

# GPT COMMUNITY INVESTMENT

**Reporting protocol**  
December 2015

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## Version Control:

Version name	Who	Date	Changes made
Refined Community Investment Protocol Dec15 With NC edits	Nina Collinson	17/12/2015	General tightening of language throughout document
Community Investment protocols 2015 FINAL	Bruce Precious	18/12/2015	Review of final document
Community Investment Protocols 2015 FINAL External	Nina Collinson	22/12/2015	Editing to shorten for inclusion on external website

## 1.0 Background and Reporting Categories

GPT's Community Engagement and Development Policy commits GPT: "to creating and managing assets that reflect the communities in which we are located. This includes taking account of local culture, environment and community priorities in both the design and operation of our assets. In fulfilling this commitment, our approach will vary across different sites as appropriate to the local context."

GPT is able to contribute to communities through a wide range of mechanisms. These protocols provide a consistent, reliable, accurate and transparent definition for measuring and reporting contributions, outcomes, and where possible, the impact of community focused initiatives.

Community investment is measured under six categories:

- Management expenses
- In kind contribution
- Sponsorships and donations
- Volunteering
- Direct Community investments

The first four categories are largely consistent with the London Benchmark Group's guidelines. Our industry's unique ability to deliver community outcomes has meant that the fifth category of Direct Community Investment has been added. This category reflects GPT's desire to undertake activities that generate both business and social value, that is shared value activities and be very clear with our stakeholders that these activities generate both business and social outcomes. Ultimately all categories should be reflective of this approach.

These protocols continue to be improved; an assessment of the cost:benefit of reporting of very detailed levels of input investments has been undertaken, the result being that more focus will be directed to the collection of material items (rather than every single item) in the current year. This aligns to the precautionary approach and meets our goal of providing a materially representative figure for our stakeholders to make an assessment of our level of community investment.

All protocols have been refined to provide relevant information for GPT's operations to ensure fair and consistent reporting.

### 1.1 Defining 'community'

When considering the term 'community' in the reporting context, it is important to consider the breadth of the meaning:

- In the broadest sense it means members of society as a whole;

- In relation to our office assets 'community' refers to the tenant community and their visitors – the group of people that come together in the building each day and may also include other people within the precinct of the building;
- For our retail assets it means the community of tenants, tenant workers, shoppers and people living in the surrounding precinct
- From a corporate perspective, community may reference the broader property industry through to the global community

Community is therefore a broad term that covers a number of different stakeholder communities relevant to GPT.

## 1.2 Assets included in Community Investment Reporting

For FY2015, GPT will continue to report on the community investments associated with assets that we have 100% management control over. This is consistent with prior years. Refer to appendix 2 for a complete list of these assets.

This boundary will be reported in a transparent manner so that all external stakeholders understand what has and has not been included in GPT's community investment reporting.

## 1.3 Future direction of reporting

GPT recognises that focusing on inputs e.g. funds invested in the community, does not assess the effectiveness of that investment in the community. Therefore, we will broaden our reporting in future years to make a transparent assessment as to whether the investments we are making are driving the outputs, outcomes and impacts that we want it to. Consequently, in line with our continuing focus on generating simultaneous business and social outcomes (a shared value approach), in future years we will aim to focus and report on not just the inputs, but also the business and social outputs, outcomes and impacts of the investments that we make. By developing tools and measures to help us do this we can more effectively assess the value of the investments that we make, and direct resources to more impactful activities.



## 2.0 Investment categories

*Note: all figures are reported excluding GST.*

How we contribute	
(1) In-kind	Contributions to the community of our core product. For GPT this will generally be space, including free casual / discounted leasing and space available for community facilities / operations.

	<p>Guidance includes to be conservative and:</p> <ul style="list-style-type: none"> <li>• Report a fair value of what it costs the company in direct costs or verifiable forgone income</li> <li>• Protocols developed for valuing space contributions (see below)</li> </ul> <p><u>Consideration for future years:</u></p> <p>GPT is considering how we can put a social value on true public spaces (e.g. accessible by anyone without cost or commitment) that are under our control at our assets. An example of this is the piazza at Charlestown Square. This square is a genuine contribution to the community, a public space where anyone can come and sit and enjoy the space, without commitment. Whilst we could value this space from an opportunity cost perspective, we do not believe that this reflects the true social value of the space. It is only when we begin to identify and quantify the social outputs, impacts and outcomes of the space that we can begin to value it appropriately. Consequently, this is a work in progress and will not be reported on specifically in 2015.</p>
(2) Volunteering Time	<p>The value of time spent on activities by GPT employees that achieve community (whether that be the local community, property industry community etc) outcomes and which are outside the scope of an individual's role.</p> <p>Guidelines include:</p> <ul style="list-style-type: none"> <li>• Volunteering activities in work time including on-going participation in community support positions for not for profits or industry organisations that contribute to improved community outcomes e.g. Property Industry Foundation, the Property Council of Australia.</li> <li>• Organised events such as Community Day (tends to be with more traditional community organisations)</li> </ul> <p><u>Changes from prior year</u></p> <p>For FY2015, in addition to the value of our employees volunteering on Community Day, we will be including the value of our peoples' time given throughout the year in the development of social / community value and outcomes.</p>
(3) Management Costs	<p>The value of time or services where the community outcomes are core to the role.</p> <p>This will include:</p> <ul style="list-style-type: none"> <li>• Roles or part roles that have defined community engagement and outcome targets</li> <li>• Research and consulting costs with the objective of improving community outcomes</li> </ul>
(4) Sponsorships / cash donations	<p>These are direct payments or donations in support of community organisations or projects to a registered charitable / not-for-profit organisations / foundations. Within these payments, costs associated with delivering corporate outcomes are excluded such as corporate branding or function costs.</p>
(5) Direct Community Investments	<p>This is expenditure on the creation and maintenance of community events (can be attended without commitment or cost by community members), facilities and services that are outside what could be considered business basics and that deliver both a business and community outcome. A useful guide is to consider the types of facilities and services that local councils would provide such as</p>

	<p>playground and free family entertainment with no obligation to spend.</p> <p>In many cases, for shared value activities GPT is currently able to measure the input costs of these shared value activities, but we cannot always articulate the business and social output, outcomes and impacts. In other instances of shared value activities, such as carbon emission reduction activities or the provision of a safe and secure environment in our assets, we have not articulated the input costs but do go some way to reporting on either the business or social value of these facilities and services. In line with section 1.3 above, in future years we will look to align our reporting to include expense to the business with business and social value creation.</p> <p>Things to exclude from this category include:</p> <ul style="list-style-type: none"> <li>• Costs or portion of costs associated with company branding</li> <li>• Facilities that you absolutely require for the business basic (eg: toilets)</li> </ul> <p>The kinds of facilities and services that <u>will</u> be included in this category are:</p> <ul style="list-style-type: none"> <li>- Free WIFI installation and on-going costs: the provision of free wifi in our assets (particular our retail assets)</li> <li>- Playgrounds and on-going management costs: similarly to wifi services, playgrounds located at our assets can be used by anyone, without any requirement to spend money at the asset. The inclusion of a playground is not necessary (e.g. considered business basics) to be able to run one of our assets.</li> <li>- End of trip facilities and on-going management costs; these facilities whilst attractive from a business perspective are not required for the asset to operate and are available to the entire tenant community.</li> <li>- Furniture for publicly accessible common areas / other investment in common areas; similar to the playground above, common areas at our assets can be used by anyone without any requirement to spend money.</li> <li>- CCTV and on-going management costs: CCTV plays a key role in keeping the community members that utilise our assets safe and secure. All community members that use our assets benefit from CCTV for this reason.</li> </ul> <p>We will include a conservative estimate of the on-going management costs as relevant above.</p> <p><i>Note: where GPT co-owns an asset (and hence facilities such as playgrounds or end of trip facilities), we will report on 100% of the cost of the facilities, irrespective of ownership proportion where we have 100% management control.</i></p> <p><u>Consideration for future years:</u></p> <p>The types of facilities and services included in this category may not lose their value immediately from one year to the next. Therefore GPT's traditional approach of reporting the expense for them in one year (e.g. when built or developed) does not reflect the longer lasting value of the facility. GPT is</p>
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	<p>considering reporting some of these items separately as ‘balance sheet items’, to better reflect the longer term nature of the investment in the facility. This would then require a depreciation approach over an appropriate period e.g. the life of the asset. However, there will be aspects of these facilities assets that will continue to be considered an annual expense, e.g.:</p> <ul style="list-style-type: none"> <li>• the installation costs of wifi at an asset will last across years – balance sheet approach</li> <li>• the annual running cost of wifi - a P&amp;L expense.</li> </ul> <p>This is a work in progress and will be considered for FY2016.</p>
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### 3.0 Community Investment focus

GPT has identified three material issues of focus relevant for the business, that we believe we can influence through our operations and activities. These are:

- Healthy Communities
- Inclusive Communities
  - o Particularly through our Reconciliation Action Plan
- Skills and employability development

This translates (broadly) into support for the following areas:

(1) Education and Employment
(2) Social Welfare
(3) Environment
(4) Health and Sport
(5) Culture and diversity

## 4.0 Reporting Protocols

### 4.1 In-kind contributions

**Activities:** Free casual leasing, community rooms and centres, subsidised rents.

**Reporting Valuation:** Most 'In-kind contribution' will fall under categories of free or subsidised (space usage) casual leasing. A separate category of 'In-kind contribution' that has a relatively high value, although a low numbers of occurrences, is foregone income e.g. longer term arrangements with community groups e.g. community centres, not-for-profits.

#### 4.1.1 Free or subsidised casual leasing for community groups

There are some distinct differences between the usual format of commercial bookings and community bookings such as most commercial bookings are weekly and repeat bookings whereas most community bookings are daily and often not repeated.

Day rates for standard sites are to be based on 1/7<sup>th</sup> of the standard weekly rate of a standard grade site for that asset and discounted by 25%:

- Calculating values on 1/7th of the weekly rates rather than day rates is conservative and recognises that most community bookings are days, not weeks.
- The application of a 25% discount on the value of a site is to recognise that the community booking is not a commercial exchange driven by a goal to maximising income. But there is a minimum value at which most casual leasing managers would walk away from a deal as it is not seen as a commercially viable proposition. This minimum value varies from centre to centre but as a general rule, it would be very rare for a discount to exceed 25%. In the interest of taking a conservative and simple approach a 25% discounted rate will be applied to values at all centres.

#### 4.1.2 Foregone income

This reporting valuation protocol has been developed for those situations where a medium to long term agreement has been entered into, in which GPT provides space to a community organisation with demonstrable foregone income. It is used in cases where there is a relatively simple transaction, such as space that is leased.

To calculate the reported community investment in terms of foregone income, it needs to be established whether or not a space could otherwise reasonably be expected to be leased. Being one of only a few vacant spaces is good indicator of this.

Next, there is an analysis of the minimum value of equivalent spaces. For example if there are five other similar spaces commercially leased, the per square metre rate of the cheapest space is used to calculate the value to be applied to the space being leased. Any rental payments made by the occupying organisations are deducted to arrive at the GPT community contribution.

## 4.2 Volunteering Contributions

**Figures reported:**



- \$ value contributed by GPT through employees donating a day of time e.g. number of employees involved in community day x average daily salary of all employees on that day (excludes the top 20 highest earners which will skew the numbers disproportionately)
- The % of Community Day attendees as a proportion of eligible

**Activities:** Community Day, GPT supported and approved volunteering activities, support of community groups through specific programs, GPT supported positions on boards, committees and formally recognised working parties and advisory groups that are involved in community outcomes but not considered part of an individual's core role (if it is done as a part of a core job then it would be recorded as management costs). These activities would usually associated with not for profit organisations, foundations, industry organisations or government bodies.

#### 4.2.1 Valuation of time contributions

This protocol is a balance of reporting realistic costs for volunteering contributions with protecting individual employee's private remuneration information. For volunteering activities, an average hourly salary rate is calculated (removing the top 20 salaries across the organisation given that these salaries will skew the average figure).

#### 4.2.2 Calculation of % of staff participating in Community Day

The following calculation will be undertaken:

$$\frac{\text{The number of GPT employees attending a Community Day Activity}}{\text{Number of permanent GPT employees less those ineligible to participate}}^{**}$$

\*\* Excludes employees on exam leave, extended leave, annual leave, parental leave, or on unpaid leave.

#### 4.3 Management costs

**Activities:** GPT roles or part of roles that are dedicated to community development and engagement, membership fees to professional organisations involved in community management, research and consultancy costs.

**Reporting Valuation:** Management costs will either be a procurement cost or valued as the cost of time contributions. Time contributions will be valued the same way as for Volunteering time (see 5.2.1).

##### 4.3.1 Valuation of management costs – employee time

The protocol for valuation of management costs – employee time - is the same for volunteering time with the key difference being that the work is considered core to a role. The time included in reporting is reflective of the time spent on activities with community outcomes, not customer service, sales campaigns or branding.

#### 4.3.2 Valuation of management costs - procurement

Once a cost is identified as a management contribution to community outcomes then it is valued as the cost of procurement (ex GST) with the SAP or AMEX payment identified code used to verify payment. The payment date is used to qualify the investment period.

#### 4.4 Sponsorships / cash donations

**Activity:** Cash contributions to community initiatives and organisations, only the component that is aimed at community outcomes and exclusive of any branding or marketing elements that are not cause related.

##### 4.4.1 Valuation of cash (sponsorship) contributions:

Once a cost is identified as a sponsorship that contributes to community outcomes and any branding costs are excluded then it is valued as the cost of procurement (ex GST) with the SAP or AMEX payment identified code used to verify payment. The payment date is used to qualify the investment period.

#### 4.5 Direct Community Investments

**Activity:** Expenditure on community events , services and facilities.

**Examples:** Playgrounds, no obligation and free or subsidized community events and entertainment, free mobility equipment, community notice boards, end of trip facilities, free wi-fi and infrastructure set up for community outcomes (eg: food recovery cool room).

An assessment of annual operating costs is made e.g. to keep the facility or service available to the community. This will only take account of those costs managed via national contracts. This will be completed in line with Appendix 1 below.

##### 4.5.1 Valuation of Direct Community Investment contributions:

This category includes the types of community events, facilities and services that local councils would provide but excludes those that are considered business basics such as toilets.

Once the cost is identified as a Direct Community investment, it is valued as the cost of procurement / development (ex GST). As with sponsorship and donations, any branding costs are excluded. The payment date is used to qualify the investment period.

## **Appendix 1: On-going management costs of Direct Community Investment activities**

### Evaluating operational costs that when calculating the 'in-kind' value of a contribution

For evaluation of regular operational costs, a period is chosen that best reflects the management and usage cycles. E.g. for a facility or service that has a cleaning, security and maintenance regime, these costs are evaluated.

These costs will only be taken into account when incurred as part of a national contract such as maintenance, security or cleaning, with reference to the appropriate contract costs. We will take this approach based on a cost:benefit analysis of reporting every cost associated with providing a facility or service which would require engagement with every asset's operations and technical managers for every relevant asset. The overall intention of GPT's reporting is to provide a materially relevant figure for our stakeholders.

Operational costs to be considered include:

- Cleaning
- Security
- Specific running costs (e.g. for Wifi or CCTV)
- Ad hoc maintenance

A conservative estimate of running costs has been advised to be applied to each relevant community facility or service.

## Appendix 2: GPT assets included in community reporting

Asset name	Asset Type
Charlestown Square, NSW	Retail
MLC Centre, NSW	Office
Casuarina Square, NT	Retail
Dandenong Plaza, Vic	Retail
Highpoint Shopping Centre, Vic	Retail
Melbourne Central, Vic	Retail
Melbourne Central Tower, Vic	Office
Rouse Hill Town Centre, NSW	Retail
Chirnside Park, Vic	Retail
Forestway Shopping Centre, NSW	Retail (divested during year)
Norton Plaza, NSW	Retail
Parkmore Shopping Centre, Vic	Retail
Wollongong Central, NSW	Retail
Australia Square, NSW	Office
One One One Eagle Street, Qld	Office
530 Collins Street, Vic	Office
800/808 Bourke Street, Vic	Office
Riverside Centre, Qld	Office
545 Queen Street, Qld	Office
150 Collins Street, Vic	Office
8 Exhibition Street, Vic	Office
655 Collins Street, Vic	Office
750 Collins Street, Vic	Office
CBW, Vic	Office
580 George Street, NSW	Office

*Source: GPT 2015, Annual Property Compendium*