
ASX ANNOUNCEMENT

22 December 2016

Sale of 307 Queen Street, Brisbane

GDI Property Group¹ is pleased to announce that it has exchanged contracts to sell 307 Queen Street, Brisbane, for \$142.15 million. After agents fees and other selling costs GDI Property Group expects to net approximately \$141.0 million from the sale, compared to the property's latest independent valuation of \$126.5 million. The contract is subject to FIRB approval and is due to settle on or around 31 January 2017.

GDI Property Group purchased 307 Queen Street, Brisbane, in December 2013 for \$113.8 million on a like for like basis. At the time the property had occupancy of approximately 60% of net lettable area (NLA) and following an extensive refurbishment since taking control GDI Property Group has been able to increase occupancy to over 85% of NLA. Mr Steve Gillard, Managing Director of GDI Property Group, stated that this is a prime example of the GDI Property Group business model. "We buy well located buildings, typically with four sides of natural light and easily divisible floor plates, which are in need of a refurbishment or releasing strategy. Once we have completed the refurbishment or releasing strategy we are able to enjoy higher rents off a lower cost base than if buying an equivalent property without the need of repositioning. We also sell properties and recycle the capital when the opportunity exists" Mr Gillard stated.

307 Queen Street, Brisbane, is the second property exchanged by GDI Property Group this financial year. In its annual results releases and confirmed at the Annual General Meeting, GDI Property Group stated that it intends to sell at least two properties this financial year. Mr David Williams, CFO of GDI Property Group, explained that the successful exchange of two properties meant that GDI Property Group would not sell 66 Goulburn Street, Sydney, which was also marketed for sale, unless it achieved what it believed to be a compelling price. "Following a global campaign, the expressions of interest received, albeit well above existing book value, were not considered compelling enough for us to sell. 66 Goulburn Street is now over 90% leased with a weighted average lease expiry of over six years. Retaining the property will provide us with certainty of income whilst we address the upcoming CY17 expiries in 197 St Georges Terrace, Perth" Mr Williams stated. 66 Goulburn Street, Sydney, as well as Mill Green, Perth and 50 Cavill Avenue, Surfers Paradise, will all be revalued at 31 December 2016.

In the first instance GDI Property Group will use the majority of the proceeds from the sale of 307 Queen Street, Brisbane, and 25 Grenfell Street, Adelaide, to repay debt while it reviews acquisition opportunities. In the absence of any appropriate acquisition opportunities GDI Property Group will look at other capital management initiatives, including security buybacks.



Given greater clarity around GDI Property Group's sales strategy, it will provide FFO guidance when it releases its half yearly results, expected to be 20 February 2017. GDI Property Group re-affirms its distribution guidance of at least 7.75 cents per security in FY17.

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1. GDI Property Group comprises the stapled entities GDI Property Group Limited (ACN 166 479 189) and GDI Property Trust (ARSN 166 598 161)

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