

GDI Property Group

Modern Slavery Statement

30 June 2022

GDI Property Group comprises GDI Property Group Limited ACN 166 479 189 (the Company) and its subsidiaries and GDI Property Trust ARSN 166 598 161 (the Trust) and its subsidiaries. The responsible entity of the Trust is GDI Funds Management Limited ACN 107 354 003, AFSL 253 142, a wholly owned subsidiary of the Company.

Introduction

This Modern Slavery Statement (Statement) has been prepared and approved by GDI Property Group Limited. Shares in GDI Property Group Limited are stapled to units in GDI Property Trust to form the GDI (“GDI”, “us”, “we”). This Statement covers GDI Property Group Limited, GDI Property Trust and all their consolidated subsidiaries. GDI is listed on the Australian Securities Exchange (ASX code: GDI) and the registered office is Level 23, 56 Pitt Street, Sydney.

This Statement sets out the steps we have taken during the period 1 July 2021 to 30 June 2022 to prevent modern slavery in our business and supply chain.

As our annual revenue is less than \$100.0 million, we are not required to prepare a Statement nor to perform any of the actions required when reporting, including assessing modern slavery risks in our supply chain, taking actions to address those risks, and reviewing the effectiveness of those actions. However, in practice we have always performed all of the above, some with oversight at a Board or Committee level as part of our regular review of our risks, and others in a more informal manner. GDI’s response to modern slavery risks is in its infancy and the preparation of this Statement has highlighted our shortcomings, and we intend to significantly enhance the depth and integrity of our actions during FY23 to assess and address the risks of modern slavery in our supply chains.

This statement is voluntary and has not been lodged with Australian Border Force’s Online Modern Slavery Register.

MANDATORY CRITERIA FOR MODERN SLAVERY STATEMENTS		
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Overview

About GDI

GDI is a fully integrated, internally managed property and funds management group with capabilities in ownership, management, development, refurbishment, leasing, and syndication of properties. GDI has staff in Sydney and Perth and its head office is located in Sydney.

GDI specialises in providing income and value-add property trusts to listed and wholesale investors. In addition to GDI Property Trust, GDI also manages seven unlisted, unregistered managed investment schemes on behalf of over 1,500 high net worth investors. Total assets under management of both GDI Property Trust and the seven, unlisted, unregistered managed investment schemes is over \$1.3 billion.

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GDI acquires under-valued properties generally for between \$25.0 million and \$250.0 million with strong upside potential. When acquiring properties, key selection criteria include significant potential to realise increased income and value, excellent locations, good natural light, easily divisible floor plates, and potential for improving a property's environmental credentials. GDI then implements the individual strategy for the building, which typically includes refurbishment and repositioning, services upgrades, resetting leases and ultimately selling to realise profits.

Approach

GDI understands that it has a role as well as a responsibility to generate awareness and take steps to ensure that it upholds human rights, as well as minimising the risk of modern slavery practices within its operations and supply chains.

GDI's approach to modern slavery has been developed at a group level and applies to all entities that it owns or controls. Our commitment to our investors and stakeholders is to take pro-active steps to prevent modern slavery within our business and ensure legislative compliance.

GDI considers the risks of modern slavery acts to mean the potential for an entity to cause, contribute to or be directly linked to modern slavery. To this end GDI intends to:

- Identify and assess the risks within our business and supply chains;
- Prioritise higher risk activities and, if required, implement changes;
- Educate employees and suppliers on their own responsibilities to avoid modern slavery breaches; and
- Collaborate with suppliers to enhance our program, including identifying further areas where we can collaborate in the future.

Structure, Operations and Supply Chains

Our structure

GDI comprises the stapled entities GDI Property Group Limited and GDI Property Trust. GDI Funds Management Limited, a wholly owned subsidiary of GDI Property Group Limited, is the responsible entity of GDI Property Trust. The Boards of GDI Property Group Limited and GDI Funds Management Limited each have common membership. GDI Investment Management Pty Limited, a wholly owned subsidiary of GDI Property Group Limited, is the Investment Manager of GDI Property Trust.

GDI Funds Management Limited and GDI Investment Management Pty Limited, either directly or through wholly owned subsidiaries, also act as trustees and Investment Managers of the unlisted unregistered managed investment schemes operated by GDI. These entities are included in the consolidated financial statements and presented in the GDI Annual Financial Report.

Our operations

GDI currently has two divisions, a Property Division and a Funds Business. The Property Division owns a portfolio of office and carpark assets and generates returns through rental income (including parking) and capital growth. The Funds Business manages seven unlisted, unregistered managed investment schemes and generates returns through co-investment stakes and funds management fees. Across both the Property Division and the Funds Business GDI undertakes five core activities:

Investment and divestment

GDI owns and manages property. GDI is an active investor, creating value through astute property selection, carefully researching for value-add commercial property opportunities that meet strict investment criteria including:

- excellent locations;

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- good natural light with easily divisible floor plates;
- upside potential through releasing, refurbishment, or redevelopment;
- markets that we believe will outperform due to an expectation of limited supply and strong demand; and
- at a price that management believes is substantially below replacement cost.

Over time, GDI may divest some properties, if in the opinion of the Board and management, the value has been maximised or it no longer meets the investment criteria of the trust that owns it.

Development, redevelopment and refurbishments

Most assets that GDI owns and manages have value add opportunities, including:

- selective capital improvements including to improve a property's sustainability credentials;
- releasing, or recalibrating existing leases, to improve a property's operating cashflows; and
- development or redevelopment opportunities, including adaptive re-use options.

Asset management

As an owner and manager of property; asset management is core to what GDI does. Asset management involves setting the strategies for each property, including capital expenditure plans, leasing strategies, and outgoings management. GDI outsources the property management function to experienced property managers.

In the case of GDI's carpark assets, we engage the services of a specialist carpark operator to manage the carpark business on our behalf.

Funds management

Not only does GDI manage GDI Property Trust, part of the stapled GDI entity, it also manages seven unlisted, unregistered managed investment schemes on behalf of approximately 1,500 high net worth investors. In some funds GDI Property Trust co-invests.

Our supply chain

GDI sources a wide range of goods and services across the life cycle of its Australian based real-estate assets. This includes products and services sourced domestically or internationally and extends beyond direct suppliers. As owners and managers of property assets, the greatest expenditure and exposure that GDI has to modern slavery practices rests in the supply chains of our service providers, and the goods supplied to them in the maintenance, care and operation of those properties.

In FY22 a committee composed of key management personnel commenced a risk assessment of modern slavery risks in our supply chain by splitting suppliers into:

Tier 1 – Directly contracted by GDI to provide goods and services to GDI

Tier 2 – Suppliers subcontracted by Tier 1 supplier

Although service providers like cleaners, security and maintenance contractors at our properties are usually engaged by us as the owner, these functions are overseen by our property managers. Accordingly, in this our first year of voluntarily reporting on Modern Slavery, we characterised those service providers as Tier 2 suppliers, and the property managers as Tier 1, but anticipate re-characterising those service providers as Tier 1 suppliers in FY23.

All Tier 1 suppliers were then categorised by spend and by the goods or service provided, with a focus on those that had a procurement spend of over \$1.0 million, and those that were deemed to have a higher risk of exposure to modern slavery. In the case of the property managers, included in their procurement spend was the money paid under cleaning, security and maintenance contracts.

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After this assessment, only eight suppliers were identified that had both a procurement spend of over \$1.0 million, and were deemed to be of higher risk of exposure to modern slavery.

Actions to identify, assess and address our Modern Slavery Risks

During FY22 GDI adopted a Sustainable Procurement Policy, which supplements our Outsourcing Policy. The Sustainable Procurement Policy establishes expectations on Tier 1 suppliers relating to the governance of their business, to uphold and respect fair labour practices and human rights, to comply with all relevant laws and regulations that relate to workplace health and safety and the environmental, and to align their Tier 1 suppliers (GDI's Tier 2) to GDI's sustainable procurement expectations. This Sustainable Procurement Policy was discussed and shared with those identified Tier 1 suppliers.

Post balance date, GDI is reviewing the adoption of a Human Rights Policy which, in addition to addressing human rights in the workplace, extends to human rights within the supply chain.

Operations

Investment and divestment

GDI engages the use of third parties to assist it with its due diligence investigations when buying properties, agents when selling properties and lawyers for both acquisitions and divestments. As these organisations are service providers of highly skilled and trained professionals, GDI does not consider it has a material risk of modern slavery in this component of its operations.

However, often when purchasing properties existing service contracts are novated to the incoming owner. Detailed due diligence is required in this instance to ensure that there is no pre-existing modern slavery risk.

Development, redevelopment and refurbishment

Most of GDI's assets are located in Perth and during FY22 underwent some form of material development, redevelopment, or refurbishment. For such services GDI only employs high quality suppliers, many of whom have a long track record of working with GDI and/or already report on modern slavery. For those suppliers who currently report on modern slavery within their supply chain, GDI ensured that their inbuilt processes, such as induction procedures and supplier code of conduct, are robust and applied to all contractors on GDI sites.

Where we have engaged with a supplier for many years, and that supplier does not currently report on modern slavery, GDI took a more collaborative approach and worked with that supplier to ensure that they were aware of the risks within their business and ways to approach the risks.

Asset Management

All assets under GDI's operational control are managed by externally contracted property managers who have corporate policies regarding the Modern Slavery Act and ensure that questions in regard to modern slavery are included in the induction process before suppliers (cleaning, security, maintenance) are allowed onto GDI sites. During the current year GDI will spend more time reviewing the modern slavery risks associated with those suppliers that we contract with but currently classify as Tier 2 suppliers, and those of our carpark operator.

Funds Management

GDI believes that it is at a low risk for modern slavery within its funds management operations. This function is carried out by either directly employed GDI staff who are all located in Australia with minimum entitlements for these staff exceeding the National Employment Standards as set out in the Fair Work Act 2009, or by institutional third-party contractors (like Custodians, Registry Services) who are also considered to be at low risk of modern slavery.

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Training and awareness

During FY22 all our asset managers and executive team were trained in all aspects of the Modern Slavery Act and our Sustainable Procurement Policy. This will be rolled out to all staff in FY23.

Remediation and Grievance

During FY22 GDI's Whistleblower policy was amended to explicitly include references to modern slavery complaints.

When a concern is raised, or we otherwise become aware of an individual in our supply chain that may be impacted by modern slavery, we investigate and take appropriate action, which in all cases will focus on assisting the individual experiencing the impact.

Assessing our Response

GDI's response to modern slavery risks is in its infancy. We have now established procedures and will set key performance indicators on our asset managers to gauge the effectiveness of our actions to assess and address modern slavery risks.

These key performance indicators (KPIs) include checking current risk assessment processes regularly to ensure that they remain effective. These KPIs will evolve as GDI increases the data gathered in regard to modern slavery risks and increases its depth of investigation and assessment to smaller Tier 1 suppliers and those contracted parties that are currently considered Tier 2 suppliers. In future years this will also extend to lower tier suppliers.

Consultation

GDI takes its responsibilities for the prevention of modern slavery across its operations and supply chain seriously. GDI Property Group Limited has consulted and collaborated with GDI Funds Management Limited, the responsible entity of GDI Property Trust, and all other consolidated entities in relation to the prevention of modern slavery.