EU SFDR DISCLOSURE

This disclosure is directed to investors in the European Union pursuant to Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("**SFDR**") and Article 23 of the Alternative Investment Fund Managers Directive 2011/61/EU.

The disclosure relates to the following funds managed by GPT Funds Management Limited ACN 115 026 545 (the "**Manager**"):

- GPT Wholesale Office Fund No.1 ARSN 120 538 212;
- GPT Wholesale Office Fund No.2 ARSN 120 538 365;
- GPT Wholesale Shopping Centre Fund No.1 ARSN 124 427 872; and
- GPT Wholesale Shopping Centre Fund No.2 ARSN 124 428 137,

each a "**Fund**", and together the "**Funds**".

This disclosure should be read alongside the information memoranda and other offering documentation for the Funds.

1. Sustainability risks

1.1 Approach

The Manager considers that delivering sustainable outcomes for investors, customers, communities and the environment, today and for future generations, is a part of core business processes. The Manager understands and recognises that changes to the environment can affect the performance of underlying assets and investments. Therefore, the Manager evaluates Sustainability Risks and other environmental, social, and governance (ESG) risk factors alongside other risks in its investment process (further information about the overall attitude to ESG is set out in the GPT Sustainability Report – December 2022, here). A "Sustainability Risk" means an environmental, social or governance event or condition that could have a material negative impact on the financial value of one or more investments in the Funds, or events or conditions that could have a material negative impact on the reputation of the Manager or the Funds or increase overall regulatory risk.

The proactive identification and management of key risks and opportunities, including those related to climate change, supports the achievement of the investment strategy of the Funds. The Manager considers that its approach to the incorporation of Sustainability Risks is an important element in contributing towards long-term investment returns and an effective risk-mitigation technique, and the Manager does not expect that the assessment of likely impacts of Sustainability Risks will materially impact the expected risk or return characteristics of the Funds. The Manager believes that its ESG-related analysis capabilities can help enhance portfolio relative performance, particularly in reducing exposure to countries, industries, and markets with material negative ESG risks. Nonetheless, ESG risks can be challenging to quantify in a precise manner, given that they may only crystallise over a lengthy time horizon. As such, there can be no guarantee that the actual impact of Sustainability Risks on the Funds' value will not be materially bigger than the impact assessed or expected by the Manager.

In line with the Task Force on Climate-related Financial Disclosures recommendations, the Manager uses climate scenario analysis to examine the potential future risks and opportunities of climate change under two distinct categories:

a) Transition impacts – reflecting the risks and opportunities associated with changes in the economy, including policy and regulatory changes, industry transformations as a result of decarbonisation, and other macro-economic factors.
b) Physical impacts – reflecting the changes in the physical climate and both chronic and acute climatic events that may impact future business activities, such as changes to rainfall volume, intensity and timing, and increased storm intensity.

For further information, please refer to the GPT Climate Disclosure Statement, here.

1.2 Risk examples

All investments involve some degree of risk. An investment in the Funds will involve all the usual risks of property ownership, as well as risks particular to this investment structure. Many risks cannot be controlled by the Manager. Other risks can be mitigated and the Manager has implemented safeguards and controls to reduce risk where possible. Investors should obtain their own professional advice in relation to an investment in the Funds.

Although given the broad nature of Sustainability Risks it is not possible to provide an exhaustive list of risk indicators, examples of the types of Sustainability Risks which may be relevant to the portfolio's investments are:

- Policy and regulatory changes - significant regulatory and policy changes have occurred over the past decade with an aim to reduce emissions, and the trend is expected to continue. Risks resulting from this can include: changes to energy tariff structures and potential supply constraints; increased energy prices that result in higher operational expenditure; more restrictive land planning codes that lead to lower supply of land for construction, resulting in higher capital expenditure; and regulatory changes regarding carbon intensive construction materials result in increased capital expenditure for construction. These risks may also include changes to rules and regulations around building certifications, environmental site assessments, property condition assessments or the introduction of rules requiring certain types of property to meet certain ESG standards. These may have an impact on the sustainability attributes of particular investments.
- Market expectation and economic changes - these risks include economic disruption and changes to consumer behaviour and structural changes associated with contraction in carbon intensive economies and industries.
- Physical risks - investments may be negatively affected by exposure to environmental conditions caused or exacerbated by climate change, such as heatwaves, higher than average temperatures, extreme weather events including floods, severe convection storms and cyclones, tidal inundation from rising sea levels, bushfires, drought and water scarcity and other climate change and environmental-related events; although a number of these risks may be insurable, it is not guaranteed that the insurance coverage may in all cases be adequate and losses connected to these events may be material. GPT conducted a physical hazard identification exercise for all assets in its portfolios during 2020, further detail of the key risks identified is set out in Appendix B in the Climate Disclosure Statement, here.
- Any actions taken on investment positions to improve their sustainability profile such as energy efficiency, clean energy production and consumption, waste reduction and water treatment may impose significant short-term costs.
- Social initiatives and the adherence to high governance standards, for example in the areas of transparency, corporate governance, management of conflict of interests and fair remuneration principles may require material investments and effort where economic returns may be uncertain.

2. Implementing ESG factors in the investment process

The Manager evaluates Sustainability Risks and other ESG risk factors alongside other risks in its investment process. The manner in which the Manager evaluates ESG risks will vary depending on the nature of the underlying investment. However, as a general rule, the Manager considers the following issues to be of particular importance when analysing Sustainability Risk as part of the investment process:

a) **Carbon neutrality** - GPT's carbon neutral plans are industry leading with a 2024 Carbon Neutral target for all managed buildings and the GPT Wholesale Office Fund already delivering a Carbon Neutral Certified portfolio of buildings in 2020. Consequently, we are better prepared to mitigate the risks from a low emissions scenario and maximise the opportunities of a low carbon economy.

b) **Credit quality and potential for value depreciation over time**: As part of the Manager's effort to identify strategically well positioned investment opportunities, its analysts assess the carbon footprints of underlying assets and how those assets are impacted by environmental issues, given that future regulations or environmental liabilities may impact an asset's valuation over time.

c) **Liability review**: An important factor in the Manager's assessment of a potential investment's quality is the potential for future liabilities to arise. These future liabilities may include sustainability-linked issues such as environmental liabilities, mediation liabilities and possible contingent liabilities from a litigation perspective. The Manager factors in these risks given that they could result in a future draw on the company's cash (in other words, they may impact the visibility and volatility of future cash flow).

d) **Relative value:** the Manager considers environmental risk in a holistic way. In relation to climate risk in particular, the Manager's risk review process is designed to identify any issues that may have an operational or capital expense, to ensure that this is factored into asset and investment valuations. The Manager also considers the impact of various sustainability factors that could adversely affect income, such as its level of income from direct carbon emitting streams, rental income deriving from the fossil fuel industry, and the ongoing transition to green power.

3. Policies and procedures

For more information on the Manager's commitment to sustainability practices and how this is embedded into the Manager's organisational culture, stakeholder engagement, governance and processes please refer to https://www.gpt.com.au/sustainability.

Further details on the Manager's policies and related statements (including in relation to corporate governance, sustainability, climate change and the environment) can be found at https://gpt.com.au/about-us/corporate-governance/policies.

4. Further information on ESG

Environmental sustainability is integrated into the management of GPT's portfolio operations and development projects and are considered as part of investment and portfolio management decisions. GPT tracks the performance of all sites for material environmental aspects and uses this for management reporting, driving improvements and disclosing performance. Detailed environmental performance by impact area is provided in the pages contained in the environment section of the GPT website and published in external reports (all available here), including:

a) **GPT Environment Dashboard** (previously Environment Data Pack): this provides detailed data, charts and information on the performance of GPT portfolios, funds and buildings, including summary progress by year since a 2005 baseline and current building ratings and certifications with industry bodies like NABERS, Green Star and Climate Active.

b) **GPT Sustainability Report**: this details GPT's broader ESG approach and progress.

c) **GPT Climate Disclosure Statement**: this is aligned to the recommendations of the Taskforce on Climate-related Financial Disclosures.

d) **GPT Climate Active Public Disclosure Summary**: details GPT's carbon neutral corporate operations in the most recent year.

e) **GPT Annual Financial Report**: this also includes related reports that detail GPT portfolio and asset performance.