.8	15.5	3.2	4.7
Total current liabilities	32.2	54.9	14.8	15.5	3.2	4.7
Other non-current liabilities	—	—	—	—	1.1	1.1
Total non-current liabilities	—	—	—	—	1.1	1.1
Net assets	1,639.0	1,694.1	481.0	200.6	89.6	86.8
Reconciliation to carrying amounts:						
Opening net assets 1 January	1,694.1	1,609.1	200.6	—	86.8	88.0
Profit for the year	8.0	151.1	22.8	14.5	5.1	4.7
Issue of equity	23.4	—	265.4	187.4	0.3	0.6
Distributions paid/payable	(86.5)	(66.1)	(7.8)	(1.3)	(2.6)	(6.5)
Closing net assets	1,639.0	1,694.1	481.0	200.6	89.6	86.8
GPT's share	819.5	847.1	241.0	100.5	44.8	43.4
Summarised statement of comprehensive income						
Revenue	68.9	73.4	11.2	1.6	3.9	2.9
Profit for the year	8.0	151.1	22.8	14.5	5.1	4.7
Total comprehensive income	8.0	151.1	22.8	14.5	5.1	4.7

Notes to the Consolidated Financial Statements

Year ended 31 December 2022

3. Equity Accounted Investments continued

b) Summarised financial information for associates and joint ventures continued

ii) Associates

	GPT Wholesale Office Fund		GPT Wholesale Shopping Centre Fund		Darling Park Trust		GPT Funds Management Limited and others	
	31 Dec 22 \$M	31 Dec 21 \$M	31 Dec 22 \$M	31 Dec 21 \$M	31 Dec 22 \$M	31 Dec 21 \$M	31 Dec 22 \$M	31 Dec 21 \$M
Total current assets	81.2	73.3	35.8	257.1	56.0	42.1	10.0	10.0
Total non-current assets	9,643.3	9,764.5	3,524.8	3,284.3	1,320.5	1,381.7	—	—
Total current liabilities	(277.4)	(455.0)	(100.8)	(100.7)	(50.0)	(39.3)	—	—
Total non-current liabilities	(2,080.5)	(1,574.9)	(549.7)	(677.0)	—	—	—	—
Net assets	7,366.6	7,807.9	2,910.1	2,763.7	1,326.5	1,384.5	10.0	10.0
Reconciliation to carrying amounts:								
Opening net assets 1 January	7,807.9	7,222.4	2,763.7	2,665.9	1,384.5	1,263.2	10.0	10.0
(Loss)/profit for the year	(146.8)	865.9	291.6	166.4	(4.9)	164.8	—	—
Issue of equity	25.6	18.8	—	—	22.1	21.9	—	—
Movement in reserves	(2.1)	13.3	—	—	—	—	—	—
Distributions paid/payable	(318.0)	(312.5)	(145.2)	(68.6)	(75.2)	(65.4)	—	—
Closing net assets	7,366.6	7,807.9	2,910.1	2,763.7	1,326.5	1,384.5	10.0	10.0
GPT's share	1,601.5	1,702.9	828.8	787.1	552.7	576.9	10.0	10.0
Investment ¹	—	—	—	—	—	29.2	—	—
Impairment	—	—	—	—	—	(29.2)	—	—
Closing GPT share	1,601.5	1,702.9	828.8	787.1	552.7	576.9	10.0	10.0
Summarised statement of comprehensive income								
Revenue	441.3	540.0	254.5	248.0	79.8	69.1	—	—
(Loss)/profit for the year	(146.8)	865.9	291.6	166.4	(4.9)	164.8	—	—
Total comprehensive (loss)/income	(148.9)	879.2	291.6	166.4	(4.9)	164.8	—	—
Distributions received/receivable from their associates	63.0	56.5	—	—	—	—	—	—

1. During the year ended 31 December 2021, GPT received a notice of assessment from Revenue NSW that levied stamp duty on the 2019 acquisition of a 41.67% interest in the Darling Park Trust. That notice levied stamp duty of \$29.2m (which was recognised against the equity accounted investment) as well as penalties and interest of \$10.7m. The penalty together with interest has been recognised as an expense in the Consolidated Statement of Comprehensive Income. GPT has objected to the notice of assessment but has determined that it is appropriate to reflect these amounts in the financial statements pending the outcome of the objection.

4. Trade and Other Receivables

a) Trade receivables

	31 Dec 22 \$M	31 Dec 21 \$M
Current assets		
Trade receivables ¹	29.6	42.4
Accrued income	12.9	9.7
Related party receivables ²	30.6	24.9
Less: impairment of trade receivables	(16.9)	(30.9)
Total current trade receivables	56.2	46.1

1. This includes trade receivables relating to revenue from contracts with customers. Refer to note 17 for the methodology of apportionment between trade receivables relating to AASB 15 *Revenue from Contracts with Customers* and other trade receivables balances.

2. The related party receivables are on commercial terms and conditions.

The following table shows the ageing analysis of GPT's trade receivables.

	31 Dec 22						31 Dec 21					
	Not yet due \$M	0-30 days \$M	31-60 days \$M	61-90 days \$M	90+ days \$M	Total \$M	Not yet due \$M	0-30 days \$M	31-60 days \$M	61-90 days \$M	90+ days \$M	Total \$M
Retail	9.2	7.3	1.7	0.5	6.7	25.4	11.0	8.1	3.9	1.8	15.3	40.1
Office	2.4	3.4	1.1	0.1	1.1	8.1	2.3	1.9	0.3	0.1	0.8	5.4
Logistics	2.1	1.9	0.1	—	0.5	4.6	3.7	1.0	0.1	0.1	0.1	5.0
Corporate	3.5	30.0	0.5	0.3	0.7	35.0	0.3	25.0	0.8	0.2	0.2	26.5
Less: impairment of trade receivables	(3.6)	(4.5)	(1.4)	(0.5)	(6.9)	(16.9)	(5.9)	(6.6)	(3.1)	(1.6)	(13.7)	(30.9)
Total current trade receivables	13.6	38.1	2.0	0.4	2.1	56.2	11.4	29.4	2.0	0.6	2.7	46.1

b) Other receivables

	31 Dec 22 \$M	31 Dec 21 \$M
Current assets		
Distribution receivable from associates	37.7	29.5
Distribution receivable from joint ventures	11.8	2.4
Settlement compensation receivable ¹	117.1	131.6
Other receivables	8.8	5.8
Total current other receivables	175.4	169.3

1. Comprising \$78.6 million in relation to Sydney Olympic Park and \$38.5 million in relation to Rouse Hill land.

c) Accounting policies and COVID-19 impacts

Regulated commercial rent relief schemes were in place during 2022 and 2021, in accordance with the national mandatory Code of Conduct, to assist small and medium enterprise (SME) tenants who suffered financial hardship during the pandemic. The Code of Conduct sets out principles to guide discussions between commercial landlords and SME tenants and is legislated and regulated by the states and territories.

The application of the Code of Conduct requires GPT to engage with each of its SME tenants and provide cash flow support in a fair and proportionate manner during the COVID-19 period. Importantly, the Code of Conduct allows GPT to negotiate commercial outcomes on a case by case basis for those SMEs most impacted. GPT has also engaged with non-SME tenants who have sought assistance but are not eligible under the Code of Conduct. Assistance provided to tenants under the Code of Conduct has taken the form of rent waivers, rent payment deferral or a combination of the two. While the majority of leasing deals under the Code of Conduct have now been finalised, there are still a small number of deals that remain unresolved.

Receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest method less any allowance under the 'expected credit loss' (ECL) model. GPT holds these financial assets in order to collect the contractual cash flows, and the contractual terms are solely payments of outstanding principal and interest on the principal amount outstanding.

All loans and receivables with maturities greater than 12 months after the balance date are classified as non-current assets.

Rent waivers and other write-offs

Debts which management has determined will be subject to a rent waiver, or are otherwise uncollectible have been written off as at 31 December 2022, in accordance with the requirements of AASB 9 *Financial Instruments* (AASB 9). Bad debt write offs of \$26.5 million (31 December 2021: \$41.6 million) relating to COVID-19 abatements and other non recoverable amounts have been recognised during the financial year. Waivers which have been reflected on invoices issued to tenants and do not relate to previous outstanding debtors, have been shown as a reduction to rent from investment properties on the Consolidated Statement of Comprehensive Income.

Notes to the Consolidated Financial Statements

Year ended 31 December 2022

4. Trade and Other Receivables continued

c) Accounting policies and COVID-19 impacts continued

Recoverability of receivables

For remaining trade and other receivables balances which have not been written off, management has assessed whether these balances are "credit impaired", and recognised a loss allowance equal to the lifetime ECL. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset is expected to occur.

Lifetime ECLs result from all possible default events over the expected life of the receivables and are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to GPT in accordance with the contract and the cash flows that GPT expects to receive). A default on receivables is when the counterparty fails to make contractual payments when they fall due and management determines that the debt is uncollectible, or where management forgives all or part of the debt.

GPT analyses the age of outstanding receivable balances and applies historical default percentages adjusted for other current observable data as a means to estimate lifetime ECL. Other current observable data may include:

- » forecasts of economic conditions such as unemployment, interest rates, gross domestic product and inflation;
- » financial difficulties of a counterparty or probability that a counterparty will enter bankruptcy; and
- » conditions specific to the asset to which the receivable relates.

Debts that are known to be uncollectible are written off when identified.

At 31 December 2022, GPT has assessed the likelihood of future defaults and debt forgiveness taking into account several factors. These include the risk profile of the tenant, the age of the debt, the asset location, and tenant cash payment trends after the completion of rent relief agreements and other economic conditions impacting the tenants' ability to pay.

This has resulted in an ECL allowance of \$16.9 million being recognised as at 31 December 2022 (31 December 2021: \$30.9 million). The remaining net balance of trade receivables (excluding accrued income and related party receivables) is \$12.7 million (31 December 2021: \$11.5 million).

5. Intangible Assets

	Management rights \$M	IT development and software \$M	Carbon offsets \$M	Total \$M
Costs				
Balance at 31 December 2020	52.0	54.3	—	106.3
Additions	—	4.3	—	4.3
Write off	—	(12.3)	—	(12.3)
Balance at 31 December 2021	52.0	46.3	—	98.3
Additions	—	0.9	2.2	3.1
Write off	—	—	—	—
Balance at 31 December 2022	52.0	47.2	2.2	101.4
Accumulated amortisation and impairment				
Balance at 31 December 2020	(41.8)	(39.8)	—	(81.6)
Amortisation	—	(2.1)	—	(2.1)
Impairment	(10.2)	(3.7)	—	(13.9)
Write off	—	12.3	—	12.3
Balance at 31 December 2021	(52.0)	(33.3)	—	(85.3)
Amortisation	—	(1.5)	—	(1.5)
Reversal of impairment	10.2	—	—	10.2
Write off	—	—	—	—
Balance at 31 December 2022	(41.8)	(34.8)	—	(76.6)
Carrying amounts				
Balance at 31 December 2021	—	13.0	—	13.0
Balance at 31 December 2022	10.2	12.4	2.2	24.8

5. Intangible Assets continued

Management rights

Management rights include property management and development management rights. Rights are initially measured at cost and subsequently amortised over their useful life.

For the management rights of Highpoint Shopping Centre, management considers the useful life as indefinite as there is no fixed term included in the management agreement. Therefore, GPT tests for impairment or reversal at balance date. Assets are impaired if the carrying value exceeds their recoverable amount. The recoverable amount is determined using a discounted cash flow. A 13.25% pre-tax discount rate and 2.90% growth rate have been applied to these asset specific cash flow projections.

The asset was impaired in full during the year end 31 December 2021, with the full amount reversed at 31 December 2022 due to economies of scale benefits as a result of the commencement of management of the UniSuper and ACRT mandates.

IT development and software

Costs incurred in developing systems and acquiring software and licences that will contribute future financial benefits and which the Group controls (therefore excluding Software as a Service) are capitalised until the software is capable of operating in the manner intended by management. These include external direct costs of materials and services and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over the length of time over which the benefits are expected to be received, generally ranging from 5 to 10 years.

IT development and software are assessed for impairment at each reporting date by evaluating if any impairment triggers exist. Where impairment triggers exist, management calculate the recoverable amount. The asset is impaired if the carrying value exceeds the recoverable amount. Critical judgements are made by GPT in setting appropriate impairment triggers and assumptions used to determine the recoverable amount.

Management believe the carrying value reflects the recoverable amount.

Costs incurred in relation to Software as a Service are recognised as an expense as incurred.

Carbon offsets

The Group has purchased carbon credits (or offsets) known as Verified Carbon Units (VCUs). The VCUs are used by the Group to offset its operational emissions or to offset embodied carbon within a development project. The carbon credits are measured at cost and management considers that the carbon credits have an indefinite useful life. Therefore, GPT tests for impairment at balance date. The costs of the carbon credits include any direct purchase costs.

Assets are impaired if the carrying value exceeds their recoverable amount. The recoverable amount is determined with reference to the current market price for equivalent VCUs.

When carbon credits are utilised, they are derecognised and the cost is recognised as an expense where the carbon credits are utilised to offset operational emissions, or capitalised to development costs of investment properties where utilised to offset embodied carbon.

6. Inventories

	31 Dec 22 \$M	31 Dec 21 \$M
Properties held for sale	—	8.4
Development properties	13.4	6.1
Current inventories	13.4	14.5
Development properties	141.3	71.0
Non-current inventories	141.3	71.0
Total inventories	154.7	85.5

Development properties held as inventory to be sold are stated at the lower of cost and net realisable value.

Cost includes the cost of acquisition and any subsequent capital addition. For development properties, cost also includes development, finance costs and all other costs directly related to specific projects including an allocation of direct overhead expenses. Post completion of the development, finance costs and other holding charges are expensed as incurred. A total of \$2.2 million in finance costs have been capitalised to inventory for the year ended 31 December 2022 (31 December 2021: \$1.9 million). When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. For wholly owned, internally managed developments, this expense is determined on a forward looking, revenue proportional basis.

Notes to the Consolidated Financial Statements

Year ended 31 December 2022

6. Inventories continued

Net realisable value (NRV)

The NRV is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs to sell. At each reporting date, management reviews these estimates by considering:

- » the most reliable evidence; and
- » any events which confirm conditions existing at the year end that could cause any fluctuations of selling price and costs to sell.

Management have completed NRV assessments for each asset held as inventory taking into account the impacts of COVID-19 on these estimates including its impacts on delivery timeframes and revenue assumptions, and has compared the results to the cost of each asset.

The amount of any write down is recognised as an impairment expense in the Consolidated Statement of Comprehensive Income. An impairment expense of \$1.1 million has been recognised for the year ended 31 December 2022 (31 December 2021: \$0.2 million).

7. Payables

	31 Dec 22 \$M	31 Dec 21 \$M
Distribution payable to stapled securityholders	235.6	—
Trade payables and accruals	198.4	157.7
GST payables	6.2	5.5
Interest payable	19.8	11.7
Levies payable	23.8	20.4
Other payables	2.1	11.7
Total payables	485.9	207.0

Trade payables and accruals represent liabilities for goods and services provided to GPT prior to the end of the financial year which are unpaid. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

8. Provisions

	31 Dec 22 \$M	31 Dec 21 \$M
Current provisions		
Employee benefits	17.3	15.6
Other	26.7	14.9
Total current provisions	44.0	30.5
Non-current provisions		
Employee benefits	1.5	1.1
Total non-current provisions	1.5	1.1
Total provisions	45.5	31.6

Provisions are recognised when:

- » GPT has a present obligation (legal or constructive) as a result of a past event;
- » it is probable that resources will be expended to settle the obligation; and
- » a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation.

Provision for employee benefits

The provision for employee benefits represents annual leave and long service leave entitlements accrued for employees. The employee benefit liability expected to be settled within twelve months after the end of the reporting period is recognised in current liabilities.

Employee benefit expenses in the Consolidated Statement of Comprehensive Income

	31 Dec 22 \$M	31 Dec 21 \$M
Employee benefit expenses	126.5	122.2

9. Taxation

	31 Dec 22 Gross \$M	31 Dec 22 Tax Impact \$M	31 Dec 21 Gross \$M	31 Dec 21 Tax Impact \$M
a) Income tax expense				
Current income tax (benefit)/expense		(0.2)		10.2
Deferred income tax expense/(benefit)		4.1		(11.2)
Income tax expense/(benefit) in the Consolidated Statement of Comprehensive Income		3.9		(1.0)
Income tax expense/(benefit) attributable to profit from continuing operations		3.9		(1.0)
Aggregate income tax expense/(benefit)		3.9		(1.0)
b) Reconciliation of accounting profit to income tax expense/(benefit)				
Net profit for the year excluding income tax expense	473.2	142.0	1,421.8	426.5
Less: Trust profit not subject to tax	(447.3)	(134.2)	(1,401.3)	(420.4)
Profit which is subject to taxation at 30% tax rate	25.9	7.8	20.5	6.1
Tax effect of amounts not deductible/assessable in calculating income tax expense:				
Non-assessable revaluation items in the Company	(9.9)	(3.0)	(22.9)	(6.9)
Proceeds from wind up of BGP Holdings plc	(2.3)	(0.7)	–	–
Equity accounted losses/(profits) from joint ventures in the Company	0.1	–	(0.9)	(0.3)
Profit/(loss) used to calculate effective tax rate	13.8	4.1	(3.3)	(1.1)
Other tax adjustments	(0.8)	(0.2)	0.2	0.1
Income tax expense/(benefit)	13.0	3.9	(3.1)	(1.0)
Effective tax rate		28%		30%

	31 Dec 22 \$M	31 Dec 21 \$M
c) Current tax assets/(liabilities)		
Opening balance at the beginning of the year	(6.1)	(2.0)
Income tax (expense)/benefit	(3.9)	1.0
Tax payments made to tax authorities	12.3	6.3
Other deferred tax asset charged to income	5.4	(5.8)
Movements in employee benefits	(1.3)	(5.6)
Movements in reserves	(0.2)	–
Closing balance at the end of the year	6.2	(6.1)
d) Net deferred tax assets		
Employee benefits	12.0	10.6
Provisions and accruals	2.0	1.9
Right-of-use assets	(9.7)	(13.2)
Lease liabilities	14.4	17.9
Other	3.2	8.8
Net deferred tax assets	21.9	26.0
Movement in temporary differences during the year		
Opening balance at the beginning of the year	26.0	14.6
Income tax (expense)/benefit	(4.1)	11.2
Movement in reserves	–	0.2
Closing balance at the end of the year	21.9	26.0

Notes to the Consolidated Financial Statements

Year ended 31 December 2022

9. Taxation continued

Trust

Property investments are held by the Trust for the purposes of earning rental income. Under current tax legislation, the Trust is not liable for income tax provided the taxable income of the Trust including realised capital gains is attributed in full to its securityholders each financial year. Securityholders are subject to income tax at their own marginal tax rates on amounts attributable to them.

Company

Income tax expense for the financial year is the tax payable on the current year's taxable income. This is adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

Deferred income tax liabilities and assets – recognition

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carried forward unused tax assets and unused tax losses, to the extent it is probable that taxable profit will be available to utilise them. The carrying amount of deferred income tax assets is reviewed and reduced to the extent that it is no longer probable that sufficient taxable profit will be available.

Deferred income tax liabilities and assets – measurement

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance date.

Deferred income tax is provided on temporary differences at the reporting date between accounting carrying amounts and the tax cost bases of assets and liabilities, other than for the following:

- » Where taxable temporary differences relate to investments in subsidiaries, associates and interests in joint ventures:
 - Deferred tax liabilities are not recognised if the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
 - Deferred tax assets are not recognised if it is not probable that the temporary differences will reverse in the foreseeable future and taxable profit will not be available to utilise the temporary differences.

Tax relating to equity items

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Consolidated Statement of Comprehensive Income.

Effective tax rate

The Australian Accounting Standards Board have issued a Draft Appendix to the Tax Transparency Code outlining the method to calculate the effective tax rate as shown in note 9(b), using:

- » accounting profit before tax adjusted to exclude transactions which are not reflected in the calculation of income tax expense, including:
 - Trust taxable income which is attributed in full to its securityholders; and
 - Non-tax related material items in the Company; and
- » tax expense adjusted to exclude carry forward tax losses that have been recognised and prior year tax under/overstatements.

Attribution managed investment trust regime

The Trust made an election to be an attribution managed investment trust (AMIT). Under Australia's taxation laws, unitholders of the Trust pay income tax to the Federal Government on taxable income that is attributed to them as part of the Trust distribution process.

In the case where a GPT unitholder is an Australian resident, the unitholder pays tax on the taxable income attributed to them at their own applicable tax rate. Where the unitholder is a non-resident, Managed Investment Trust (MIT) withholding tax applies at the rate of 15 per cent where the place of payment is in a country that has an exchange of information agreement with Australia. If such an agreement does not exist, a withholding tax rate of 30 per cent or 45 per cent applies, depending on the circumstances.

CAPITAL STRUCTURE

Capital is defined as the combination of securityholders' equity, reserves and net debt (borrowings less cash and cash equivalents). The Board is responsible for monitoring and approving the capital management framework within which management operates. The purpose of the framework is to safeguard GPT's ability to continue as a going concern while optimising its debt and equity structure. GPT aims to maintain a capital structure which includes net gearing levels within a range of 25 to 35 per cent that is consistent with a stable investment grade credit rating in the "A category".

At 31 December 2022, GPT is credit rated A (negative) / A2 (stable) by Standard and Poor's (S&P) and Moody's Investor Services (Moody's) respectively. The ratings are important as they reflect the investment grade credit rating of GPT which allows access to global capital markets to fund the business. The stronger ratings improve both the availability of capital, in terms of amount and tenor, and reduce the cost at which it can be obtained.

GPT is able to vary the capital mix by:

- » issuing stapled securities;
- » buying back stapled securities;
- » activating the distribution reinvestment plan;
- » adjusting the amount of distributions paid to stapled securityholders;
- » selling assets to reduce borrowings; or
- » increasing borrowings.

10. Equity

a) Contributed equity

	Number	Trust \$M	Company \$M	Total \$M
Ordinary stapled securities				
Opening securities on issue and contributed equity at 1 January 2021	1,947,929,316	8,673.2	332.0	9,005.2
On-market securities buy-back ¹	(32,351,886)	(146.6)	(0.2)	(146.8)
Closing securities on issue and contributed equity at 31 December 2021	1,915,577,430	8,526.6	331.8	8,858.4
Opening securities on issue and contributed equity at 1 January 2022	1,915,577,430	8,526.6	331.8	8,858.4
Closing securities on issue and contributed equity at 31 December 2022	1,915,577,430	8,526.6	331.8	8,858.4

1. On 15 February 2021, the Group announced an on-market buy-back of GPT securities, with transactions occurring between 3 March 2021 and 1 June 2021 for an average price of \$4.54 per security.

Ordinary stapled securities are classified as equity and recognised at the fair value of the consideration received by GPT. Any transaction costs arising on the issue and buy-back of ordinary securities are recognised directly in equity as a reduction, net of tax, of the proceeds received or added to the consideration paid for securities bought back.

b) Treasury securities

Treasury securities are securities in GPT that the Group has purchased, that are held by GPT Group Stapled Security Plan Trust for the purpose of issuing securities under various employee security schemes. Refer to note 20 for further information. Securities issued to employees are recognised on a first-in-first-out basis.

	Number of securities	\$M
Opening balance at 1 January 2021	—	—
Acquisition of securities by the GPT Group Stapled Securities Trust	81,549	0.4
Employee securities issued	(81,549)	(0.4)
Balance at 31 December 2021	—	—
Opening balance at 1 January 2022	—	—
Acquisition of securities by the GPT Group Stapled Securities Trust	285,376	1.4
Employee securities issued	(281,910)	(1.4)
Balance at 31 December 2022	3,466	—

Notes to the Consolidated Financial Statements

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10. Equity continued

c) Reserves

	Foreign currency translation reserve		Cash flow hedge reserve		Cost of hedging reserve		Employee incentive scheme reserve		Total reserves	
	Trust \$M	Company \$M	Trust \$M	Company \$M	Trust \$M	Company \$M	Trust \$M	Company \$M	Trust \$M	Company \$M
Balance at 1 January 2021	(26.4)	18.3	(6.4)	—	(14.8)	—	—	1.3	(47.6)	19.6
Movement in hedging reserve	—	—	—	—	20.9	—	—	—	20.9	—
Movement in fair value of cash flow hedges	—	—	6.0	—	—	—	—	—	6.0	—
Security-based payment transactions, net of tax	—	—	—	—	—	—	—	3.1	—	3.1
Balance at 31 December 2021	(26.4)	18.3	(0.4)	—	6.1	—	—	4.4	(20.7)	22.7
Balance at 1 January 2022	(26.4)	18.3	(0.4)	—	6.1	—	—	4.4	(20.7)	22.7
Movement in hedging reserve	—	—	—	—	(0.3)	—	—	—	(0.3)	—
Movement in fair value of cash flow hedges	—	—	(1.8)	—	—	—	—	—	(1.8)	—
Security-based payment transactions, net of tax	—	—	—	—	—	—	—	4.2	—	4.2
Balance at 31 December 2022	(26.4)	18.3	(2.2)	—	5.8	—	—	8.6	(22.8)	26.9

Nature and purpose of reserves

Foreign currency translation reserve

The reserve is used to record exchange differences arising on translation of foreign controlled entities and associated funding of foreign controlled entities. The movement in the reserve is recognised in net profit when the investment in the foreign controlled entity is disposed.

Cash flow hedge reserve

The reserve records the portion of the unrealised gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge relationship inclusive of the share of cash flow hedge reserve of equity accounted investments.

Cost of hedging reserve

The reserve records the changes in the fair value of the currency basis that is part of cross currency interest rate swaps used to hedge foreign currency borrowings, but is excluded from the hedge designations. This reserve is inclusive of the share of cost of hedging reserve of equity accounted investments. Refer to note 14 for further details.

Employee incentive scheme reserve

The reserve is used to recognise the fair value of equity-settled security based payments provided to employees, including key management personnel, as part of their remuneration. Refer to note 20 for further details of the security based payments.

d) Retained earnings / accumulated losses

	Note	Trust \$M	Company \$M	Total \$M
Balance at 1 January 2021		2,700.9	(800.6)	1,900.3
Net profit/(loss) for the financial year		1,433.7	(10.9)	1,422.8
Less: distributions paid/payable to ordinary stapled securityholders	12	(511.9)	—	(511.9)
Reclassification of employee incentive security scheme reserve to retained earnings/ accumulated losses		1.9	(0.2)	1.7
Balance at 31 December 2021		3,624.6	(811.7)	2,812.9
Balance at 1 January 2022		3,624.6	(811.7)	2,812.9
Net profit for the financial year		446.7	22.6	469.3
Less: distributions paid/payable to ordinary stapled securityholders	12	(668.5)	—	(668.5)
Reclassification of employee incentive security scheme reserve to retained earnings/ accumulated losses		(0.3)	—	(0.3)
Balance at 31 December 2022		3,402.5	(789.1)	2,613.4

11. Earnings per Stapled Security

	31 Dec 22 Cents	31 Dec 22 Cents	31 Dec 21 Cents	31 Dec 21 Cents
a) Attributable to ordinary securityholders of the Trust	Basic	Diluted	Basic	Diluted
Total basic and diluted earnings per security attributable to ordinary securityholders of the Trust	23.3	23.3	74.5	74.5
b) Attributable to ordinary stapled securityholders of the GPT Group				
Total basic and diluted earnings per security attributable to stapled securityholders of the GPT Group	24.5	24.5	73.9	73.9

The earnings and weighted average number of ordinary securities (WANOS) used in the calculations of basic and diluted earnings per ordinary stapled security are as follows:

	31 Dec 22 \$M	31 Dec 22 \$M	31 Dec 21 \$M	31 Dec 21 \$M
c) Reconciliation of earnings used in calculating earnings per ordinary stapled security				
Basic and diluted earnings of the Trust	446.7	446.7	1,433.7	1,433.7
Basic and diluted earnings of the Company	22.6	22.6	(10.9)	(10.9)
Basic and diluted earnings of the GPT Group	469.3	469.3	1,422.8	1,422.8

	31 Dec 22 Millions	31 Dec 22 Millions	31 Dec 21 Millions	31 Dec 21 Millions
d) Weighted average number of ordinary securities				
WANOS used as the denominator in calculating basic earnings per ordinary stapled security	1,915.6	1,915.6	1,924.3	1,924.3
Performance security rights at weighted average basis ¹		0.7		0.7
WANOS used as the denominator in calculating diluted earnings per ordinary stapled security		1,916.3		1,925.0

1. Performance security rights granted under the employee incentive schemes are only included in dilutive earnings per ordinary stapled security where the performance hurdles are expected to be met as at the year end.

Calculation of earnings per stapled security

Basic earnings per stapled security is calculated as net profit/(loss) attributable to ordinary stapled securityholders of GPT, divided by the weighted average number of ordinary stapled securities outstanding during the financial year which is adjusted for bonus elements in ordinary stapled securities issued during the financial year. Diluted earnings per stapled security is calculated as net profit/(loss) attributable to ordinary stapled securityholders of GPT divided by the weighted average number of ordinary stapled securities and dilutive potential ordinary stapled securities. Where there is no difference between basic earnings per stapled security and diluted earnings per stapled security, the term basic and diluted earnings per stapled ordinary security is used.

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Year ended 31 December 2022

12. Distributions Paid and Payable

Distributions are paid to GPT stapled securityholders half yearly.

	Cents per stapled security	Total amount \$M
Distributions paid/payable		
2021		
31 December 2020 distribution (paid on 26 February 2021)	13.20	257.1
30 June 2021 distribution (paid on 31 August 2021)	13.30	254.8
Total distributions paid for the year	26.50	511.9
2022		
31 December 2021 distribution (paid on 28 February 2022)	9.90	189.6
30 June 2022 distribution (paid on 31 August 2022)	12.70	243.3
31 December 2022 distribution declared (payable on 28 February 2023)	12.30	235.6
Total distributions paid/payable for the year	34.90	668.5

13. Borrowings

	31 Dec 22 \$M	31 Dec 21 \$M
Current borrowings – unsecured ¹	702.2	800.0
Current borrowings – secured	2.7	2.4
Current borrowings	704.9	802.4
Non-current borrowings – unsecured ²	4,259.4	4,248.5
Non-current borrowings – secured	88.2	88.4
Non-current borrowings	4,347.6	4,336.9
Total borrowings – carrying amount³	5,052.5	5,139.3
Total borrowings – fair value⁴	4,909.0	5,217.4

1. Includes \$502.3 million of outstanding commercial paper (31 December 2021: \$750.0 million) which is an uncommitted line with a maturity period of generally three months or less and is classified as current borrowings. These drawings are in addition to GPT's committed facilities but may be refinanced by non-current undrawn bank loan facilities.

2. Cumulative fair value hedge adjustments and impact of exchange rate changes are shown in the table below.

3. Including unamortised establishment costs, fair value hedge adjustments, impact of exchange rate changes and other adjustments.

4. Of the total estimated fair value, \$2,443.0 million (31 December 2021: \$2,716.3 million) was classified as level 2 in the fair value hierarchy, and \$2,466.0 million (31 December 2021: \$2,501.1 million) was classified as level 3. The estimated fair value is calculating using the inputs which are described in Note 15, and excludes unamortised establishment costs.

All borrowings with maturities greater than 12 months after the reporting date are classified as non-current liabilities.

Borrowings are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method.

When the terms of a financial liability are modified, AASB 9 requires an entity to perform an assessment to determine whether the modified terms are substantially different from the existing financial liability. Where a modification is substantial, it will be accounted for as an extinguishment of the original financial liability and a recognition of a new financial liability. Where the modification does not result in extinguishment, the difference between the existing carrying amount of the financial liability and the modified cash flows discounted at the original effective interest rate is recognised in the Consolidated Statement of Comprehensive Income as a gain / loss on modification of financial liabilities. GPT management has assessed the modification of terms requirements within AASB 9 and have concluded that these will not have a material impact for the Group.

13. Borrowings continued

The following table outlines the cumulative amount of fair value hedge adjustments and impact of exchange rate changes that are included in the carrying amount of borrowings, which are designated in hedging relationships, in the Consolidated Statement of Financial Position.

	31 Dec 22 \$M	31 Dec 21 \$M
Nominal amount	2,192.8	1,907.4
Unamortised borrowing costs	(5.5)	(5.4)
Amortised cost	2,187.3	1,902.0
Cumulative fair value hedge adjustments and impact of exchange rate changes	174.2	385.2
Carrying amount	2,361.5	2,287.2

The carrying value of cross currency interest rate swaps hedging the above foreign currency borrowings is reflected in the Consolidated Statement of Financial Position within derivative assets totalling \$237.6 million (31 December 2021: \$398.0 million) and within derivative liabilities totalling \$63.6 million (31 December 2021: \$12.0 million).

The maturity profile of borrowings as at 31 December 2022 is as follows:

	Total facility ^{1,2} \$M	Used facility ¹ \$M	Unused facility ² \$M
Due within one year	705.0	705.0	–
Due between one and five years	3,289.9	1,709.9	1,580.0
Due after five years	2,453.2	2,453.2	–
	6,448.1	4,868.1	1,580.0
Cash and cash equivalents			60.2
Total financing resources at the end of the year			1,640.2
Less: commercial paper ²			(502.3)
Less: cash and cash equivalents held for the AFSLs			(11.0)
Total financing resources available at the end of the year			1,126.9

1. Excluding unamortised establishment costs, fair value hedge adjustments, impact of exchange rate changes and other adjustments and \$10.0 million bank guarantee facilities and its \$7.1 million utilisation. This reflects the contractual cash flows payable on maturity of the borrowings taking into account historical exchange rates under cross currency interest rate swaps entered into to hedge the foreign currency borrowings.

2. GPT's commercial paper program is an uncommitted line with a maturity period of generally three months or less and is classified as current borrowings. These drawings are in addition to GPT's committed facilities but may be refinanced by non-current undrawn bank loan facilities and are therefore excluded from available liquidity.

Cash and cash equivalents include cash on hand, cash at bank and short term money market deposits.

Debt covenants

GPT's borrowings are subject to a range of covenants, according to the specific purpose and nature of the loans. Most bank facilities include one or more of the following covenants:

- » Gearing: adjusted borrowings must not exceed 50 per cent of adjusted total tangible assets; and
- » Interest coverage: the ratio of operating earnings before interest and taxes to finance costs on borrowings is not to be less than 2 times.

A breach of these covenants may trigger consequences ranging from rectifying and/or repricing to repayment of outstanding amounts. GPT performed a review of debt covenants as at 31 December 2022 and no breaches were identified noting:

- » Covenant gearing ratio as at 31 December 2022 is 28.7 per cent; and
- » Interest cover ratio for the 12 months to 31 December 2022 is 5.5 times.

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Year ended 31 December 2022

14. Financial Risk Management

The GPT Board approve GPT's treasury policy which:

- » establishes a framework for the management of risks inherent to the capital structure;
- » defines the role of GPT's treasury; and
- » sets out the policies, limits, monitoring and reporting requirements for cash, borrowings, liquidity, credit risk, foreign exchange, interest rate and other derivative instruments.

a) Derivatives

As part of normal business operations, GPT is exposed to financial market risks which are principally interest rate risk on borrowings and foreign exchange rate risk on foreign currency borrowings. GPT manages these risks through the use of derivative instruments including interest rate swaps (fixed to floating, floating to fixed and floating to floating swaps), cross currency interest rate swaps and option based derivatives. Regular coupons under these instruments are reported in finance costs in the Consolidated Statement of Comprehensive Income along with the interest cost on borrowings to which it relates.

Derivatives are carried in the Consolidated Statement of Financial Position at fair value and classified according to their contractual maturities. If they do not qualify for hedge accounting, changes in fair value (including amortisation of upfront payment including premiums) are recognised in net gain / loss on fair value movements of derivatives in the Consolidated Statement of Comprehensive Income. Where derivatives qualify for hedge accounting and are designated in hedge relationships, the recognition of any gain or loss depends on the nature of the item being hedged. Refer to note 14(b) on hedge accounting. All of GPT's derivatives are valued using market observable inputs (level 2). For additional fair value disclosures refer to note 15.

	31 Dec 22 \$M	31 Dec 21 \$M
Derivative Assets		
Interest Rate Swaps – AUD	150.4	68.0
Cross Currency Interest Rate Swaps – fair value hedges	–	41.8
Cross Currency Interest Rate Swaps – fair value and cash flow hedges	237.6	356.2
Total Derivative Assets	388.0	466.0
Derivative Liabilities		
Interest Rate Swaps – AUD	125.4	56.3
Cross Currency Interest Rate Swaps – fair value hedges	63.6	12.0
Total Derivative Liabilities	189.0	68.3
Net Derivative Assets	199.0	397.7

GPT enters into ISDA (International Swap Derivatives Association) Master Agreements with its derivative counterparties. Under the terms of these agreements, where certain credit events occur, there is a right to set-off the position owing/receivable to a single counterparty to a net position as long as all outstanding derivatives with that counterparty are terminated. As GPT does not presently have a legally enforceable right to set-off, these amounts have not been offset in the Consolidated Statement of Financial Position. In the event a credit event occurred, the ISDA Master Agreement would have the effect of netting, allowing a reduction to derivative assets and derivative liabilities of the same amount of \$151.6 million (31 December 2021: \$66.3 million).

b) Hedge Accounting

GPT's objective is to manage the risk of volatility in FFO and NTA and whilst economic hedges exist to manage its financial market risks, GPT has elected to apply hedge accounting only in relation to foreign currency borrowings. Foreign exchange and interest rate risks arising from foreign currency borrowings are managed with cross currency interest rate swaps which convert foreign currency fixed interest rate cash flows into Australian dollar floating interest rate cash flows.

At inception of the hedge relationship, GPT designates and documents the relationship between the hedging instrument and hedged item and the proposed effectiveness of the risk management objective the hedge relationship addresses. GPT fully hedges 100% of its foreign currency exposure in respect of foreign currency borrowings with cross currency interest rate swaps and therefore applies a hedge ratio of 1:1. This means that whilst there are fair value movements from period to period, there is 100% matching of cash flows, resulting in nil fair value movements over the duration of the borrowings nor FFO impact in any period. On an ongoing basis, GPT determines and documents its assessment of prospective hedge effectiveness of all hedge relationships.

Cross currency interest rate swaps hedging foreign currency borrowings are designated as either dual fair value and cash flow hedges or fair value hedges only.

14. Financial Risk Management continued

b) Hedge Accounting continued

Fair value hedges

A fair value hedge is a hedge of the exposure to changes in fair value of the underlying item (foreign currency borrowings) that is attributable to a particular risk (movements in foreign benchmark interest rates and if applicable, foreign exchange rates). All changes in the fair value of the foreign currency borrowings relating to the risk being hedged are recognised in the Consolidated Statement of Comprehensive Income together with the changes in the fair value of cross currency interest rate swaps with the net difference reflecting the hedge ineffectiveness.

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows attributable to a particular risk (movements in foreign exchange rates) associated with a liability (foreign currency borrowings). The portion of the fair value gain or loss on the hedging instrument that is effective (that which offsets the movement on the hedged item attributable to foreign exchange movements) is recognised in Other Comprehensive Income and accumulated in the cash flow hedge reserve in equity and any ineffective portion is recognised as net ineffectiveness on qualifying hedges directly in the Consolidated Statement of Comprehensive Income.

Currency basis

A component of the cross currency interest rate swap is the currency basis. This is a liquidity premium that is charged for exchanging different currencies, and changes over time. Where currency basis has been included in fair value hedge designations, movement in currency basis is recognised in the Consolidated Statement of Comprehensive Income. In all other cases, currency basis have been excluded from GPT's fair value hedge designation with movements recognised in Other Comprehensive Income and accumulated in the cost of hedging reserve in equity.

Hedging Instruments

The following table shows the nominal amount of derivatives designated in cash flow and/or fair value hedge relationships in time bands based on the maturity of each derivative.

	31 Dec 22				31 Dec 21			
	Less than 1 year \$M	1 to 5 years \$M	Over 5 years \$M	Total \$M	Less than 1 year \$M	1 to 5 years \$M	Over 5 years \$M	Total \$M
Cross currency interest rate swaps								
USD exposure								
AUD nominal amount	–	210.3	1,247.5	1,457.8	–	145.8	1,311.9	1,457.7
Average receive fixed interest rate	–	3.5%	3.9%		–	3.6%	3.8%	
Average contracted FX rate (AUD/USD)	–	0.9511	0.8056		–	1.0283	0.8042	
HKD exposure								
AUD nominal amount	–	69.1	665.9	735.0	–	69.1	380.6	449.7
Average receive fixed interest rate	–	3.0%	3.5%		–	3.0%	2.9%	
Average contracted FX rate (AUD/HKD)	–	5.7890	5.9420		–	5.7890	6.3747	

The following table shows the impact on the Consolidated Statement of Comprehensive Income relating to hedge ineffectiveness of fair value hedges and the impact on Other Comprehensive Income (OCI) relating to movements in cash flow hedges and the cost of hedging reserve.

	31 Dec 22 \$M	31 Dec 21 \$M
Fair Value Hedge Movements in Net profit		
Fair value hedge adjustments and impact of exchange rates changes on foreign borrowings	211.0	7.3
(Loss)/gain on derivatives designated in hedging relationships	(210.4)	10.3
Net gain from hedge ineffectiveness on qualifying hedges	0.6	17.6
Movement in Hedge Reserves in OCI		
Movement in cash flow hedge reserve	(1.7)	5.4
Movement in cost of hedging reserve	–	18.8
Share of movement in hedge reserves in equity accounted investments	(0.4)	2.7
Net (decrease)/increase in hedge reserves in OCI	(2.1)	26.9

In these hedge relationships, the main sources of ineffectiveness are:

- » the effect of the counterparty and GPT's own credit risk on the fair value of the swaps, which is not reflected in the fair value of the hedged item;
- » changes in Australian and foreign swap interest rates which will impact the fair value of the Australian dollar margin and implied foreign currency margin respectively; and
- » changes in currency basis included within fair value hedge designations impacting the fair value of the swaps, which is not reflected in the fair value of the hedged item.

Notes to the Consolidated Financial Statements

Year ended 31 December 2022

14. Financial Risk Management continued

c) Interest rate risk

GPT's primary interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This mainly arises from borrowings. Interest rate risk inherent on borrowings issued at floating rates is managed by entering into interest rate swaps that are used to convert a portion of floating interest rate borrowings to fixed interest rates, which reduces GPT's exposure to interest rate volatility.

The following table provides a summary of GPT's gross interest rate risk exposure as at 31 December 2022 on interest bearing borrowings as well as the net effect of interest rate risk management transactions. This excludes unamortised establishment costs and fair value and other adjustments.

	31 Dec 22 \$M	31 Dec 21 \$M
Fixed Rate Exposure		
Fixed rate borrowings	3,239.3	3,004.0
Borrowings hedged via interest rate swaps ¹	192.0	247.6
Effective fixed rate borrowings	3,431.3	3,251.6
Floating Rate Exposure		
Floating rate borrowings	1,628.8	1,738.2
Borrowings hedged via interest rate swaps ¹	(192.0)	(247.6)
Effective floating rate borrowings	1,436.8	1,490.6

1. Net interest rate swaps converting floating rate borrowings into fixed rate borrowings.

Interest rate risk – sensitivity analysis

The impact on interest expense of a 0.50 per cent (2021: 0.25 per cent) increase or decrease in market interest rates is shown below. Finance costs are sensitive to movements in market interest rates on floating rate borrowings (net of any derivatives).

Impact on Consolidated Statement of Comprehensive Income

	31 Dec 22 \$M	31 Dec 21 \$M
Increase in interest rates of 0.50% (2021: 0.25%)	(7.2)	(4.0)
Decrease in interest rates of 0.50% (2021: 0.25%)	7.2	2.9

d) Liquidity risk

Liquidity risk is the risk that GPT, as a result of its operations:

- » will not have sufficient funds to settle a transaction on the due date;
- » will be forced to sell financial assets at a value which is less than what they are worth; or
- » may be unable to settle or recover a financial asset at all.

GPT manages liquidity risk by:

- » maintaining sufficient cash;
- » maintaining an adequate amount of committed credit facilities;
- » maintaining a minimum liquidity buffer in cash and surplus committed facilities for the forward rolling twelve month period;
- » minimising debt maturity concentration risk by diversifying sources and spreading maturity dates of committed credit facilities and maintaining a minimum weighted average debt maturity of 4 years; and
- » maintaining the ability to close out market positions.

14. Financial Risk Management continued

d) Liquidity risk continued

The following table provides an analysis of the undiscounted contractual maturities of liabilities which forms part of GPT's assessment of liquidity risk:

	31 Dec 22					31 Dec 21				
	1 year or less \$M	Over 1 year to 2 years \$M	Over 2 years to 5 years \$M	Over 5 years \$M	Total \$M	1 year or less \$M	Over 1 year to 2 years \$M	Over 2 years to 5 years \$M	Over 5 years \$M	Total \$M
Liabilities										
Non-derivatives										
Payables	485.9	—	—	—	485.9	207.0	—	—	—	207.0
Borrowings	705.0	455.0	1,254.9	2,453.2	4,868.1	802.4	288.5	1,459.0	2,192.3	4,742.2
Lease liabilities	9.2	10.0	13.6	12.6	45.4	8.1	9.6	20.9	15.5	54.1
Projected finance cost from borrowings ¹	222.4	211.4	478.7	410.6	1,323.1	99.9	98.0	296.0	358.3	852.2
Derivatives										
Projected finance cost from derivative liabilities ^{1,2}	16.7	18.2	39.2	38.5	112.6	23.3	14.4	12.1	16.8	66.6
Total liabilities	1,439.2	694.6	1,786.4	2,914.9	6,835.1	1,140.7	410.5	1,788.0	2,582.9	5,922.1
Less cash and cash equivalents (net of cash held for AFSLs)	49.2	—	—	—	49.2	51.3	—	—	—	51.3
Total liquidity exposure	1,390.0	694.6	1,786.4	2,914.9	6,785.9	1,089.4	410.5	1,788.0	2,582.9	5,870.8
Projected reduction to finance costs from derivative assets ²	49.7	27.8	30.6	1.2	109.3	18.0	20.4	25.7	19.1	83.2
Net liquidity exposure	1,340.3	666.8	1,755.8	2,913.7	6,676.6	1,071.4	390.1	1,762.3	2,563.8	5,787.6

1. Projection is based on the likely outcome of contracts given the interest rates, margins, interest rate forward curves as at 31 December 2022 and 31 December 2021 up until the contractual maturity of the contract. The projection is based on future non-discounted cash flows and does not ascribe any value to optionality on any instrument which may be included in the current market values. Projected interest on foreign currency borrowings is shown after the impact of associated hedging.

2. In accordance with AASB 7, the future value of contractual cash flows of non-derivative and derivative liabilities only is to be included in liquidity risk disclosures. As derivatives are exchanges of cash flows, the positive cash flows from derivative assets have been disclosed separately to provide a more meaningful analysis of GPT's net liquidity exposure. The methodology used in calculating projected interest income on derivative assets is consistent with the above liquidity risk disclosures.

e) Refinancing risk

Refinancing risk is the risk that credit is unavailable or available at unfavourable interest rates and credit market conditions resulting in an unacceptable increase in GPT's interest cost. Refinancing risk arises when GPT is required to obtain debt to fund existing and new debt positions. GPT manages this risk by spreading sources, counterparties and maturities of borrowings in order to minimise debt concentration risk, allow averaging of credit margins over time and reducing refinance amounts.

As at 31 December 2022, GPT's exposure to refinancing risk can be monitored by the spreading of its contractual maturities on borrowings in the liquidity risk table above or with the information in note 13.

f) Foreign exchange risk

Foreign exchange risk refers to the risk that the value of a financial commitment, asset or liability will fluctuate due to changes in foreign exchange rates. GPT's foreign exchange risk arises primarily from:

- » firm commitments of highly probable forecast transactions for receipts and payments settled in foreign currencies or with prices dependent on foreign currencies; and
- » investments in foreign assets.

The foreign exchange risk arising from borrowings denominated in foreign currency is managed with cross currency interest rate swaps which convert foreign currency exposures into Australian dollar exposures. Sensitivity to foreign exchange is deemed insignificant.

Notes to the Consolidated Financial Statements

Year ended 31 December 2022

14. Financial Risk Management continued

f) Foreign exchange risk continued

Foreign currency assets and liabilities

The following table shows the Australian dollar equivalents of amounts within the Consolidated Statement of Financial Position which are denominated in foreign currencies.

	United States Dollars		Hong Kong Dollars	
	31 Dec 22 \$M	31 Dec 21 \$M	31 Dec 22 \$M	31 Dec 21 \$M
Assets				
Derivative financial instruments	192.0	331.1	45.5	66.9
	192.0	331.1	45.5	66.9
Liabilities				
Derivative financial instruments	21.9	—	41.8	12.0
Borrowings ¹	1,630.5	1,791.3	736.5	501.3
	1,652.4	1,791.3	778.3	513.3

1. Excluding unamortised establishment costs.

g) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a contractual agreement, resulting in a financial loss to GPT. GPT has exposure to credit risk on all financial assets included on the Consolidated Statement of Financial Position.

GPT manages this risk by:

- » establishing credit limits for financial institutions and monitoring credit exposures for customers to ensure that GPT only trades and invests with approved counterparties;
- » investing and transacting derivatives with multiple counterparties that have a minimum long term credit rating of A- from S&P, or equivalent if an S&P rating is not available, minimising exposure to any one counterparty;
- » providing loans into joint ventures, associates and third parties, only where GPT is comfortable with the underlying property exposure within that entity;
- » regularly monitoring loans and receivables balances;
- » regularly monitoring the performance of its associates, joint ventures and third parties; and
- » obtaining collateral as security (where appropriate).

Receivables are reviewed regularly throughout the year. A provision for doubtful debts is recognised at an amount equal to lifetime ECL. Refer to note 4 for the calculation of lifetime ECL. GPT's policy is to hold collateral as security over tenants via bank guarantees (or less frequently, collateral such as bond deposits or cash).

The maximum exposure to credit risk as at 31 December 2022 is the carrying amounts of financial assets recognised on GPT's Consolidated Statement of Financial Position. For more information refer to note 4.

15. Other Fair Value Disclosures

Information about how the fair value of financial instruments is calculated and other information required by the accounting standards, including the valuation process, critical assumptions underlying the valuations and information on sensitivity are disclosed in the following table:

Fair value measurement, valuation techniques and inputs

Class of assets / liabilities	Fair value hierarchy ¹	Valuation technique	Inputs used to measure fair value	Unobservable inputs 31 Dec 22	Unobservable inputs 31 Dec 21
Derivative financial instruments – measured at fair value through profit or loss	Level 2	DCF (adjusted for counterparty credit worthiness)	<ul style="list-style-type: none"> » Interest rates » Basis » CPI » Volatility » Foreign exchange rates 	Not applicable – all inputs are market observable inputs	
Borrowings – measured at amortised cost	Level 2 and Level 3	DCF	<ul style="list-style-type: none"> » Interest rates » Foreign exchange rates » GPT's own credit spread 	Borrowings classified as Level 2 relate to Australian dollar denominated bonds, bank debt and commercial paper. All inputs are market observable.	Borrowings classified as Level 3 relate to foreign currency denominated borrowings as GPT's own credit spreads are not market observable. These spreads are sourced from banks.

Refer to note 13 for breakdown.

1. Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable data (unobservable inputs).

Counterparty credit worthiness

Credit value adjustments are applied to derivative assets based on that counterparty's credit risk using the observable credit default swaps curve as a benchmark for credit risk.

Debit value adjustments are applied to derivatives liabilities based on GPT's credit risk using GPT's credit default swaps curve as a benchmark for credit risk.

Notes to the Consolidated Financial Statements

Year ended 31 December 2022

OTHER DISCLOSURE ITEMS

16. Cash Flow Information

a) Cash flows from operating activities

Reconciliation of net profit after tax to net cash inflows from operating activities:

	31 Dec 22 \$M	31 Dec 21 \$M
Net profit for the year	469.3	1,422.8
Fair value gain on investment properties	(34.0)	(762.5)
Net (gain)/loss on fair value movement of derivatives	(3.8)	11.9
Net gain from hedge ineffectiveness on qualifying hedges	(0.6)	(17.6)
Gain on financial liability at amortised cost	(2.4)	(2.4)
Gain on financial asset at amortised cost	–	(8.7)
Impairment (reversal)/expense	(8.5)	56.3
Share of after tax loss/(profit) of equity accounted investments (net of distributions)	122.7	(238.3)
Depreciation and amortisation	4.1	8.4
Non-cash revenue/expense adjustments	36.6	32.5
Profit on sale of inventories	(0.4)	(7.6)
Proceeds from sale of inventories	11.0	14.9
Payment for inventories	(15.4)	(14.4)
Movements in working capital and reserves (net of impairment)	(18.2)	21.6
Net foreign exchange loss	0.4	0.2
Other	1.3	3.3
Net cash inflows from operating activities	562.1	520.4

b) Net debt reconciliation

Reconciliation of net debt movements during the financial year:

	Cash \$M	Lease liabilities \$M	Borrowings \$M	Total net debt \$M
1 January 2021	372.5	55.1	4,087.4	
Cash (outflow)/inflow	(311.0)	(9.0)	1,060.9	
Fair value hedge adjustments and impact of exchange rate changes	–	–	(7.4)	
New leases and modification of lease	–	6.6	–	
Other non-cash movements	–	1.4	(1.6)	
31 December 2021	61.5	54.1	5,139.3	5,131.9
1 January 2022	61.5	54.1	5,139.3	
Cash (outflow)/inflow	(1.3)	(9.5)	123.0	
Fair value hedge adjustments and impact of exchange rate changes	–	–	(211.0)	
New leases and modification of lease	–	(0.6)	–	
Other non-cash movements	–	1.4	1.2	
31 December 2022	60.2	45.4	5,052.5	5,037.7

17. Lease Revenue

	31 Dec 22				31 Dec 21			
	Retail \$M	Office \$M	Logistics \$M	Total \$M	Retail \$M	Office \$M	Logistics \$M	Total \$M
Segment Result								
Lease revenue	269.8	176.2	208.4	654.4	226.7	152.5	173.8	553.0
Recovery of operating costs	78.9	31.8	14.2	124.9	77.6	28.3	11.9	117.8
Share of rent from investment properties in equity accounted investments	1.8	87.8	—	89.6	1.7	83.5	—	85.2
	350.5	295.8	222.6	868.9	306.0	264.3	185.7	756.0
Less:								
Share of rent from investment properties in equity accounted investments				(89.6)				(85.2)
Amortisation of lease incentives and costs				(62.1)				(49.4)
Straightlining of leases				(1.2)				4.6
Eliminations of intra-group lease payments				(2.8)				(2.3)
Impairment (reversal)/loss on trade and other receivables				(5.9)				50.0
Consolidated Statement of Comprehensive Income								
Rent from investment properties				707.3				673.7

Rent from investment properties

Rent from investment properties in the Consolidated Statement of Comprehensive Income is recognised and measured in accordance with AASB 16 *Leases*. Revenue for leases with fixed increases is recognised on a straight-line basis for the minimum contracted rent over the lease term with an asset recognised as a component of investment properties relating to the fixed increases in operating lease rentals in future periods. When GPT provides lease incentives to tenants, these costs are amortised against lease income on a straight-line basis. Contingent rental income is recognised as revenue in the period in which it is earned.

In addition to revenue generated directly from the lease, rent from investment properties includes non-lease revenue earned from tenants, predominately in relation to recovery of asset operating costs, which is recognised and measured under AASB 15 *Revenue from Contracts with Customers*.

Management has assessed if a rent waiver constitutes a lease modification under AASB 16 and concluded that where rent waivers relate to periods after the execution of an agreement with the tenant, this constitutes a lease modification and the rent waiver is reflected on a straight-line basis over the life of the lease. Rent waivers relating to periods prior to the execution of an agreement are treated as write-offs under AASB 9 where the rent waiver offsets a receivable from the tenant (see note 4). Waivers reflected on invoices issued to tenants and which do not relate to previous outstanding debtors, are shown as a reduction to rent from investment properties on the Consolidated Statement of Comprehensive Income.

Notes to the Consolidated Financial Statements

Year ended 31 December 2022

18. Commitments

a) Capital expenditure commitments

Commitments arising from contracts principally relating to the purchase and development of investment properties and committed tenant incentives contracted for at balance date but not recognised on the Consolidated Statement of Financial Position are shown below.

	31 Dec 22 \$M	31 Dec 21 \$M
Retail	31.4	52.8
Office	104.0	106.5
Logistics	22.7	23.4
Properties under development	28.3	7.9
Corporate	—	2.0
Total capital expenditure commitments	186.4	192.6

b) Commitments relating to equity accounted investments

GPT's share of equity accounted investments' commitments at balance date:

	31 Dec 22 \$M	31 Dec 21 \$M
Capital expenditure	179.3	211.9
Total joint ventures and associates' commitments	179.3	211.9

In addition to the table above, GPT QuadReal Logistics Trust has contracted to purchase the following logistics sites:

- » a development site in Crestmead, Brisbane and has paid a deposit of \$1.1 million (GPT's 50.1% share), with \$10.1 million (GPT's 50.1% ownership) to be paid at settlement, which is expected to occur in March 2023; and
- » a development site in Epping, Melbourne and has paid a deposit of \$3.5 million (GPT's 50.1% share), with \$31.5 million (GPT's 50.1% ownership) to be paid at settlement, which is expected to occur in May 2023.

19. Contingent Liabilities

A contingent liability is a liability that is not sufficiently certain to qualify for recognition as a provision where uncertainty may exist regarding the outcome of future events.

As at 31 December 2022, GPT has no material contingent liabilities.

20. Security Based Payments

GPT currently has four employee security schemes – the General Employee Security Ownership Plan (GESOP), the Broad Based Employee Security Ownership Plan (BBESOP), the Deferred Short Term Incentive Plan (DSTI) and the Long Term Incentive (LTI) Scheme.

a) GESOP

The Board believes in creating ways for employees to build an ownership stake in the business. As a result, the GESOP is in place for individuals who do not participate in the LTI.

Under the plan individuals who participate receive an additional benefit equivalent to 10 per cent of their short term incentives (STIC). The amount after the deduction of income tax is invested in GPT securities to be held for a minimum of one year. The cost of this benefit is recognised as an expense in the Consolidated Statement of Comprehensive Income.

b) BBESOP

Under the plan individuals who are not eligible to participate in any other employee security scheme may receive \$1,000 worth of GPT securities or \$1,000 cash if GPT achieves at least target level performance. Securities must be held for the earlier of three years or the end of employment. The cost of this benefit is recognised as an expense in the Consolidated Statement of Comprehensive Income.

c) DSTI

STIC is delivered to the senior executives as 50 per cent in cash and 50 per cent in GPT stapled securities (a deferred component). The deferred component is rewarded in restricted securities which vest one year after award, subject to continued employment up to the vesting date.

d) LTI

At the 2009 AGM, GPT securityholders approved the introduction of a LTI plan based on performance rights.

The LTI plan covers each three year period. Awards under the LTI to eligible participants are in the form of performance rights which convert to GPT stapled securities for nil consideration if specified performance conditions for the applicable three year period are satisfied. Please refer to the Remuneration Report for detail on the performance conditions.

The Board determines those executives eligible to participate in the plan and, for each participating executive, grants a number of performance rights calculated as a percentage of their base salary divided by GPT's volume weighted average price (VWAP) for the 30-day period immediately prior to the commencement of the performance period.

Fair value of performance rights and restricted securities under DSTI and LTI

The fair value of the performance rights is recognised as an employee benefit expense over the vesting period (2022: \$5.9 million, 2021: \$5.4 million) with a corresponding increase in the employee incentive scheme reserve in equity. For LTI, the fair value is measured at grant date. For DSTI, the fair value is measured at each reporting date until the issuance of securities. Total security based payment expense based on the fair value is recognised over the period from the service commencement date to the vesting date of the performance rights.

Non-market vesting conditions are included in the calculation of the number of rights that are expected to vest. At each reporting date, GPT revises its estimate of the number of performance rights that are expected to vest and the employee benefit expense recognised each reporting period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the Consolidated Statement of Comprehensive Income with a corresponding adjustment to equity.

As a result of the COVID-19 pandemic, no plans were offered in 2020.

Fair value of the performance rights issued under LTI is determined using the Monte Carlo simulation and the Black Scholes methodologies. Fair value of the restricted securities under DSTI is determined using the security price. The following key inputs are taken into account:

	2022 LTI	2022 DSTI
Fair value of rights / restricted securities at period end (weighted average)	\$3.21	\$4.20
Security price at grant date	\$5.03	N/A
Security price at period end date	N/A	\$4.20
Grant date ¹	28 Mar 2022	N/A
Vesting date	31 Dec 2024	31 Dec 2023
Outperformance vs Index – plan to date	1.1%	N/A
Distribution Yield	5.0%	6.0%
Risk free interest rate	2.5%	N/A
Volatility ²	27.5%	N/A
Correlation	80.9%	N/A

1. Grant date for 2022 LTI is 20 May 2022 for CEO and 28 March 2022 for other participants. Grant date for 2022 DSTI is based on award date which is expected to be in the first half of 2023.

2. The volatility is based on the historic volatility of the security.

Notes to the Consolidated Financial Statements

Year ended 31 December 2022

20. Security Based Payments continued

e) Summary table of all employee security schemes

	Number of rights		
	DSTI	LTI and Sign On	Total
Rights outstanding at 1 January 2021	–	2,366,024	2,366,024
Rights granted during 2021	–	2,690,585	2,690,585
Rights forfeited during 2021	–	(2,287,972)	(2,287,972)
Rights converted to GPT stapled securities during 2021 ¹	–	(81,549)	(81,549)
Rights outstanding at 31 December 2021	–	2,687,088	2,687,088
Rights outstanding at 1 January 2022	–	2,687,088	2,687,088
Rights granted during 2022	281,910	2,117,982	2,399,892
Rights forfeited during 2022	–	(455,141)	(455,141)
Rights converted to GPT stapled securities during 2022	(281,910)	(52,874)	(334,784)
Rights outstanding at 31 December 2022	–	4,297,055	4,297,055

	Number of stapled securities			Total
	DSTI	GESOP	BBESOP	
Securities outstanding at 1 January 2021	–	49,993	92,349	142,342
Securities vested during 2021	–	(49,993)	(32,773)	(82,766)
Securities outstanding at 31 December 2021	–	–	59,576	59,576
Securities outstanding at 1 January 2022	–	–	59,576	59,576
Securities granted during 2022	281,910	56,329	43,645	381,884
Securities vested during 2022	(281,910)	(5,496)	(32,356)	(319,762)
Securities outstanding at 31 December 2022	–	50,833	70,865	121,698

1. Rights under the sign on agreements were converted to GPT stapled securities on 31 December 2021.

21. Related Party Transactions

General Property Trust is the ultimate parent entity.

Equity interests in joint ventures and associates are set out in note 3. Receivables from joint ventures and associates are on commercial terms and conditions with detail being set out in note 4.

Key management personnel

Key management personnel compensation was as follows:

	31 Dec 22 \$'000	31 Dec 21 \$'000
Short term employee benefits ¹	6,854.2	6,185.2
Post employment benefits	180.9	164.7
Long term employee benefits	1,395.3	1,116.9
Total key management personnel compensation	8,430.4	7,466.8

1. The 2021 comparatives have been restated to reflect the number of deferred GPT securities granted under the 2021 DSTI. This results in a decrease to the 2021 short term employee benefits of \$145,093.

Information regarding individual Directors' and Senior Executives' remuneration is provided in the Remuneration Report. There have been no other transactions with key management personnel during the year.

Transactions with related parties

	31 Dec 22 \$'000	31 Dec 21 \$'000
Transactions with related parties other than associates and joint ventures		
Expenses		
Contributions to superannuation funds on behalf of employees	(8,603.4)	(7,267.3)
Transactions with associates and joint ventures		
Revenue and expenses		
Responsible Entity fees from joint ventures and associates	65,702.7	61,440.6
Property management fees	14,250.7	14,318.6
Development management fees from joint ventures and associates	12,633.1	8,527.5
Rent expense	(4,355.2)	(3,974.1)
Management fees from associates	6,277.4	7,199.5
Distributions received/receivable from joint ventures	48,398.2	37,058.4
Distributions received/receivable from associates	141,666.7	114,684.6
Payroll costs recharged to associates	(8,763.8)	(8,902.5)
Other transactions		
Increase in units in joint ventures	144,825.0	94,121.4
Increase in units in associates	9,223.5	38,225.4

Notes to the Consolidated Financial Statements

Year ended 31 December 2022

22. Auditor's Remuneration

	31 Dec 22 \$'000	31 Dec 21 \$'000
Audit services		
PricewaterhouseCoopers Australia		
Statutory audit and review of financial reports	1,632.3	1,584.4
Total remuneration for audit services	1,632.3	1,584.4
Other assurance services		
PricewaterhouseCoopers Australia		
Regulatory and contractually required audits	321.3	301.8
Other assurance services	129.5	111.5
Total remuneration for other assurance services	450.8	413.3
Total remuneration for audit and assurance services	2,083.1	1,997.7
Non-audit related services		
PricewaterhouseCoopers Australia		
Other services	45.5	—
Total remuneration for non audit related services	45.5	—
Total auditor's remuneration	2,128.6	1,997.7

23. Parent Entity Financial Information

	Parent entity	
	31 Dec 22 \$M	31 Dec 21 \$M
Assets		
Current assets	1,032.7	462.6
Non-current assets	16,747.0	16,765.7
Total assets	17,779.7	17,228.3
Liabilities		
Current liabilities	940.7	544.6
Non-current liabilities	5,223.4	5,196.0
Total liabilities	6,164.1	5,740.6
Net assets	11,615.6	11,487.7
Equity		
Equity attributable to security holders of the parent entity		
Contributed equity	8,549.9	8,549.9
Reserves	4.3	5.9
Retained earnings	3,061.4	2,931.9
Total equity	11,615.6	11,487.7
Profit attributable to members of the parent entity	770.1	719.0
Total comprehensive income for the year, net of tax, attributable to members of the parent entity	770.1	719.0
Capital expenditure commitments		
Retail	16.1	32.4
Office	27.1	31.3
Logistics	22.9	13.0
Total capital expenditure commitments	66.1	76.7

Intercompany loan receivables are considered to be low risk, and therefore the impairment provision is determined as 12 months expected credit losses. Applying the expected credit risk model did not result in any significant loss allowance being recognised in 2022.

Notes to the Consolidated Financial Statements

Year ended 31 December 2022

24. Accounting Policies

a) Basis of preparation

The financial statements are a general purpose financial report which has been prepared:

- » in accordance with the requirements of the Trust's Constitution, *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and International Financial Reporting Standards;
- » in accordance with the recognition and measurement requirements of the International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB);
- » on a going concern basis. GPT has prepared an assessment of its ability to continue as a going concern, taking into account all available information for a period of 12 months from the date of these financial statements and future cash flow assessments have been made (refer to note 24(b)). GPT is confident in the belief that that it will realise its assets and settle its liabilities and commitments in the normal course of business and for at least the amounts stated in the financial statements. The net deficiency of current assets over current liabilities of \$606.3 million arises as a result of the inclusion of borrowings due within 12 months (inclusive of \$502.3 million of outstanding commercial paper). As set out in note 13, GPT has access to \$1,580.0 million in undrawn financing facilities (prior to refinancing of the commercial paper). Refer to note 24(b) for further information on going concern;
- » under the historical cost convention, as modified by the revaluation for financial assets and liabilities and investment properties at fair value through the Consolidated Statement of Comprehensive Income;
- » using consistent accounting policies with adjustments to bring into line any dissimilar accounting policies being adopted by the controlled entities, associates or joint ventures; and
- » in Australian dollars with all values rounded in the nearest hundred thousand dollars in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, unless otherwise stated.

In accordance with Australian Accounting Standards, the stapled entity reflects the consolidated entity. Equity attributable to other stapled entities is a form of non-controlling interest and represents the contributed equity of the Company.

Comparatives in the financial statements have been restated to the current year presentation.

As a result of the stapling, investors in GPT may receive payments from each component of the stapled security comprising distributions from the Trust and dividends from the Company.

The financial report was approved by the Board of Directors on 20 February 2023.

b) Going Concern

GPT is of the opinion that it is able to meet its liabilities and commitments as and when they fall due for at least a period of 12 months from the date of this report. In reaching this position, GPT has taken into account the following factors:

- » Available liquidity, through cash and undrawn facilities, of \$1,126.9 million (after allowing for refinancing of \$502.3 million of outstanding commercial paper) as at 31 December 2022;
- » Weighted average debt expiry of 6.2 years, with sufficient liquidity in place to cover the \$202.7 million of debt (excluding commercial paper outstanding) due between the date of this report and 31 December 2023;
- » Primary covenant gearing of 28.7 per cent, compared to a covenant level of 50.0 per cent, and
- » Interest cover ratio for the twelve months to 31 December 2022 of 5.5 times, compared to a covenant level of 2.0 times.

24. Accounting Policies continued

c) Basis of consolidation

Controlled entities

The consolidated financial statements of GPT include the assets, liabilities and results of all controlled entities for the financial year.

Controlled entities are all entities over which GPT has control. GPT controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Controlled entities are consolidated from the date on which control is obtained to the date on which control is disposed. The acquisition of controlled entities is accounted for using the acquisition method of accounting. All intercompany balances and transactions, income and expenses and profits and losses resulting from intra-group transactions have been eliminated.

Associates

Associates are entities over which GPT has significant influence but not control, generally accompanying voting or decision making rights of between 20 per cent and 50 per cent. Management considered if GPT controls its associates and concluded that it does not based on its level of control over each associate.

Investments in associates are accounted for using the equity method. Under this method, GPT's investment in associates is carried in the Consolidated Statement of Financial Position at cost plus post acquisition changes in GPT's share of net assets. GPT's share of the associates' result is reflected in the Consolidated Statement of Comprehensive Income. Where GPT's share of losses in associates equals or exceeds its interest in the associate, including any other unsecured long term receivables, GPT does not recognise any further losses, unless it has incurred obligations or made payments on behalf of the associate.

Joint arrangements

Investment in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. GPT has assessed the nature of its joint arrangements and determined it has both joint operations and joint ventures.

Joint operations

GPT has significant co-ownership interests in a number of properties through unincorporated joint ventures. These interests are held directly and jointly as tenants in common. GPT recognises its direct share of jointly held assets, liabilities, revenues and expenses in the consolidated financial statements under the appropriate headings. The investment properties that are directly owned as tenants in common are disclosed in note 2.

Joint ventures

Investment in joint ventures are accounted for in the Consolidated Statement of Financial Position using the equity method which is the same method adopted for associates.

Notes to the Consolidated Financial Statements

Year ended 31 December 2022

24. Accounting Policies continued

d) Other accounting policies

Significant accounting policies that summarise the recognition and measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

i) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the GPT entities are measured using the currency of the primary economic environment in which they operate ('the functional currency').

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

Foreign operations

Non-monetary items that are measured in terms of historical cost are converted using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences of non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

Exchange differences arising on monetary items that form part of the net investment in a foreign operation are taken against a foreign currency translation reserve on consolidation.

Where forward foreign exchange contracts are entered into to cover any anticipated excesses of revenue less expenses within foreign joint ventures, they are converted at the ruling rates of exchange at the reporting period. The resulting foreign exchange gains and losses are taken to the Consolidated Statement of Comprehensive Income.

ii) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST (or equivalent tax in overseas locations) except where the GST incurred on purchase of goods and services is not recoverable from the tax authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated inclusive of the amount of GST. The net amount of GST receivable from, or payable to, the taxation authority is included with other receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are presented on a gross basis in the Consolidated Statement of Cash Flows. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

iii) Revenue

Revenue from contracts with customers

Revenue is recognised over time if:

- » the customer simultaneously receives and consumes the benefits as the entity performs;
- » the customer controls the asset as the entity creates or enhances it; or
- » the seller's performance does not create an asset for which the seller has an alternative use and there is a right to payment for performance to date.

When the above criteria are not met, revenue is recognised at a point in time. Management have assessed that there were no significant changes to the recognition of revenue as a result of the COVID-19 pandemic.

Other revenue

Rental revenue from investment properties is recognised on a straight-line basis for the minimum contracted rent over the lease term with an asset recognised as a component of investment properties relating to the fixed increases in operating lease rentals in future periods. When GPT provides lease incentives to tenants, these costs are amortised against lease income on a straight-line basis.

Contingent rental income is recognised as revenue in the period in which it is earned.

Revenue from dividends and distributions is recognised when they are declared.

Interest income is recognised using the effective interest method.

24. Accounting Policies continued

d) Other accounting policies continued

The following table summarises the revenue recognition policies.

Type of revenue	Description	Recognised
Recoveries revenue	The Group recovers the costs associated with general building and tenancy operation from lessees in accordance with specific clauses within lease agreements. These are invoiced monthly based on an annual estimate. The consideration for the current month is due on the first day of the month. Revenue is recognised as the estimated costs are consumed by the tenant. Should any adjustment be required based on actual costs incurred, this is recognised in the Consolidated Statement of Comprehensive Income within the same reporting period and billed annually.	Over time
Recharge revenue	The Group recovers costs for any additional specific services requested by the lessee under the lease agreement. These costs are recovered in accordance with specific clauses within the lease agreements. Revenue from recharges is recognised as the services are provided. The lessee is invoiced on a monthly basis, where applicable. The consideration for the current month is due on the first day of the month.	Over time
Fund management fees	The Company provides fund management services to GPT Wholesale Office Fund (GWOF), GPT Wholesale Shopping Centre Fund (GWSCF), GPT QuadReal Logistics Trust (GQLT) as well as external mandates managed by GPT in accordance with their contractual arrangements. The services are utilised on an ongoing basis and revenue is calculated and recognised in accordance with the relevant constitution. The fees are invoiced on a quarterly basis and consideration is payable within 21 days of the quarter end.	Over time
Fee income – property management fees	The Company provides property management services to the owners of property assets in accordance with property services agreements. The services are utilised on an ongoing basis and revenue is calculated and recognised in accordance with the specific agreement. The fees are invoiced monthly with variable payment terms depending on the individual agreements. Should an adjustment, as calculated in accordance with the property services agreement be required, this is recognised in the Consolidated Statement of Comprehensive Income within the same reporting period.	Over time
Fee income – property management leasing fees – over time	Under some property management agreements, the Company provides a lease management service to the owners. These services are delivered on an ongoing basis and revenue is recognised monthly, calculated in accordance with the property management agreement. The fees are invoiced monthly with variable payment terms depending on the individual agreements.	Over time
Fee income – property management leasing fees – point in time	Under some property management agreements, the Company provides a lease management service to the owners. The revenue is recognised when the specific service is delivered (e.g. on lease execution) and consideration is due 30 days from invoice date.	Point in time
Development management fees	The Company provides development management services to the owners of property assets in accordance with development management agreements. Revenue is calculated and recognised in accordance with the specific agreement. The fees are invoiced on a monthly basis, in arrears, and consideration is due 30 days from invoice date.	Over time / point in time
Sale of inventory	Proceeds from the sale of inventory are recognised by the Company in accordance with a specific contract entered into with another party for the delivery of inventory. Revenue is calculated in accordance with the contract. Consideration is payable in accordance with the contract. Revenue is recognised when control has been transferred to the buyer.	Point in time

The Group recognised \$15.5 million of contract assets during the period, which amortise over a contract period of two years beginning 16 December 2022. Amortisation of this asset offsets revenue from funds management fees, or is recognised in expenses in the Consolidated Statement of Comprehensive Income, depending on the nature of the contract payments made.

Notes to the Consolidated Financial Statements

Year ended 31 December 2022

24. Accounting Policies continued

d) Other accounting policies continued

iv) Government grants

Government grants are accounted for under AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*. The standard provides the option to present these amounts as income or as a reduction in expenses.

The Group has recognised \$6.6 million in land tax relief relating to the period to 31 December 2022 (2021: \$5.7 million). GPT elected to present these amounts as a reduction in expenses. The Group result does not include any incentives under the National Rental Affordability Scheme during the period (31 December 2021: \$0.9 million). GPT elected to present these amounts as income.

v) Expenses

Property expenses and outgoings which include rates, taxes and other property outgoings, are recognised on an accrual basis.

vi) Finance costs

Finance costs include interest on borrowings and regular coupons paid or received under derivative instruments hedging GPT's interest rate risk on a portfolio basis, amortisation of discounts or premiums relating to borrowings and amortisation of ancillary costs incurred in connection with the arrangement of borrowings. Finance costs are expensed as incurred unless they relate to a qualifying asset.

A qualifying asset is an asset under development which generally takes a substantial period of time to bring to its intended use or sale. Finance costs incurred for the acquisition and construction of a qualifying asset are capitalised to the cost of the asset for the period of time that is required to complete the asset. Where funds are borrowed specifically for a development project, finance costs associated with the development facility are capitalised. Where funds are used from Group borrowings, finance costs are capitalised using the relevant capitalisation rate taking into account the Group's weighted average cost of debt.

vii) Leases

Lease liabilities are initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. If that rate cannot be determined, GPT's incremental borrowing rate is used. The incremental borrowing rate is calculated by interpolating or extrapolating secondary market yields on the Group's domestic medium term notes (MTNs) for a term equivalent to the lease. If there are no MTNs that mature within a reasonable proximity of the lease term, indicative pricing of where the Group can price a new debt capital market issue for a comparative term will be used in the calculation.

Lease liabilities are subsequently measured by:

- » increasing the carrying amount to reflect interest on the lease liability;
- » reducing the carrying amount to reflect the lease payments made; and
- » remeasuring the carrying amount to reflect any reassessment or lease modifications.

Interest on the lease liability and any variable lease payments not included in the measurement of the lease liability are recognised in the Consolidated Statement of Comprehensive Income in the period in which they relate. Interest on lease liabilities included in Finance costs in the Consolidated Statement of Comprehensive Income totalled \$1.2 million for the year (31 December 2021: \$1.5 million).

Right-of-use assets are measured at cost less depreciation and impairment and adjusted for any remeasurement of the lease liability. The cost of the asset includes:

- » the amount of the initial measurement of lease liability;
- » any lease payments made at or before the commencement date less any lease incentives received;
- » any initial direct costs; and
- » restoration cost.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, unless they meet the definition of an investment property. Right-of-use assets which meet the definition of an investment property form part of the investment property balance and are measured at fair value in accordance with AASB 140 *Investment Property* (refer note 2 and the following section on ground leases).

GPT's right-of-use assets are all property leases.

GPT determines the lease term as the non-cancellable period of a lease together with both:

- » the periods covered by an option to extend the lease if it is reasonably certain to exercise that option; and
- » periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Management considers all the facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. This assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

GPT tests right-of-use assets for impairment where there is an indicator that the asset may be impaired. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

GPT has assessed the right-of-use assets for impairment indicators and has calculated the recoverable amount where indicators exist. This has resulted in a reversal of impairment of \$1.4 million for the year (31 December 2021: \$1.2 million expense).

24. Accounting Policies continued

d) Other accounting policies continued

Ground Leases

A lease liability reflecting the leasehold arrangements of investment properties is separately disclosed in the Consolidated Statement of Financial Position and the carrying value of the investment properties is adjusted (i.e. grossed up) so that the net of these two amounts equals the fair value of the investment properties. The lease liabilities are calculated as the net present value of the future lease payments discounted at the incremental borrowing rate.

e) New and amended accounting standards and interpretations adopted from 1 January 2022

GPT has applied the following standard and amendment for the first time for the annual reporting period commencing 1 January 2022:

» *AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Others Amendments* [AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 & AASB 141].

Other than the above, there are no significant changes to GPT's financial performance and position as a result of the adoption of the new and amended accounting standards and interpretations effective for annual reporting periods beginning on or after 1 January 2022.

f) New accounting standards and interpretations issued but not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

25. Events Subsequent to Reporting Date

As announced on 10 February 2023, it is Bob Johnston's current intention to retire by the end of this year. The Board has commenced a formal Chief Executive Officer search process to select a suitably qualified successor with the right leadership skills and experience to continue the successes of the Group.

The Directors are not aware of any other matter or circumstance occurring since 31 December 2022 that has significantly or may significantly affect the operations of GPT, the results of those operations or the state of affairs of GPT in the subsequent financial years.

Directors' Declaration

In the Directors of the Responsible Entity's opinion:

- a) The consolidated financial statements and notes set out on pages 65 to 119 are in accordance with the *Corporations Act 2001*, including:
 - » complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - » giving a true and fair view of GPT's financial position as at 31 December 2022 and of its performance for the financial year ended on that date; and
- b) The consolidated financial statements and notes comply with International Financial Reporting Standards as disclosed in note 24 to the financial statements.
- c) There are reasonable grounds to believe that GPT will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by Section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



Vicki McFadden
CHAIRMAN



Bob Johnston
CHIEF EXECUTIVE OFFICER AND
MANAGING DIRECTOR

GPT RE Limited
Sydney

20 February 2023

Independent Auditor's Report



Independent auditor's report

To the stapled security holders of the GPT Group

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of General Property Trust (the Trust) and its controlled entities and GPT Management Holdings Limited (the Company) and its controlled entities (together, GPT, the GPT Group or the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the Consolidated Statement of Financial Position as at 31 December 2022
- the Consolidated Statement of Comprehensive Income for the year then ended
- the Consolidated Statement of Changes in Equity for the year then ended
- the Consolidated Statement of Cash Flows for the year then ended
- the Notes to the Consolidated Financial Statements, which include significant accounting policies and other explanatory information
- the Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Independent Auditor’s Report CONTINUED

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	Audit scope	Key audit matters
<p>For the purpose of our audit we used overall Group materiality of \$31.0 million, which represents approximately 5% of the Group’s Funds from Operations (FFO).</p> <p>We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.</p> <p>We chose FFO because, in our view, it is the key performance indicator used by security holders to measure the performance of the Group. An explanation of what is included in FFO is located in Note 1, Segment information.</p> <p>We selected a 5% threshold based on our professional judgment, noting it is within the range of commonly accepted profit related thresholds.</p>	<p>The structure of the Group is commonly referred to as a stapled group. In a stapled group, the securities of two or more entities are 'stapled' together and cannot be traded separately. In the case of the Group, the units in the Trust have been stapled to the shares in the Company. For the purposes of consolidation accounting, the Trust is the 'deemed' parent and the financial report reflects the consolidation of the Trust and its controlled entities and the Company and its controlled entities.</p> <p>Our audit focused on where the Group made subjective judgments; for example, significant accounting estimates involving assumptions and inherently uncertain future events.</p> <p>The Group holds equity accounted investments in two wholesale real estate investment funds. The auditor of these funds (the</p>	<p>Amongst other relevant topics, we communicated the following key audit matters to the Audit Committee:</p> <ul style="list-style-type: none"> • Valuation of investment properties, including investment properties in equity accounted investments • Carrying value of inventory <p>These are further described in the <i>Key audit matters</i> section of our report.</p>

component auditor) assisted in performing procedures on behalf of the Group engagement team.

We determined the level of involvement we needed to have in the audit work performed by the component auditor to be able to conclude whether sufficient appropriate audit evidence had been obtained. This included written instructions and active dialogue throughout the year.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter

How our audit addressed the key audit matter

Valuation of investment properties, including investment properties in equity accounted investments

Refer to Note 2 and 3

The Group's investment property portfolio is comprised of office, retail and logistics properties including properties under development in those categories. These include:

- Directly held properties included in the Consolidated Statement of Financial Position as investment properties valued at \$11,956.6 million as at 31 December 2022 (2021: \$11,954.7 million).
- Investment properties held through associates and joint ventures included in the Consolidated Statement of Financial Position as equity accounted investments.

Investment properties are valued at fair value at reporting date using the Group's policy as described in Note 2. The value of investment properties is dependent on the valuation methodology adopted and the inputs and assumptions in the valuation models.

We tested key controls related to the data inputs provided by the Group to external valuers, as well as key controls over review and approval of the valuations by management.

We obtained a selection of independent property market reports and also worked together with PwC Real Estate experts to develop an understanding of the prevailing market conditions and their expected impact on the Group's investment properties.

We agreed the fair value in investment property valuation reports to the Group's accounting records and assessed the competency, capability and objectivity of the external valuers.

We met with management to discuss the specifics of the property portfolio including significant leasing activity, capital expenditure and vacancies impacting the portfolio.

For a sample of key data inputs to the valuations, we agreed details to supporting documentation. For example, we agreed a sample of rental income inputs in valuations to lease agreements.

Independent Auditor's Report CONTINUED

Key audit matter	How our audit addressed the key audit matter
<p>The following are significant assumptions in establishing fair value:</p> <ul style="list-style-type: none"> • Capitalisation rate • Discount rate <p>In line with the Group's valuation policy, GPT independently values each completed investment property (including investment property assets disclosed within equity accounted investments) at least annually.</p> <p>We considered this a key audit matter because of:</p> <ul style="list-style-type: none"> • the relative size of the investment property balance in the consolidated statement of financial position (including investment properties within equity accounted investments). • the inherently subjective nature of the key assumptions that underpin the valuations, including capitalisation and discount rates. • the extent of judgment involved in considering the impact of the uncertain economic environment on investment property valuations. 	<p>For a sample of properties which were assessed as being at greater risk of material misstatement, we performed the following procedures, amongst others, to assess the appropriateness of certain assumptions used in the Group's assessment of fair value. We:</p> <ul style="list-style-type: none"> • obtained the valuation and held discussions with management to develop an understanding of the basis for assumptions used. • assessed the appropriateness of the methodology adopted and the mathematical accuracy of valuations. • assessed the appropriateness of the capitalisation rate and discount rate used in the valuations by comparing them against market data for comparable properties. • assessed the appropriateness of other key assumptions in the valuation by considering observable external market data. • met with a selection of external valuation firms to develop an understanding of their processes, judgment and observations. <p>We assessed the reasonableness of the Group's disclosures against the requirements of Australian Accounting Standards.</p>
<p>Carrying value of inventory \$154.7 million <i>Refer to note 6</i></p> <p>The Group develops a portfolio of sites for future sale which are classified as inventory. The Group's inventories are held at the lower of the cost and net realisable value for each inventory project.</p> <p>The cost of the inventory includes the cost of acquisition, development, capitalised finance costs and all other costs directly related to specific projects including an allocation of direct overhead expenses.</p> <p>We considered the carrying value of inventories a key audit matter given the significant judgment required by the Group to appropriately determine assumptions, for example, in estimating future selling prices. These judgments may have a material impact on the</p>	<p>For each material project we obtained the Group's latest Net Realisable Value (NRV) models.</p> <p>We developed an understanding of how the Group identified the relevant assumptions and sources of data that are appropriate for calculating the NRV and compared the carrying value to the NRV to identify projects with potential impairments.</p> <p>We performed the following procedures, amongst others, to gain an understanding of material projects:</p> <ul style="list-style-type: none"> • discussed project specifics with management, for example the life cycle of the project, key project risks, the impact of macroeconomic trends and how they have been reflected in the NRV models. • where applicable, met with the external quantity surveyors (QS) and design

Key audit matter

calculation of net realisable value and therefore in determining whether the value of a project should be written down or have a previous impairment reversed.

How our audit addressed the key audit matter

specialists engaged by the Group, in order to develop an understanding of their methodology and considerations in estimating the forecast spend for the project.

For selected projects we performed the following procedures over NRV models:

- where applicable, agreed the forecast spend per the NRV of the inventory projects to external QS estimates.
- compared the estimated selling prices to market sales data in similar locations or to recent sales in the project.
- compared escalation rates to relevant market data such as GDP growth and inflation.
- where applicable, performed sensitivity analyses to supplement our procedures over the reasonableness of key assumptions in the NRV model, including sensitising forecast revenue, forecasts costs to complete and escalation rates.

In addition, we have performed the following procedures:

- traced each inventory disposal to the supporting settlement statement, sales contract and cash support.
- traced inventory acquisitions to relevant supporting documents, for example, a purchase contract.
- traced a sample of capital expenditure additions to supporting documentation and tested whether they were valid costs that could be capitalised in accordance with the requirements of Australian Accounting Standards.
- tested the key control over review and approval of the inventory carrying value by management.

We also assessed the reasonableness of the disclosures relating to inventories in the Group's financial report against the requirements of Australian Accounting Standards.

Independent Auditor's Report CONTINUED

Other information

The directors of GPT RE Limited, the Responsible Entity of General Property Trust, (the directors) are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 50 to 62 of the directors report for the year ended 31 December 2022.

In our opinion, the remuneration report of GPT Group for the year ended 31 December 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.



PricewaterhouseCoopers



Susan Horlin
Partner

Sydney
20 February 2023

Securityholder Information

GPT is listed on the Australian Securities Exchange (ASX) under the ASX Listing Code: GPT. Unless otherwise noted, the information in this section is current as at 31 January 2023.

Voting Rights

Securityholders in The GPT Group are entitled to one vote for each dollar of the value of the total securities they hold in The Group.

Securityholders

Substantial Securityholders as notified to the ASX

	Number of Securities
UniSuper Limited	312,149,253
BlackRock Group	196,425,723
The Vanguard Group, Inc.	183,628,450
State Street Corporation	176,822,177

Distribution of Securities	Number of Securityholders	Percentage of total issued Securities
1 to 1,000	14,345	0.34
1,001 to 5,000	12,441	1.62
5,001 to 10,000	3,667	1.38
10,001 to 100,000	2,727	2.97
100,001 and over	109	93.69
Total Number of Securityholders	33,289	100.00

There were 1,256 securityholders holding less than a marketable parcel of 110 securities, based on a close price of \$4.55 as at 31 January 2023, and they hold 42,269 securities.

There are no other classes of quoted equity securities on issue.

Unquoted Equity Securities

The GPT Group has 4,263,232 unquoted Performance Rights on issue to 35 Securityholders under employee incentive schemes.

Twenty Largest Securityholders	Number of Securities	Percentage of total issued Securities
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	668,597,478	34.90
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	381,442,218	19.91
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	317,658,002	16.58
CITICORP NOMINEES PTY LIMITED	187,551,125	9.79
BNP PARIBAS NOMS PTY LTD <DRP>	57,572,442	3.01
NATIONAL NOMINEES LIMITED	56,965,423	2.97
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	30,914,641	1.61
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	19,960,795	1.04
PACIFIC CUSTODIANS PTY LIMITED GPT GROUP PLANS CTRL	5,289,764	0.28
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	4,346,080	0.23
WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	4,187,596	0.22
MUTUAL TRUST PTY LTD	3,906,000	0.20
CHARTER HALL WHOLESALE MANAGEMENT LIMITED <CHARTER HALL DP VALUE AREIT>	3,899,813	0.20
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	3,765,798	0.20
ARGO INVESTMENTS LIMITED	3,480,667	0.18
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	3,321,980	0.17
ONE MANAGED INVESTMENT FUNDS LTD <CHARTER HALL MAXIM PROPERTY SEC>	3,000,000	0.16
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,753,458	0.14
BNP PARIBAS NOMS(NZ) LTD <DRP>	2,711,761	0.14
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	2,268,424	0.12
Total	1,763,593,465	92.07
Total Securities on Issue	1,915,577,430	100.00

Issue of Securities

No GPT securities were issued during the period 1 January 2022 to 31 December 2022.

Securities Purchased On-market

During 2022, 438,224 securities were purchased on-market for the purposes of The GPT Group's employee incentive schemes and the average price per security was \$4.91.

On-market Buy-back

There is no current on-market buy-back.

Investor Information

Securityholder services – Link Market Services

You can access your investment online at www.linkmarketservices.com.au, signing in using your SRN/HIN, Surname and Postcode. Functions available include updating your address details, downloading a PDF of your Annual Tax Statement and collecting FATCA/CRS self certification.

Also online at www.linkmarketservices.com.au are regularly requested forms relating to payment instructions, name corrections and changes and deceased estate packs.

For assistance with altering any of your investment details, please phone the GPT Registry on 1800 025 095 (free call within Australia) or +61 1800 025 095 (outside Australia).

Electronic communications

GPT encourages our securityholders to receive investor communications electronically, including the Group Annual Report, as part of our commitment to sustainability. These reports are available on our website at www.gpt.com.au.

To register for electronic investor communications, please go to www.linkmarketservices.com.au and register for online services.

Annual General Meeting 2023

GPT's Annual General Meeting (AGM) will be held on 10 May 2023. Details will be provided in the Notice of Meeting. The Chairman's and CEO's addresses will be announced to the ASX on the day.

Investor calendar

Date	Event
10 May 2023	Annual General Meeting
14 August 2023	2023 Interim Result Announcement

An investor calendar is also available on our website at www.gpt.com.au/investor-centre.

Distribution policy and payments

GPT has a distribution policy that effectively aligns the Group's capital management framework with our business strategy, which reflects a sustainable distribution level to ensure a prudent approach to managing the Group's gearing through market and economic cycles.

GPT makes distribution payments in Australian dollars to securityholders two times a year, for the six months ended 30 June and the six months ended 31 December.

Feedback, suggestions and complaints

GPT is committed to delivering a high level of service to Securityholders, including responding to complaints in a fair, timely and efficient manner. Should there be some way you think that we can improve our service, we would like to know. Whether you are making a suggestion or a complaint, your feedback is always appreciated and can be provided by telephone on +61 1800 025 095, by fax to +61 2 9287 0303 or by email to complaints@linkmarketservices.com.au. GPT's Investor Complaints Handling Policy can be found at www.gpt.com.au/complaints.

GPT RE Limited is a member (member no.11784) of the Australian Financial Complaints Authority (AFCA), an external dispute resolution scheme to handle complaints from consumers in the financial system. If you are not satisfied with the resolution of your complaint by GPT RE Limited, you may refer your complaint to AFCA, GPO Box 3, Melbourne Victoria 3001, by telephone on 1800 931 678, by email to info@afca.org.au or online at www.afca.org.au.

Glossary

Term	Meaning
A-Grade	As per the Property Council of Australia's 'A Guide to Office Building Quality'
ACRT	Australian Core Retail Trust
AFFO	Adjusted Funds From Operations, defined as FFO less maintenance capex, leasing incentives and one-off items calculated in accordance with the Property Council of Australia 'Voluntary Best Practice Guidelines for Disclosing FFO and AFFO'
AREIT	Australian Real Estate Investment Trust
ASX	Australian Securities Exchange
AUM	Assets under management
bps	Basis points
Capex	Capital expenditure
CBD	Central Business District
CO₂	Carbon Dioxide
CPI	Consumer Price Index
cps	Cents per security
DPS	Distribution per security
EBIT	Earnings Before Interest and Tax
EPS	Earnings Per Security. Earnings per security is defined as Funds From Operations per security
FFO	Funds From Operations. Funds From Operations is defined as the underlying earnings calculated in accordance with the Property Council of Australia 'Voluntary Best Practice Guidelines for Disclosing FFO and AFFO'
Free Cash Flow	Operating cash flow less maintenance and leasing capex and inventory movements. The Group may make other adjustments in its determination of free cash flow for one-off or abnormal items
FUM	Funds under management
GAV	Gross Asset Value
GFA	Gross Floor Area
GLA	Gross Lettable Area
GQLT	GPT QuadReal Logistics Trust
Group Total Return	Total Return, calculated at the Group level as the change in Net Tangible Assets (NTA) per security plus distributions per security declared over the year, divided by the NTA per security at the beginning of the year
GWOF	GPT Wholesale Office Fund
GWSCF	GPT Wholesale Shopping Centre Fund
HoA	Heads of Agreement
IFRS	International Finance Reporting Standards
IRR	Internal Rate of Return
Major Tenants	Retail tenancies including Supermarkets, Discount Department Stores, Department Stores and Cinemas

Term	Meaning
MAT	Moving Annual Turnover
Mini-Major Tenants	Retail tenancies with a GLA above 400 sqm not classified as a Major Tenant
MTN	Medium Term Notes
N/A	Not Applicable
NABERS	National Australian Built Environment Rating System
NAV	Net Asset Value
Net Gearing	Defined as debt less cash less cross currency derivative assets add cross currency derivative liabilities divided by total tangible assets less cash less cross currency derivative assets less right-of-use assets less lease liabilities – investment properties
NLA	Net Lettable Area
NPAT	Net Profit After Tax
NTA	Net Tangible Assets
Ordinary Securities	Those that are most commonly traded on the ASX. The ASX defines ordinary securities as those securities that carry no special or preferred rights. Holders of ordinary securities will usually have the right to vote at a general meeting of the company, and to participate in any dividends or any distribution of assets on winding up of the company on the same basis as other ordinary securityholders
PCA	Property Council of Australia
Premium Grade	As per the Property Council of Australia's 'A Guide to Office Building Quality'
Prime Grade	Includes assets of Premium and A-Grade quality
psm	Per square metre
Retail Sales	Based on a weighted GPT interest in the assets and GWSCF portfolio. GPT reports retail sales in accordance with the Shopping Centre Council of Australia (SCCA) Guidelines
Specialty Tenants	Retail tenancies with a GLA below 400 sqm
sqm	Square metre
Total Specialties	Retail tenancies including specialty tenants and mini-major tenants
Total tangible assets	Total tangible assets is defined as per the Constitution of the Trust and equals Total Assets less Intangible Assets reported in the Statement of Financial Position
TSR	Total Securityholder Return, defined as distribution per security plus change in security price, assuming distributions are reinvested
Unlevered Total Return	Unlevered Total Return is calculated as the sum of the net income and revaluation movement of the portfolio divided by the average book value of the portfolio, compounded monthly for a rolling 12 month period
USPP	United States Private Placement
VWAP	Volume weighted average price
WACD	Weighted average cost of debt
WACR	Weighted average capitalisation rate
WALE	Weighted average lease expiry

Corporate Directory

The GPT Group

Comprising:
GPT Management Holdings Limited
ACN 113 510 188 and

GPT RE Limited
ACN 107 426 504
AFSL 286511

As Responsible Entity for
General Property Trust ARSN 090 110 357

Registered and Principal Administrative Office

Level 51
25 Martin Place
Sydney NSW 2000

Telephone: +61 2 8239 3555

Board of Directors

Vicki McFadden (Chair)
Bob Johnston
Anne Brennan
Tracey Horton AO
Mark Menhinnitt
Michelle Somerville
Robert Whitfield AM

Company Secretaries

Marissa Bendyk
Emma Lawler

Audit Committee

Michelle Somerville (Chair)
Anne Brennan
Robert Whitfield AM

Human Resources and Remuneration Committee

Tracey Horton AO (Chairman)
Vicki McFadden
Anne Brennan
Mark Menhinnitt

Nomination Committee

Vicki McFadden (Chair)
Bob Johnston
Anne Brennan
Tracey Horton AO
Mark Menhinnitt
Michelle Somerville
Robert Whitfield AM

Sustainability and Risk Committee

Robert Whitfield AM (Chair)
Tracey Horton AO
Mark Menhinnitt
Michelle Somerville

Auditors

PricewaterhouseCoopers
One International Towers Sydney,
Watermans Quay, Barangaroo
Sydney NSW 2000

Principal Registry

Link Market Services
GPT Security Registrar
Locked Bag A14
Sydney South NSW 1235

Within Australia: 1800 025 095 (free call)
Outside Australia: +61 1800 025 095

Fax: +61 2 9287 0303

Email: registrars@linkmarketservices.com.au

Website: www.linkmarketservices.com.au



Highpoint Shopping Centre, VIC

