
ASX ANNOUNCEMENT

22 December 2015

50 Cavill Avenue, Surfers Paradise

GDI Property Group is pleased to announce that it has exchanged contracts to acquire 50 Cavill Avenue, Surfers Paradise ('50 Cavill Avenue'), for \$48.75 million, or approximately \$2,943/sqm of net lettable area ('NLA'). 50 Cavill Avenue is the pre-eminent office building within Surfers Paradise. It is centrally located within the heart of the Surfers Paradise tourism precinct and provides 22 levels of A-grade commercial office accommodation with an NLA of approximately 16,500sqm.

50 Cavill Avenue is strategically positioned in the heart of Surfers Paradise, located on the corner of the Gold Coast Highway, Cavill Avenue and Beach Road. The property is accessible by a variety of public transport methods and has undercover parking for 447 cars.

The office tower offers outstanding views with the building's tenancies taking in Broadwater, coastal, hinterland and river views. The office tower has a central core, which combined with the four sides of light and exceptional views from each side, make each floor easily divisible. The property also provides a three level office and retail annex building fronting Cavill Avenue.

Current occupancy is 54% of NLA. Upon settlement on or around 1 March 2016, GDI Property Group intends to immediately commence a capital works program including upgrading the lifts, chillers and refurbishing some of the vacant floors. Total capital expenditure over the first three years is expected to be in the vicinity of \$10 million.

GDI Property Group intends to fund the acquisition by a \$75 million extension to its existing three year facility. It is anticipated that the acquisition will have minimal impact on GDI Property Group's previous FY16 Funds From Operations¹ and distribution guidance of 8.2 cents and 7.75 cents per security respectively.

Commenting on the acquisition, Mr Steve Gillard, Managing Director of GDI Property Group stated that the acquisition of 50 Cavill Avenue was a typical GDI Property Group transaction. "We have a long track record of buying well located buildings that need some TLC. 50 Cavill Avenue has four sides of natural light, easily divisible floor plates and we are buying it for well below replacement cost. On settlement we intend to immediately commence a refurbishment program to re-instate 50 Cavill Avenue as the Gold Coast's pre-eminent office building", Mr Gillard stated.

GDI No. 42 Office Trust

GDI Property Group is also pleased to announce that it has settled the acquisition of 223-237 Liverpool Road, Ashfield, as the seed asset for GDI No. 42 Office Trust². GDI Property Group intends to launch the approximately \$70 million capital raising for GDI No. 42 Office Trust towards the end of February 2016, subject to the satisfactory completion of due diligence on a second asset currently in exclusive dealings. Subject to the satisfactory completion of due diligence, GDI No. 42 Office Trust will have total assets of approximately \$88.5 million and an initial yield of over 8%p.a.³

Media Enquiries:

Steve Gillard
Managing Director
+61 2 9223 4222
steve@gdi.com.au

David Williams
Chief Financial Officer
+61 2 9223 4222
david@gdi.com.au

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1. Funds From Operations is a Property Council of Australia concept which adjusts statutory AIFRS net profit for non-cash changes in investment properties, non-cash impairment of goodwill, non-cash fair value adjustments to financial instruments, amortisation of incentives, rental straight-line adjustments and other unrealised one-off items.
 2. This announcement does not constitute an offer to any person. The offer under the Information Memorandum will only be made to persons who are wholesale clients for the purposes of section 761G or section 761GA of the Corporations Act. The trustee of the New Fund is GDI No. 42 Pty Limited ACN 607 985 115 (the Trustee), which does not hold an Australian financial services licence. Accordingly, no offer will be made to any person other than an offer by GDI Funds Management Limited ACN 107 354 003 AFSL 253 142 (GDIFM) to arrange the issue of units, under an agreement between the Trustee and GDIFM in accordance with section 911A(2)(b) of the Corporations Act. The information in this announcement has been prepared without taking into account the investment objectives, financial situation or needs of any person. Before making an investment decision, you should read the Information Memorandum (when released) and consider whether the investment is appropriate for you in light of your particular investment needs, objectives and financial circumstances. We recommend you seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest in the New Fund. No GDI Property Group entity guarantees any particular rate of return, the performance of any investment in the New Fund or the repayment of capital from the New Fund. Investments are subject to investment and other risks. This could involve delays in repayment and loss of income or capital invested.
 3. The expected yield is based on certain assumptions and may not be achieved.