

Two tall, modern skyscrapers with glass facades, viewed from a low angle looking up. The building on the left is slightly taller and has some lights visible in its windows.

# GDI PROPERTY GROUP

Annual results presentation

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## INTRODUCTION

# Overview



NTA – \$1.01 per security



FFO of 9.11 cents per security



Distribution of 7.75 cents per security



FFO CAGR of 12.14% p.a. since IPO



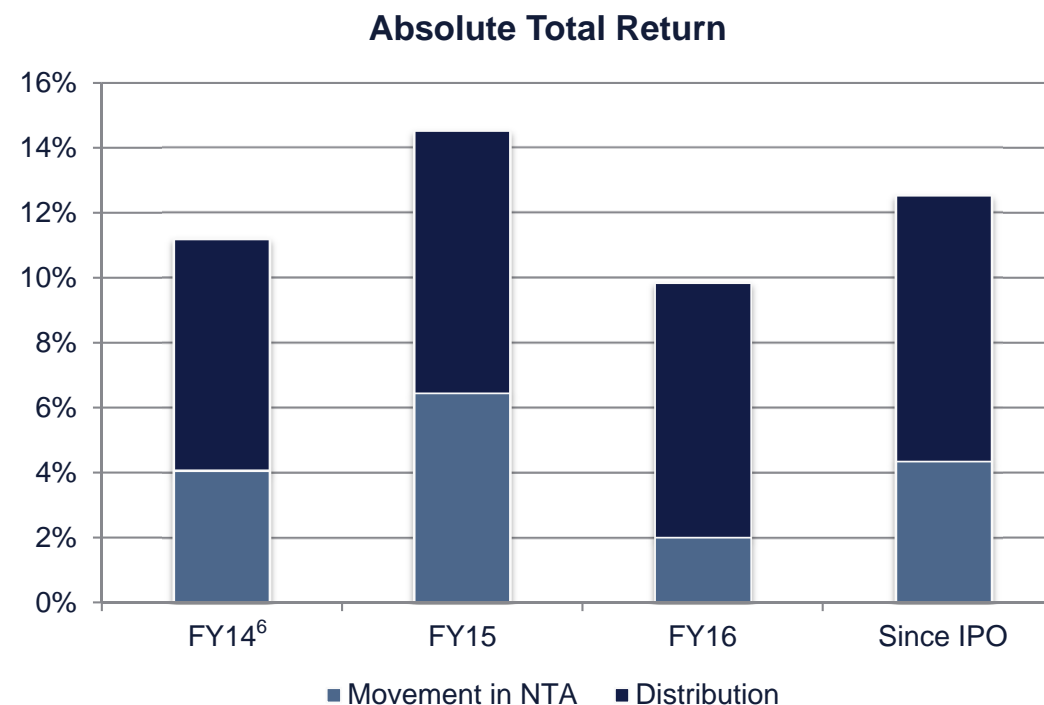
Absolute Total Return in FY16 of 9.85%



Absolute Total Return since IPO – 12.54% p.a.

# Continue to deliver on strategy

- FFO<sup>1,2</sup> of 9.11 cents per security
  - ↑ of 10.83%, or 0.89 cents per security, on FY15
  - CAGR of 12.14% p.a. since IPO
  - Does not include profit on sale of 233 Castlereagh Street, Sydney
- NTA<sup>3</sup> of \$1.01 per security
  - ↑ of 2.00 cents per security from 30 June 2015
  - Total increase of 10.00 cents per security since IPO
- Distribution of 7.75 cents per stapled security
  - Payout ratio of 85.0% of FFO and 104.5% of AFFO
- Absolute total return<sup>4</sup> of 9.85% for the year
  - Absolute total return since listing of 12.54% p.a.
  - Total securityholder return<sup>5</sup> of 10.0% for the year
  - Security price performance continues to be a major disappointment



1. FFO is a Property Council of Australia definition which adjusts 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, straight-line adjustments and other unrealised one-off items. GDI Property Group also adjusts funds management performance fees charged that remain unpaid from its calculation of FFO.

2. Calculated using weighted average securities on issue.

3. Net tangible asset.

4. Defined as (movement in NTA + distributions)/opening NTA.

5. Based on 30 June 2015 and 30 June 2016 closing prices of \$0.875 and \$0.885 respectively, and paid and declared distributions for the year of \$0.0775.

6. Annualised.

# Highlights

- Completed the sale of 233 Castlereagh Street, Sydney, for \$156.0 million
  - Cash profit of \$32.3 million not included in either FFO or AFFO
- Acquired 50 Cavill Avenue, Surfers Paradise, for \$48.8 million and immediately commenced a refurbishment program
  - Valuation increased to \$55.0 million at 30 June 2016
- Excellent progress with leasing
  - 9,700sqm of the 14,300sqm FY17 expiries at 66 Goulburn Street, Sydney now either renewed (3,900sqm), or subject to new or agreed leases (5,800sqm)
  - Occupancy at 307 Queen Street, Brisbane at 30 June 2016 of 80% (up from 73% at 30 June 2016) and now at 86%, including signed heads of agreement
  - Occupancy at 50 Cavill Avenue, Surfers Paradise, continues to improve with it now at 66%, up from 54% at the time of exchange
- Valuation increases for the year of \$37.8m
  - Majority (\$30.5 million) at 66 Goulburn Street, Sydney
  - Partly offset by valuation loss at Mill Green, Perth (\$8.0 million)
  - Fair value adjustment of \$16.5 million across the portfolio

## Cash profit from sale of 233 Castlereagh Street, Sydney

	\$'000
Acquisition price	121,000
Acquisition costs	664
Capitalised costs	719
Total costs	122,383
Disposal price net of costs	154,682
Net cash profit	32,299

- Established GDI No. 42 Office Trust
  - Owns 223 – 237 Liverpool Road, Ashfield and 235 Stanley Street, Townsville, collectively valued at \$88.5 million
  - Co-invested taking 43.68% of the units on issue





## FINANCIAL RESULTS

# Contributors to FFO and AFFO

	FY16 \$'000	FY15 \$'000
Property Division FFO	60,309	62,750
Funds Management FFO	4,280	2,930
Other	52	-
	64,641	65,680
Less:		
Net interest expense	(8,892)	(14,005)
Corporate and administration expenses	(6,354)	(5,895)
Other	(248)	643
	(15,494)	(19,257)
<b>Total FFO</b>	<b>49,147</b>	<b>46,425</b>
Maintenance capex	(459)	(541)
Incentives paid	(8,458)	(8,503)
Income tax expense / (benefit)	248	(643)
Other FFO adjustments	(520)	1,299
<b>Total AFFO</b>	<b>39,958</b>	<b>38,036</b>

- Property Division FFO ↓ due to sale of 233 Castlereagh Street, Sydney
  - All other assets like for like increased FFO contribution by 3.62%
- Funds management Division FFO ↑ due to increased transactional fees, primarily
  - Establishment of GDI No. 42 Office Trust
  - Disposal fees from GDI No. 38 Diversified Office Trust
- Net interest expense ↓, primarily due to higher interest income
  - Delayed settlement of 233 Castlereagh Street, Sydney (+\$0.8) million and recognition of funding arrangements of 223 – 237 Liverpool Road, Ashfield, whilst it was held as an asset for sale / syndication (+\$1.5 million)
- Corporate and administration expenses ↑ due to performance rights being expensed over four years, with all other expenses largely in line with previous year
  - Performance rights expense begins flat-lining once previous issues vest or lapse (beginning FY18)
- 45% of incentives paid were at 66 Goulburn Street, Sydney
  - 30% were incurred at 307 Queen Street, Brisbane



# Balance sheet in a strong position

	2016 \$'000	
<b>Current assets</b>		
Cash and cash equivalents	28,394	
Other assets	4,849	
<b>Total current assets</b>	<b>33,243</b>	GDI No. 42 Office Trust \$88.5 million
<b>Non-current assets</b>		
Investment properties	900,478	
Other non-current assets	1,034	
Intangible assets	18,110	
<b>Total non-current assets</b>	<b>919,622</b>	
<b>Total assets</b>	<b>952,865</b>	
<b>Current liabilities</b>		
Trade and other payables	30,699	
Other current liabilities	569	
<b>Total current liabilities</b>	<b>31,268</b>	GDI No. 42 Office Trust \$30.7 million
<b>Non-current liabilities</b>		
Borrowings	320,116	
Other non-current liabilities	4,163	
<b>Total non-current liabilities</b>	<b>324,279</b>	
<b>Total liabilities</b>	<b>355,547</b>	
<b>Net assets</b>	<b>597,318</b>	
<b>Equity</b>		
Equity attributed to holders of stapled securities	564,450	
Equity attributable to external non-controlling interest	32,868	GDI No. 42 Office Trust External Investors
<b>Total equity</b>	<b>597,318</b>	

- GDI Property Group's balance sheet is in a sound position, with a loan to value ratio (LVR) on its primary facility of 36.43% vs a bank covenant LVR of 50.00%
- Similarly, GDI Property Group's ICR on its primary facility is 4.6X vs a bank covenant of 2.0X
- GDI Property Group has undrawn debt capacity of \$35.1 million
- During the year, GDI Property Group's NTA/security increased \$0.02 to \$1.01
  - Increase was primarily due to the revaluation of 66 Goulburn Street, Sydney, partially offset by the revaluation loss at Mill Green, Perth
- GDI Property Group completed its on-market buy-back, cancelling a further 6.2 million securities
  - During the buyback (commenced March 2015) bought back in total 28.8 million securities at an average price of \$0.916
  - Total securities on issue of 538.8 million

# Debt profile

- Drawn debt on the primary facility of \$289.9 million
  - Undrawn debt of \$35.1 million to fund working capital requirements
- Debt provided to GDI No. 42 Office Trust, secured only by the assets in GDI No. 42 Office Trust, included in consolidated accounts

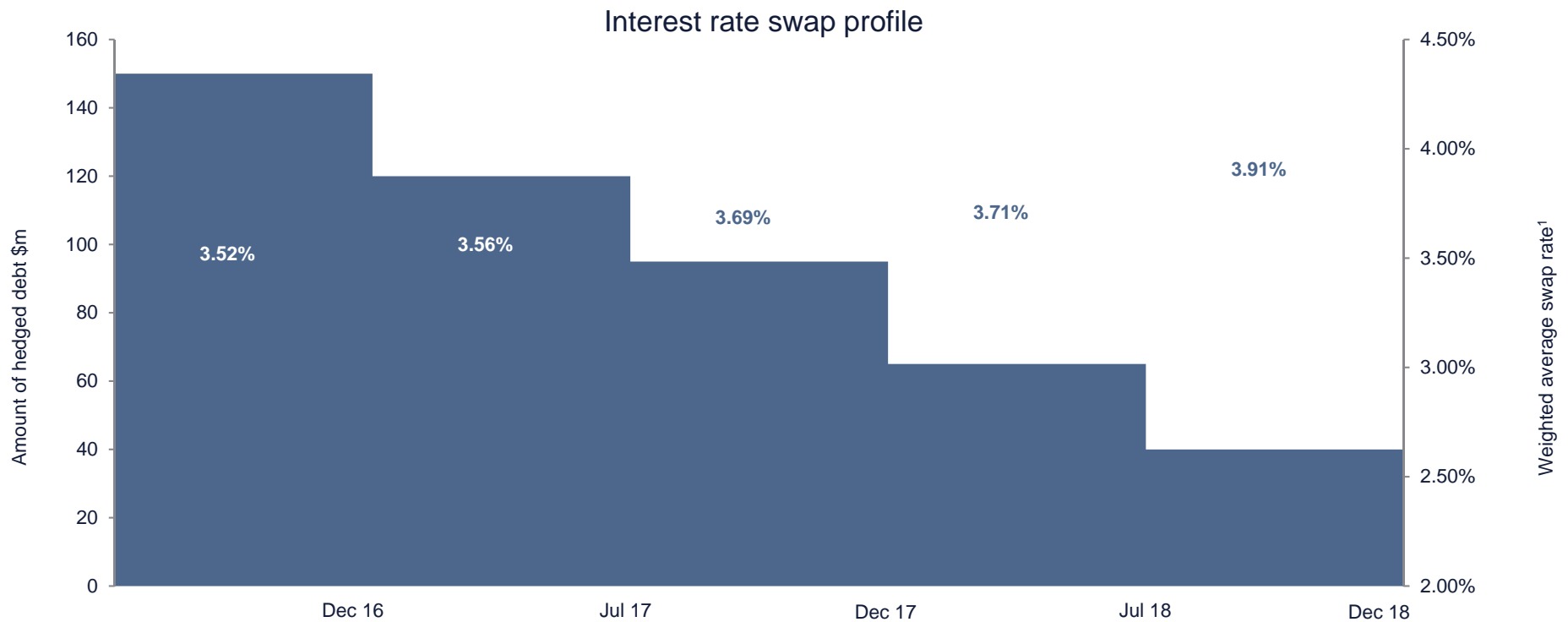
Primary facility	Facility size \$'000	Drawn \$'000	Undrawn \$'000	Expiry
Tranche B	270,000	251,379	18,621	Oct 18
Tranche C	55,000	38,500	16,500	Oct 18
TOTAL	325,000	289,879	35,121	
Tranche D (BG)	5,000	-	-	Oct 18
Key covenants	Maximum Covenant LVR <sup>1</sup> of 50% vs actual 36.43%			
	Covenant ICR <sup>2</sup> 2.0X vs actual of 4.6X			
GDI No. 42 Office Trust facility				
Term Loan	30,975	30,975	-	June 19
Commercial Equity Facility	4,425	-	4,425	June 19
TOTAL	35,400	30,975	4,425	
Key covenants	Maximum LVR of 45% vs actual of 35%			
	ICR of 1.25X, including an interest rate buffer of 1.5%, or 7%, whichever is the greater			

1. Covenant LVR is calculated as total debt including net derivative exposures divided by the value of the properties.

2. Covenant ICR is calculated as EBIT for the previous 12 month period divided by interest expense for the previous 12 month period. Acquisition and IPO expenses have been excluded from EBIT in calculating the Covenant ICR.

# Interest rate hedging

- Board hedging policy of at least 50% of drawn debt hedged
  - Have not terminated or restructured any hedges
  - Currently 52% hedged (primary facility)
  - Drawn debt of GDI No. 42 Office Trust unhedged
- All in cost of drawn debt for the period of 4.18% (inclusive of line fees on undrawn facilities, but excluding amortisation of establishment fees)

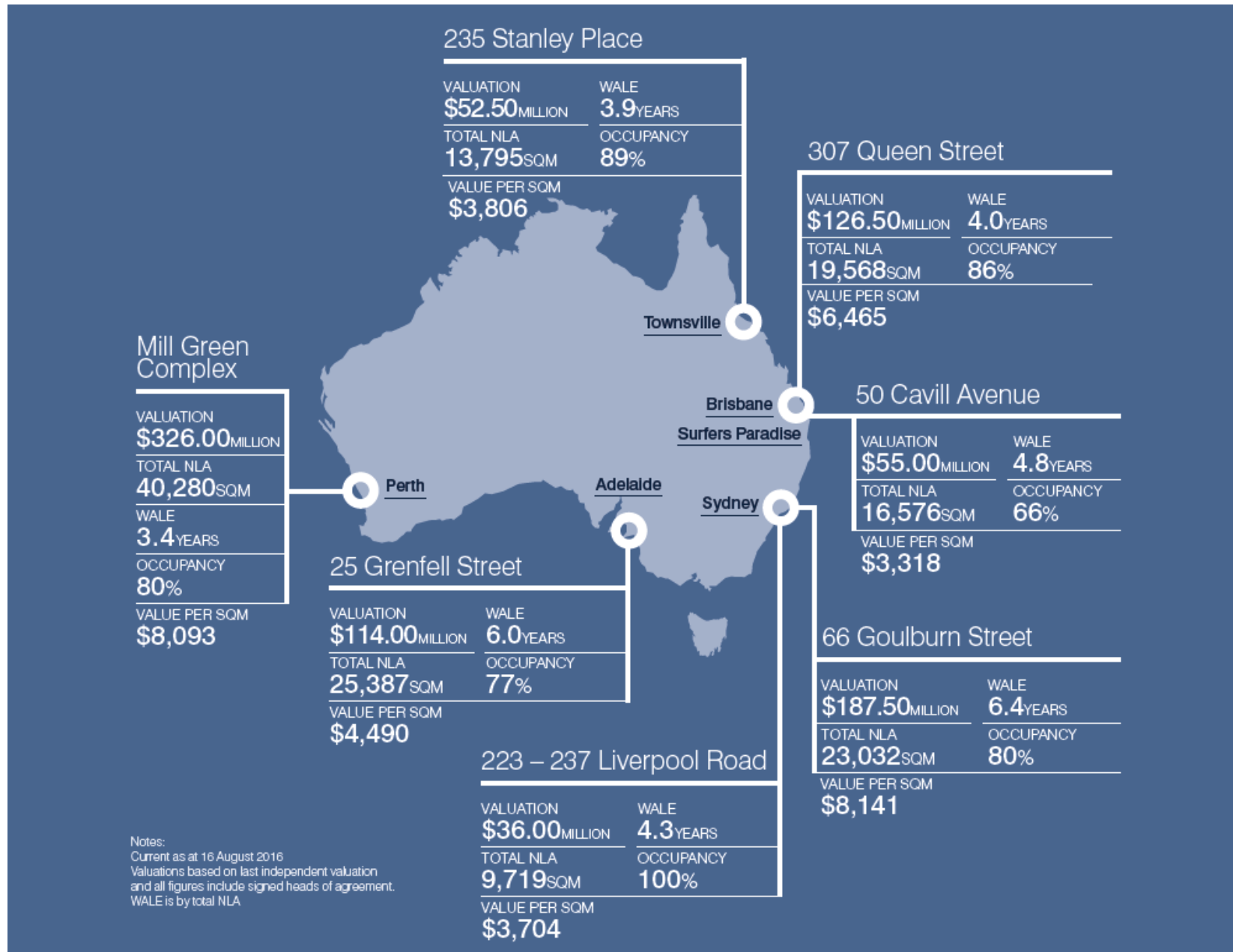


1. Excluding margin and line fees.



## THE PROPERTY PORTFOLIO

# Portfolio overview

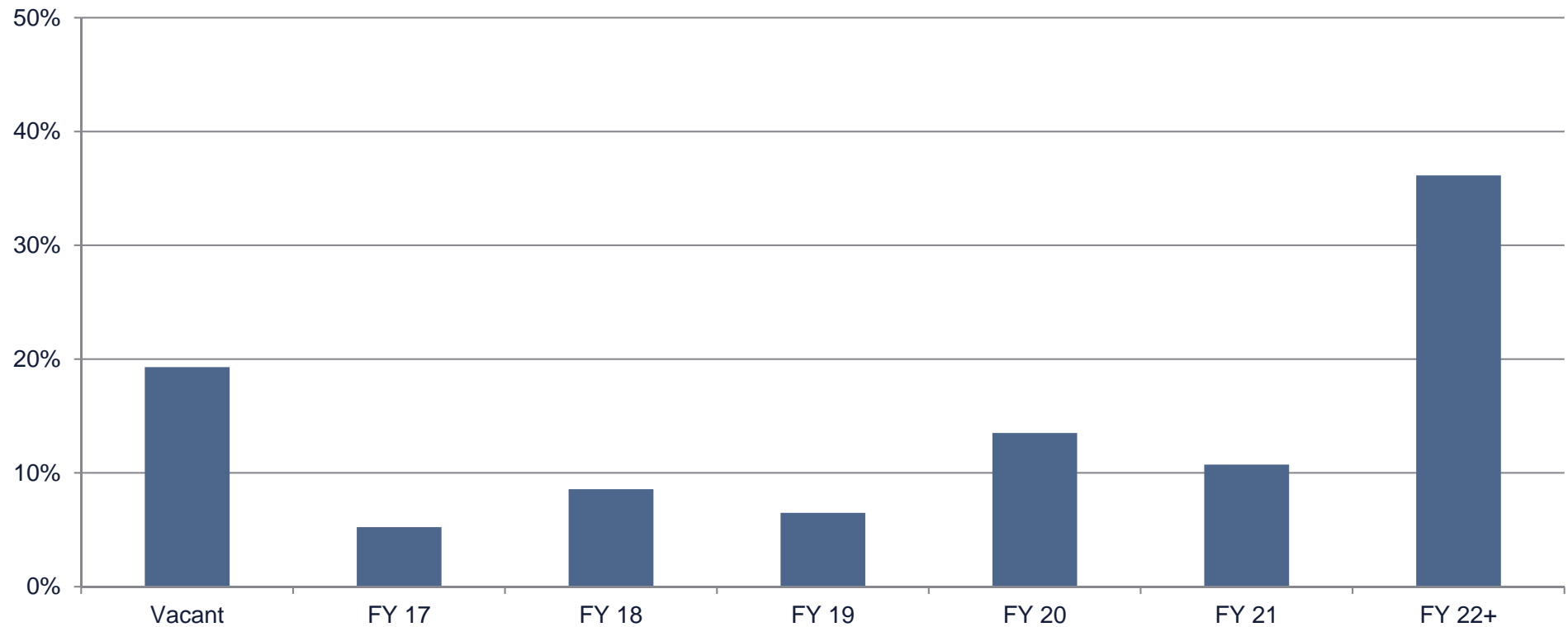




# Portfolio overview

	Total NLA <sup>1</sup>	Portfolio occupancy <sup>1,2</sup>	WALE (by NLA) <sup>1,2</sup>	WACR <sup>1</sup>
16 August 2016	148,357	81%	4.7 years	7.6%
30 June 2015	108,374	89%	3.8 years	7.7%

**Portfolio lease expiry profile as at 16 August 2016**



1. Including the assets held by GDI No. 42 Office Trust.

2. Including signed heads of agreement.

# Mill Green Complex





# Perth Market overview

## What we said August 2015

- Current market vacancy rate of 16.6%, up from 14.8% in January 2015
  - Expect vacancy to peak at +/- 20% in late 2015, early 2016 as new supply completed
  - With little new supply post this cycle, expect vacancy to stabilise and during the second half of CY16 predict positive net absorption
  - Expect effective rents to follow trend
- As the vacancy rates stabilise and effective rents trend upwards, anticipate the capitalisation rate spread to the eastern states will decrease
  - The current (June 2015) mid-point (7.38%) of the Perth prime grade yield range is 138 basis points higher than the Sydney CBD prime midpoint yield (6.00%)<sup>1</sup>
  - Over the past 10 years, prime grade yields in Perth CBD have been an average 114 basis points higher than prime grade Sydney CBD yields<sup>1</sup>
  - Transactional evidence suggests the Sydney CBD prime midpoint yield has tightened further since June 2015

## What we are saying now

- Current market vacancy rate of 21.8%, up from 16.6% twelve months ago
  - With little new supply post this cycle, expect vacancy to stabilise and during the second half of CY16 predict positive net absorption, particularly in to better quality and better located properties
    - Demand from tenants upgrading both their location and building
  - Expect effective rents to follow trend – as early as the first quarter CY17
- As the vacancy rates stabilise and effective rents trend upwards, anticipate the capitalisation rate spread to the eastern states will decrease
  - The current (June 2016) mid-point (7.13%) of the Perth prime grade yield range is 163 basis points higher than the Sydney CBD prime midpoint yield (5.50%)<sup>1</sup>
  - Over the past 10 years, prime grade yields in Perth CBD have been an average 117 basis points higher than prime grade Sydney CBD yields<sup>1</sup>
  - Transactional activity in the last 6 months indicates renewed interest in Perth

1. Source: JLL Research

# Mill Green Complex

- 197 St Georges Terrace near full occupancy
  - A small 360sqm vacancy, created from an existing tenant reducing its NLA as part of a lease extension, leased within a month of its creation
  - One fitted out suite of 295sqm on the terrace side remains vacant
  - First expiry is two lower level floors (1,670sqm) in May 2017
    - Anticipate tenant will not renew
    - Chevron lease expiry (4,643sqm) in September 2017 (FY18)
- Leasing momentum in 5 Mill Street
  - Occupancy increased marginally to 87%<sup>1,2</sup>, up from 85%
  - Only remaining space is Level 6 and a small suite on Level 8
  - Achieving good results from small (<200sqm) fitted out suites
    - Now sub-dividing Level 6
- 1 Mill Street submitted proposals on a number of briefs in the market
  - Outcomes unknown
  - Number of opportunities significantly higher than a year ago
- Revalued ↓ to \$326.0 million, from \$334.0 at 30 June 2015
  - 1 Mill Street ↓ \$9.0 million

1. As at 16 August 2016.

2. Includes signed heads of agreement.

Key metrics as at:	Aug 2016	Jun 2016	Jun 2015
Independent valuation date		31 Dec 15	31 Dec 14
Independent valuation (\$M)		326.00	334.00
Independent valuation/NLA (\$)		8,093	8,270
Carrying value (\$M)		327.06	339.73
Capitalisation rate		7.72%	8.25%
Discount rate		8.75%	8.75%
NLA (sqm)		40,280	40,387
Car parks		281	281
Occupancy <sup>2</sup>	80.21% ←	77.24%	80.02%
WALE <sup>2</sup> (years)	3.4	3.3	4.0
Net income (\$M)		24.9	23.49
FFO (\$M)		24.4	22.88

# 197 St Georges Terrace, Perth



Actual view from Level 10

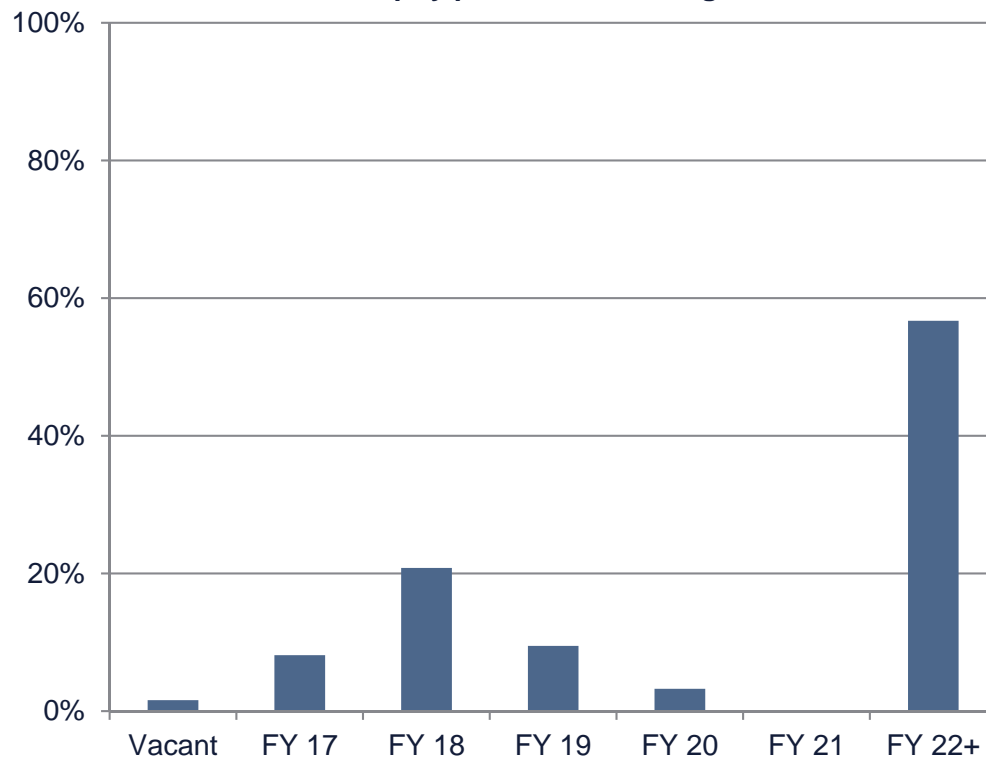


Refurbished foyer



# 197 St Georges Terrace, Perth

Lease expiry profile as at 16 August 2016



Key metrics as at:	Aug 2016	Jun 2016	Jun 2015
Independent valuation date		31 Dec 15	31 Dec 14
Independent valuation (\$M)		241.00	239.00
Independent valuation /NLA (\$)		9,076	9,001
Carrying value (\$M)		241.76	243.57
Capitalisation rate		7.50%	8.00%
Discount rate		8.75%	8.75%
NLA (sqm)		26,447	26,554
Typical floor plate (sqm)		855	855
Car parks		181	181
Occupancy	98.39% ←	96.90%	98.70%
WALE (years)	4.4	4.4	5.3

Tenant name	NLA		Rent review		Lease expiry
	sqm	% total	Type	% p.a.	
Amec Minproc Limited	7,341	28%	Fixed	4.00%	FY23
Chevron Australia Pty Ltd	4,643	18%	Fixed	4.50%	FY18
CBI Construction Pty Ltd	2,505	9%	Fixed	4.00%	FY19
Clough Projects Pty Ltd	1,670	6%	Fixed	4.50%	FY17

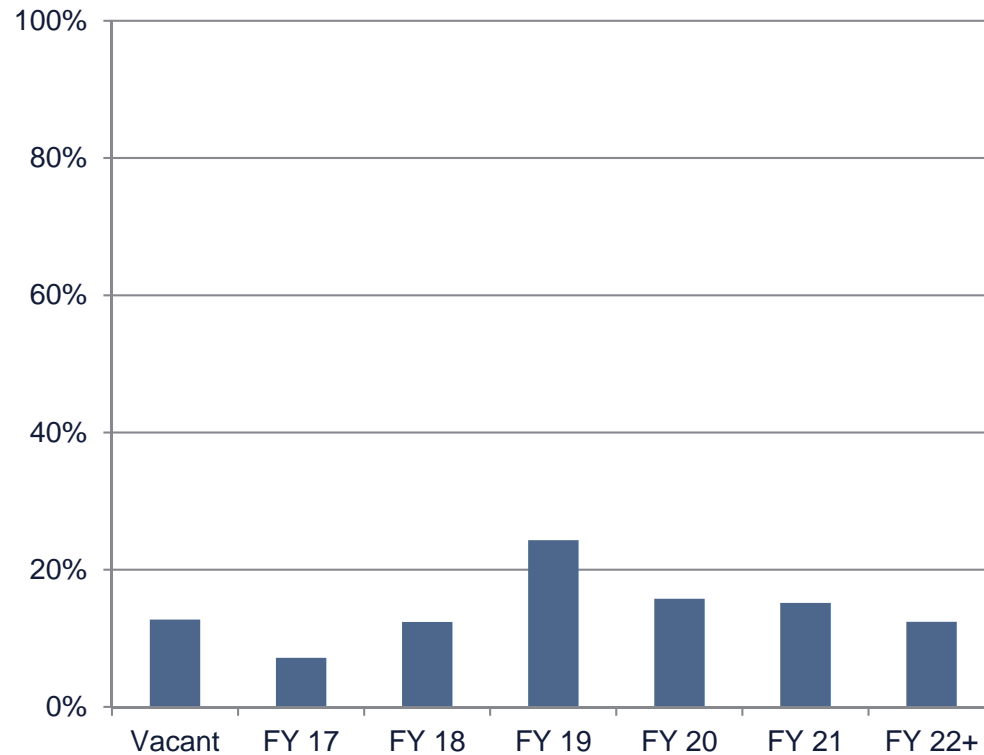
# 5 Mill Street, Perth



Mill Green

# 5 Mill Street, Perth

Lease expiry profile as at 16 August 2016<sup>1</sup>



Key metrics as at:	Aug 2016	Jun 2016	Jun 2015
Independent valuation date		31 Dec 15	31 Dec 14
Independent valuation (\$M)		53.00	54.00
Independent valuation /NLA (\$)		7,376	7,515
Carrying value (\$M)		53.24	54.65
Capitalisation rate		8.00%	8.25%
Discount rate		8.50%	8.75%
NLA (sqm)		7,185	7,185
Typical floor plate (sqm)		735	735
Car parks		56	56
Occupancy <sup>1</sup>	87.26% ←	82.03%	85.36%
WALE <sup>1</sup> (years)	3.0	2.2	3.1

Tenant name	NLA		Rent review		
	sqm	% total	Type	% p.a.	Lease expiry
Wesfarmers General Insurance Ltd	741	10%	Fixed	4.00%	FY19
Environmental Resources Management Australia Ltd	761	10%	Fixed	3.50%	FY21
Accenture Australia Pty Ltd	603	8%	Fixed	3.50%	FY20
Marubeni Itochu Tubulars Ocean <sup>1</sup>	441	6%	Fixed	3.25%	FY22

1. Includes signed heads of agreement for lease renewal.



# 1 Mill Street, Perth



Key metrics as at:	Aug 2016	Jun 2016	Jun 2015
Independent valuation date		31 Dec 15	31 Dec14
Independent valuation (\$M)		32.00	41.00
Independent valuation / NLA (\$)		4,813	6,167
Carrying value (\$M)		32.06	41.51
Capitalisation rate		8.25%	8.25%
Discount rate		9.50%	8.75%
NLA (sqm)		6,648	6,648
Typical floor plate (sqm)		1,900	1,900
Car parks		44	44
Occupancy	0.00%	0.00%	0.00%
WALE (years)	-	-	-

# 66 Goulburn Street, Sydney

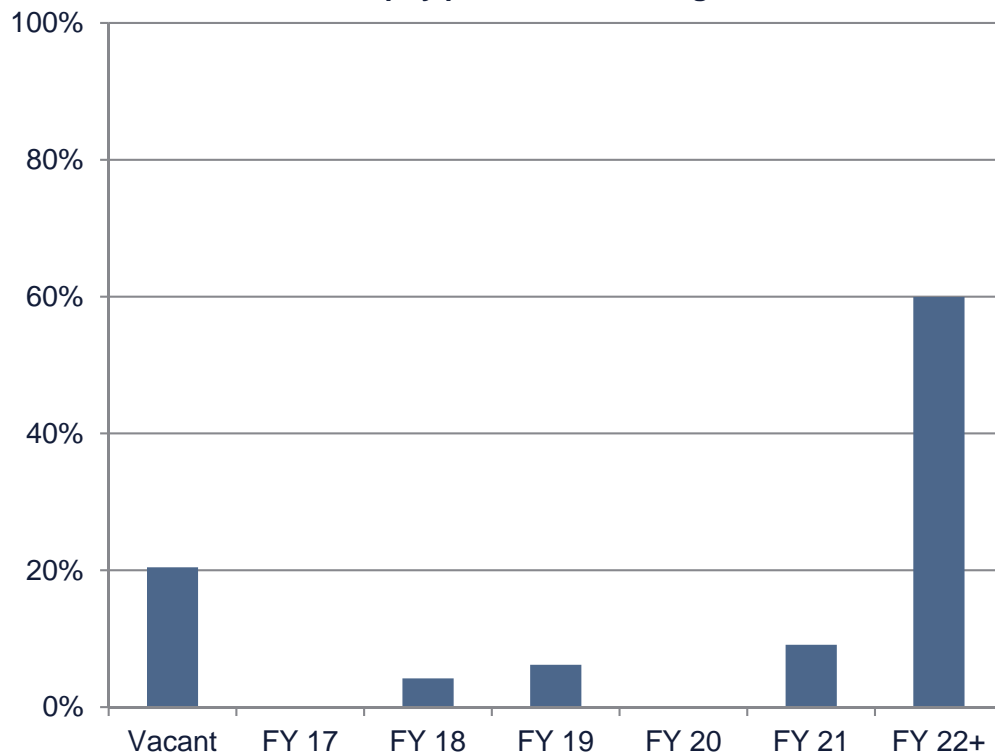


- Successfully extended three tenants over four floors with FY17 expiries (3,900sqm)
- Consolidated Media Holdings Limited (CMHL) vacating 10,432sqm (11 floors) in August 2016, with some floors surrendered early to facilitate new leasing activity
  - Five full floors (4,750sqm) now subject to executed leases with two tenants with December lease commencement dates
  - Two part floor tenants also subject to signed leases and / or heads of agreement (1,050sqm in total)
  - Total CMHL space committed of 5,800 with significant interest in the balance
  - Expect occupancy to be near 100% by end of CY16
- Renewed café lease with +100% rent increase
- WALE extended to 6.4 years (from 2.9 years at 30 June 2015)
- \$2.5 million of the guarantee remains to be drawn
- Significant (19.4%) increase in the valuation during the year to \$187.5 million



# 66 Goulburn Street, Sydney

Lease expiry profile as at 16 August 2016<sup>1</sup>



Key metrics as at:	Aug 2016	Jun 2016	Jun 2015
Independent valuation date		30 Jun 16	30 Jun 15
Independent valuation (\$M)		187.50	157.00
Independent valuation /NLA (\$)		8,141	6,817
Carrying value (\$M)		187.50	157.00
Capitalisation rate		6.38%	7.00%
Discount rate		7.50%	8.65%
NLA (sqm)		23,032	23,032
Typical floor plate (sqm)		950	950
Car parks		54	54
Occupancy <sup>1</sup>	79.54% ←	54.72% <sup>2</sup>	100.00%
WALE <sup>1</sup> (years)	6.4	2.6	2.9
Net income (\$M)		10.2	8.60
FFO (\$M)		12.0	11.31

Tenant name	NLA		Rent review		Lease expiry
	sqm	% total	Type	% p.a.	
Government Property NSW	3,793	16%	Fixed	4.00%	FY24
Prudential Investment Company of Australia Pty Limited	2,475	11%	Fixed	4.00%	FY23
William Buck Services (NSW) Pty Limited <sup>3</sup>	1,950	8%	Fixed	4.00%	FY27
Copyright Agency Limited Pty Ltd	1,491	6%	Fixed	3.75%	FY23

1. Includes signed heads of agreement.

2. Consolidated Media Holdings Limited shown as having vacated at 30 June 2016.

3. Signed heads of agreement for a lease renewal.

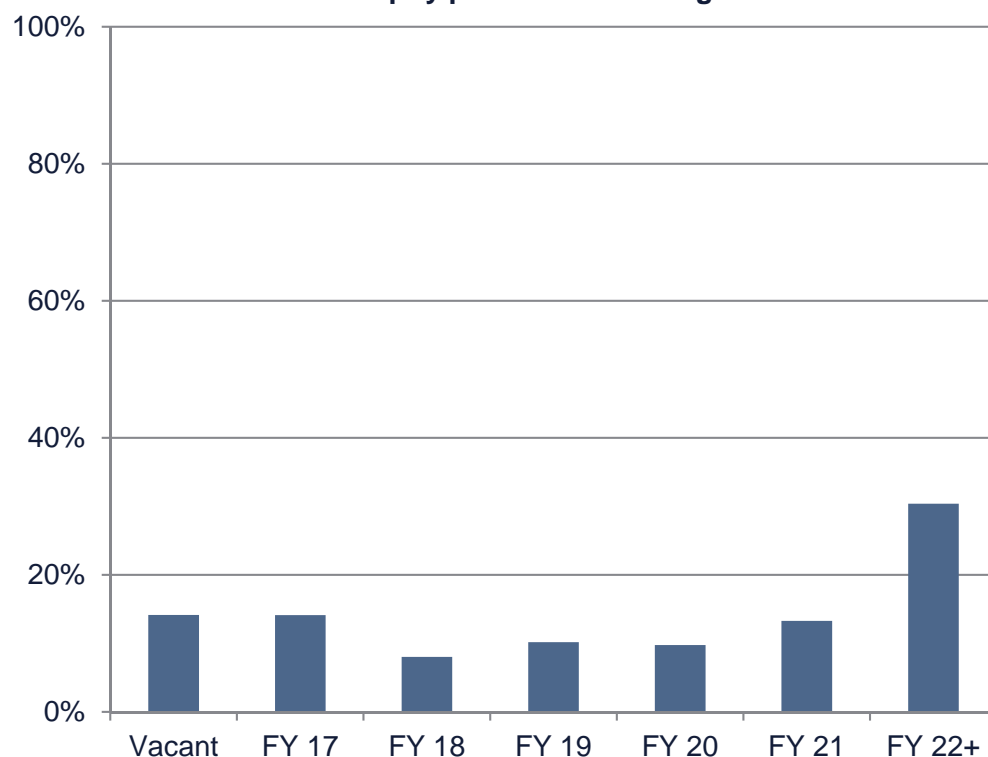
# 307 Queen Street, Brisbane



- Momentum in leasing leading to results
  - Significant increase in occupancy to 80% at 30 June 2016, up from 73% at 30 June 2015
  - Including signed leases and heads of agreement executed post 30 June 2016, occupancy has increased to 87%
  - WALE of 4.0 years with subsequent to year end leasing deals
- Major capex works now completed with most floors refurbished, end of trip facilities completed
- NABERS tracking to 5 stars (up from 4 stars)
- Included in / (excluded from) FFO is:
  - \$0.8 million of FFO from a previous year's surrender payment – payment is being recognised in accordance with the original lease with a further \$0.5 million to be recognised in FY17
  - \$1.5 million from the guarantee
    - \$1.7 million of the guarantee that related to rebates at the time of acquisition (not vacancy) still to be drawn
    - Cash received on these leases is therefore face rent, not effective rent
  - (\$0.2 million) in relation to a release deed with Stefrewen Pty Limited, with that amount being recognised in FY17

# 307 Queen Street, Brisbane

Lease expiry profile as at 16 August 2016<sup>1</sup>



Key metrics as at:	Aug 2016	Jun 2016	Jun 2015
Independent valuation date		31 Dec 15	30 Jun 15
Independent valuation (\$M)		126.50	122.50
Independent valuation /NLA (\$)		6,465	6,260
Carrying value (\$M)		127.57	122.50
Capitalisation rate (%)		7.50%	7.50%
Discount rate (%)		8.25%	8.25%
NLA (sqm)		19,568	19,568
Typical floor plate (sqm)		800	800
Car parks		95	95
Occupancy <sup>1</sup> (%)	85.84% ←	80.32%	73.34%
WALE <sup>1</sup> (years)	4.0	3.2	2.5
Net income (\$M)		6.5	9.10
FFO (\$M)		9.5	10.27

Tenant name	NLA		Rent review		
	sqm	% total	Type	% p.a.	Lease expiry
Hanrick Curran Administration Pty Ltd	1,592	8%	Fixed	3.75%	FY24
Corporate Travel Management Group Pty Ltd	1,463	8%	Fixed	3.75%	FY24
Chandler MacLeod Group Pty Ltd	1,028	5%	Fixed	4.50%	FY17
William Buck (Qld)	822	4%	Fixed	3.00%	FY22

1. Includes signed heads of agreement.

# 25 Grenfell Street, Adelaide

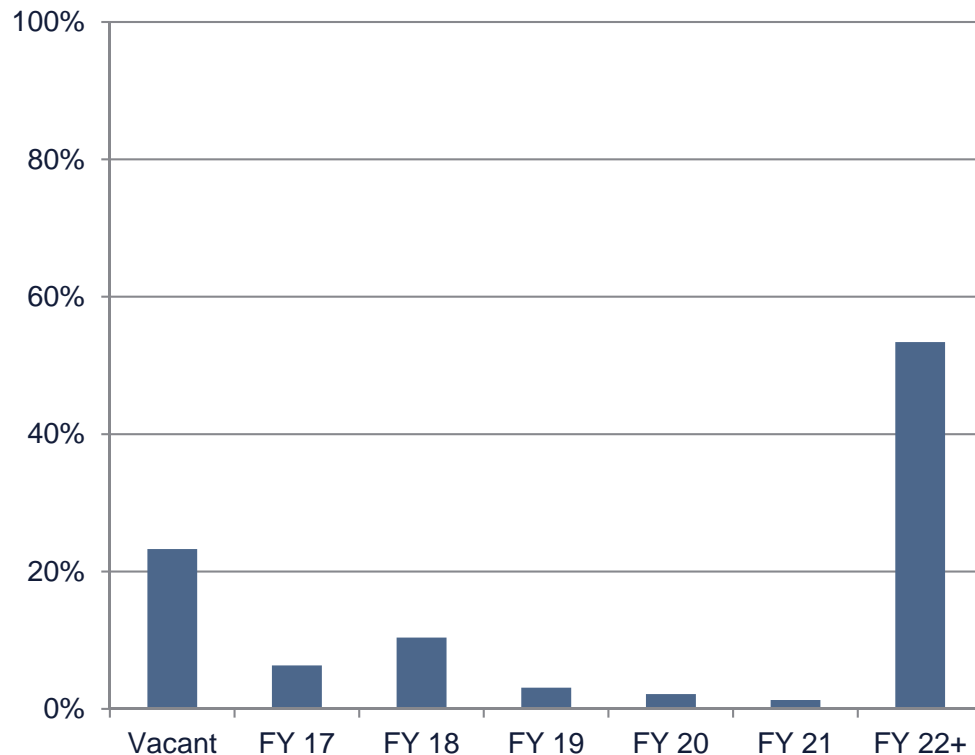


- Vacancy increased to 23% as a result of
  - Department of Water vacating 4,176sqm in April 2016; and
  - Minter Ellison exercising a right to break over 408sqm
- Completed the refurbishment of the vacated Department of Water floors
  - Pursuing several opportunities to fully lease the vacated space, however unlikely any lease commencement will occur in FY17
- Agreement with a number of existing tenants to expand and relocate into pending vacant areas
- End of trip upgrade completed, only ongoing capex requirements will be tenant driven
- Notwithstanding the vacancy, over 50% of the property's NLA is subject to leases expiring in FY23 or beyond



# 25 Grenfell Street, Adelaide

Lease expiry profile as at 16 August 2016<sup>1</sup>



Key metrics as at:	Aug 2016	Jun 2016	Jun 2015
Independent valuation date		31 Dec 15	31 Dec 14
Independent valuation (\$M)		114.00	109.00
Independent valuation /NLA (\$)		4,490	4,294
Carrying value (\$M)		114.85	111.14
Capitalisation rate (%)		7.50%	8.25%
Discount rate (%)		8.50%	9.00%
NLA (sqm)		25,387	25,387
Typical floor plate (sqm)		1,040	1,040
Car parks		30	30
Occupancy <sup>1</sup> (%)	76.73%	76.73%	94.64%
WALE <sup>1</sup> (years)	6.0 ←	5.3	5.3
Net income (\$M)		8.4	8.83
FFO (\$M)		9.2	8.84

Tenant name	NLA		Rent review		
	sqm	% total	Type	% p.a.	Lease expiry
Minister for Transport and Infrastructure (PIRSA)	5,834	23%	Fixed	3.50%	FY24
Minter Ellison	4,821	19%	Fixed	3.75%	FY23
Lipman Karas Pty Ltd <sup>1</sup>	2,156	8%	CPI	+1.00%	FY26
Regus Serviced Offices	1,078	4%	Fixed	3.50%	FY25

1. Lipman Karas Pty Limited has signed a heads of agreement to renew (1,078sqm) and expand in to impending vacant areas (1,078sqm).



# 50 Cavill Avenue, Surfers Paradise



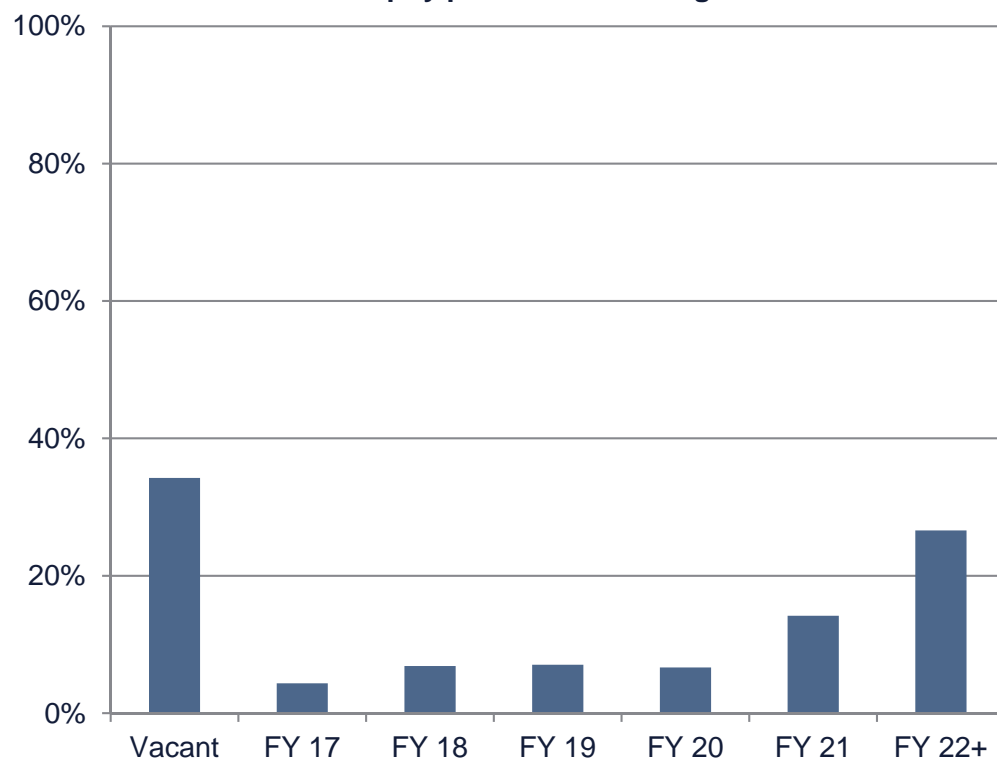
- Settled the acquisition of 50 Cavill Avenue, Surfers Paradise on 1 February 2016
- Immediately commenced a refurbishment program
  - Ground floor foyer upgrade completed
  - Upgrade of the lifts and replacement of the chillers
  - Full refurbishment of vacant floors
  - Landscaping the exterior
  - End of trip facility to be built
  - Capex budget of \$9.5 million
- Strong leasing momentum
  - Including signed Heads of Agreement (+’ve) and known departures (-’ve), occupancy now sits at 66%<sup>1</sup>
  - Based on current enquiry, expect occupancy to be well over 70% by end of CY16
- Valuation increase of \$6.25 million (+12.8%) to \$55 million achieved during the five months of ownership
  - No change in core market capitalisation rate of 9.25%

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1. Includes signed heads of agreement.

# 50 Cavill Avenue, Surfers Paradise

Lease expiry profile as at 16 August 2016<sup>1</sup>



Key metrics as at:	Aug 2016	Jun 2016	Feb 2016
Independent valuation date		30 Jun 16	8 Dec15
Independent valuation (\$M)		55.00	48.75
Independent valuation /NLA (\$)		3,318	2,943
Carrying value (\$M)		55.00	48.75
Capitalisation rate		9.25%	9.25%
Discount rate		9.00%	8.75%
NLA (sqm)		16,576	16,566
Typical floor plate (sqm)		709	709
Car parks		447	447
Occupancy <sup>1</sup> (%)	65.75% ←	61.22%	58.26%
WALE <sup>1</sup> (years)	4.8	4.6	2.6
Net income (\$M)		0.8	
FFO (\$M)		1.3	

Tenant name	NLA		Rent review		Lease expiry
	sqm	% total	Type	% p.a.	
Mantra Group	2,439	15%	Fixed	3.50%	FY24
Ray White	834	5%	Fixed	3.50%	FY22
Dental Partners	709	4%	Fixed	3.00%	FY20
Regus Gold Coast Pty Ltd	709	4%	Fixed	3.00%	FY20

1. Includes signed heads of agreement.

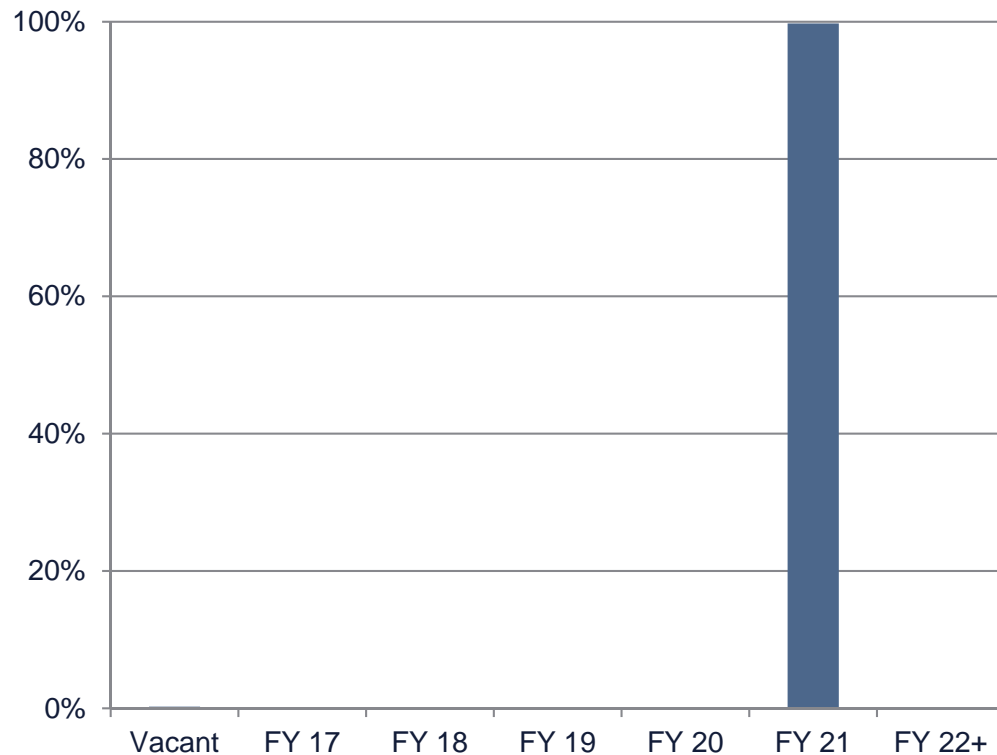
## 223 – 237 Liverpool Road, Ashfield



- Settled the acquisition on 17 December 2015
  - Completed the establishment of GDI No. 42 Office Trust on 16 June 2016
  - Income generated during this holding period recognised as interest income in both the consolidated accounts and GDI Property Trust's
- 100% leased to NSW Government Property (Department of Family and Community Services) until 31 December 2020
- Significant rent reversion potential, or STCA, redevelopment upside

# 223 – 237 Liverpool Road, Ashfield

Lease expiry profile as at 16 August 2016



Key metrics as at:	Aug 2016	Jun 2016
Independent valuation date		11 Feb 16
Independent valuation (\$M)		36.00
Independent valuation /NLA (\$)		3,704
Carrying value (\$M)		36.00
Capitalisation rate		8.40%
Discount rate		8.75%
NLA (sqm)		9,719
Typical floor plate (sqm)		1,440
Car parks		-
Occupancy	100.00%	100.00%
WALE (years)	4.3	4.5

Tenant name	sqm	NLA		Rent review		Lease expiry
		% total		Type	% p.a.	
Government Property NSW	9,694	100%		Fixed	3.0%	FY21



# 235 Stanley Street, Townsville



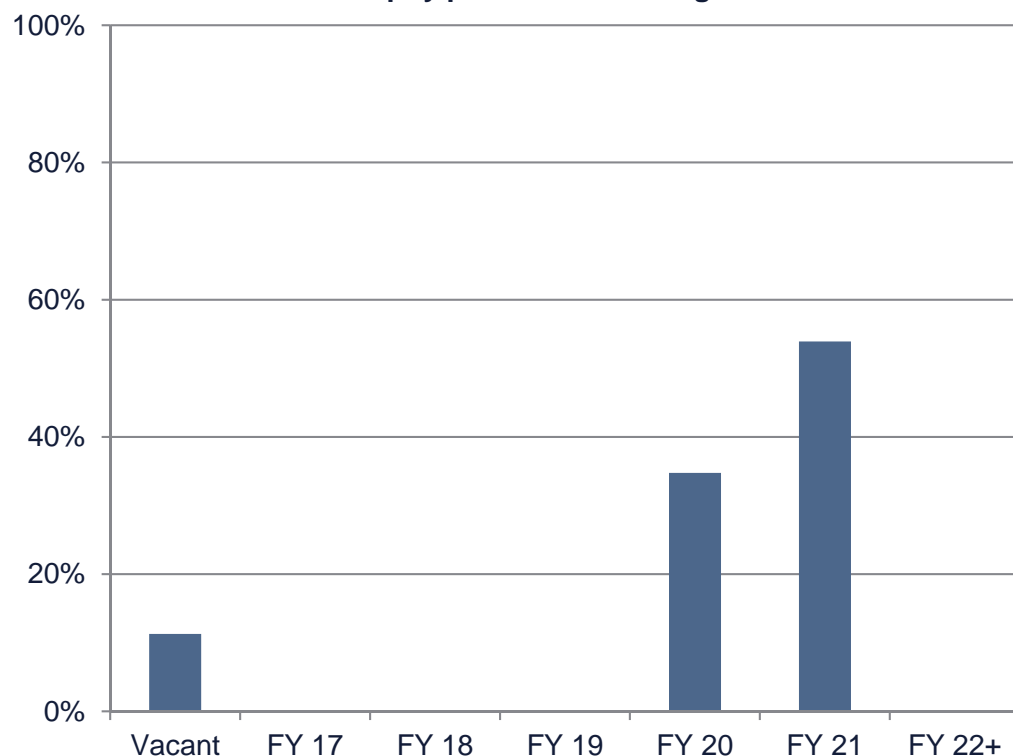
- Exchanged to acquire the property on 19 February 2016 with occupancy of 74% and one lease (729sqm) expiring May 2016
  - May expiry now extended for five years until May 2021
  - Signed heads of agreement for another 1,745sqm (net increase of 1,320sqm) on a 4 year term
  - Including the signed heads of agreement, occupancy now at 88.7%<sup>1</sup> with a WALE of 3.91 years<sup>1</sup>
- Discussing lease extensions with existing tenants
- Plan to broaden the property's appeal to the private as well as the public sector
  - A number of private sector tenants interested in the property
- Vacancy supported by a two year rental guarantee from settlement
- Only minor capex requirements, namely a cosmetic upgrade of the lobby

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1. Includes signed leases yet to commence and signed heads of agreement.

# 235 Stanley Place, Townsville

Lease expiry profile as at 16 August 2016<sup>1</sup>



Key metrics as at:	Aug 2016	Jun 2016
Independent valuation date		1 Mar 16
Independent valuation (\$M)		52.50
Independent valuation /NLA (\$)		3,806
Carrying value (\$M)		52.50
Capitalisation rate		9.00%
Discount rate		8.50%
NLA (sqm)		13,795
Typical floor plate (sqm)		1,161
Car parks		88
Occupancy <sup>1,2</sup>	88.70% ←	76.05%
WALE (years)	3.9	3.7

Tenant name	NLA		Rent review		Lease expiry
	sqm	% total	Type	% p.a.	
Australian Taxation Office	7,440	54%	Fixed	3.50%	FY21
Department of Human Services	2,322	17%	Fixed	4.00%	FY21
Department of Social Services	729	5%	Fixed	4.00%	FY21
Heads of Agreement (confidential)	1,745	13%	Fixed	3.50%	FY21

1. Includes signed leases yet to commence and signed heads of agreement.

2. Does not include two year rental guarantee.

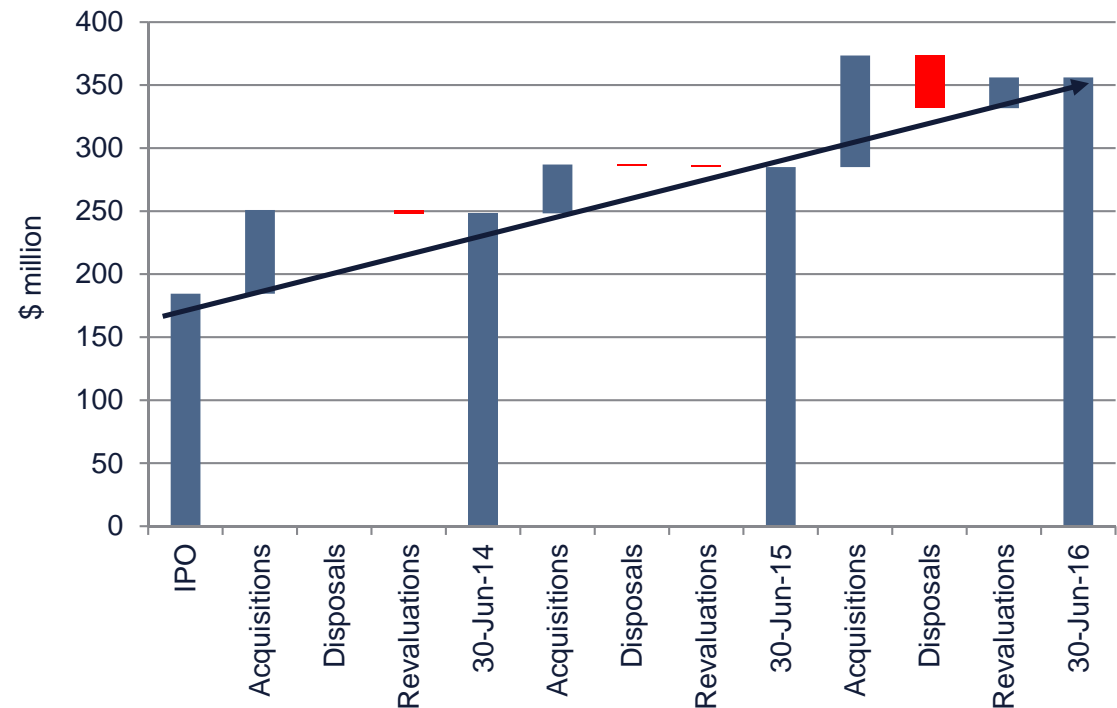


## FUNDS BUSINESS

# Funds Management division

- Continue to steadily grow assets under management (AUM)
  - \$184.4 million at IPO now \$356.1 million
- Established GDI No. 42 Office Trust with AUM of \$88.5 million
  - GDI Property Group holds 43.68% of the units on issue (28.6 million units)
  - Consolidated for AIFRS
  - For FFO, only recognise fees on 56.32% and distributions on 43.68%
  - Forecast FY17 distribution of 8.5%p.a.
- Total FFO of \$4.28 million, up from \$2.93 million the previous year
- Includes:
  - transactional fees of \$2.1 million; and
  - a provision of \$321,200 against fees charged to but unpaid by GDI No. 27 Total Return Fund
- Core focus is to grow the AUM in the Funds Management division, with the potential to recycle capital from direct assets to further co-investment stakes

**Movement in AUM**

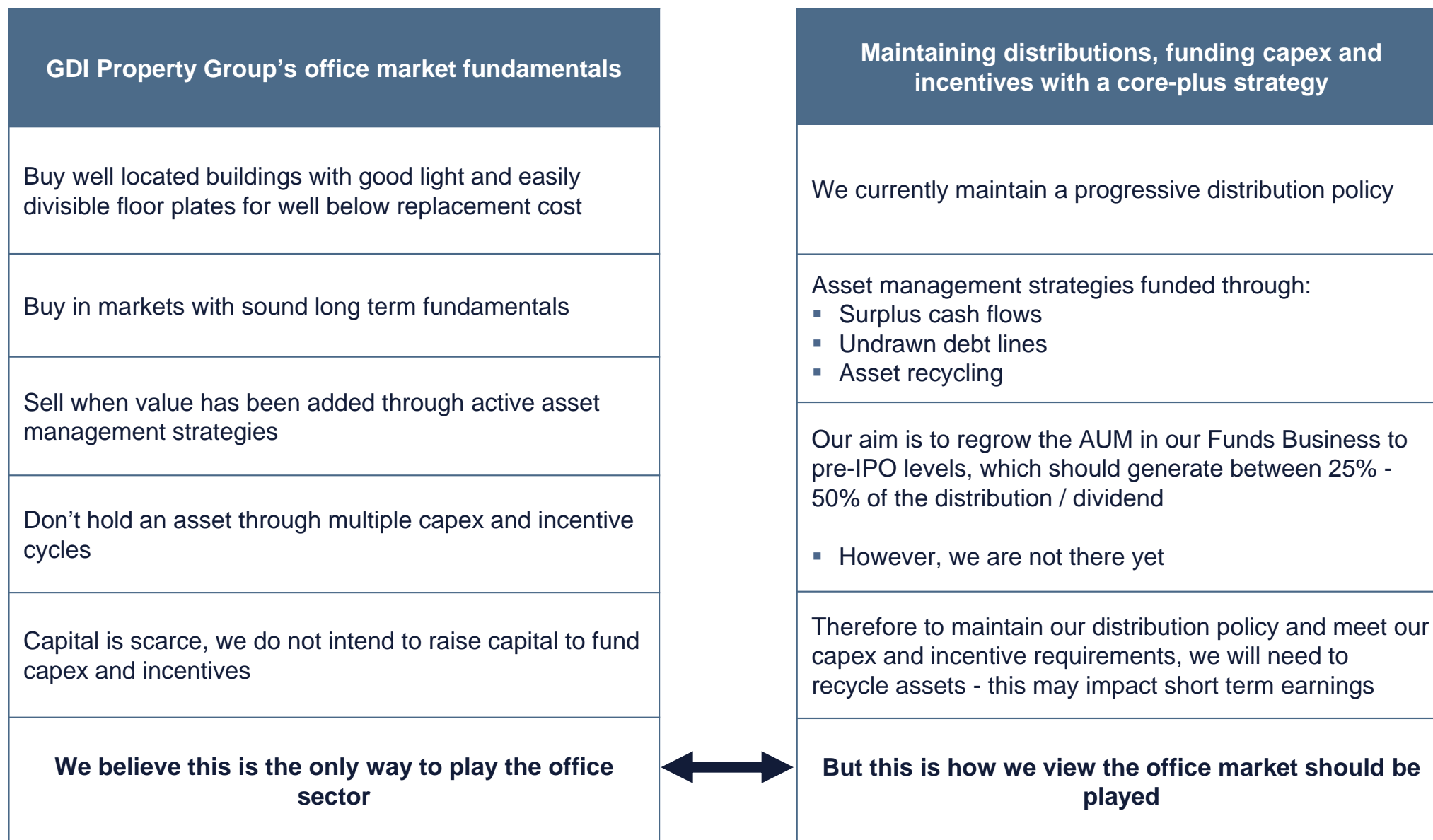






# GUIDANCE

# The GDI Property Group business model



# FY17 and beyond

- Nearing completion of asset management strategies on a number of assets
  - 66 Goulburn Street, Sydney
  - 307 Queen Street, Brisbane
  - 25 Grenfell Street, Adelaide
- Possible sale of one or more of these assets during FY17
- In the absence of acquisition opportunities, GDI Property Group would look at capital management initiatives
  - Debt repayment
  - Return / reduction of capital
  - Security buy-backs
- Given the probability, timing and price received for any asset sale is at this stage unknown, we are unable to provide FFO guidance for FY17
  - However, as a result of a probable asset sale(s), FFO per security (excluding the profit from asset sales) likely to be lower than FY16
  - It is forecast that distributions, including from profits on sale of properties, will be at least 7.75 cents per security
    - This does not include any capital returns / reductions
- Focus on growing the assets under management in the Funds Business as value add opportunities arise
  - Potential for more co-investment stakes



## APPENDIX



# Profit or Loss

	Group	
	2016 \$'000	2015 \$'000
<b>Revenue from ordinary activities</b>		
Property income	74,558	77,178
Funds management income	3,709	2,908
Interest revenue	2,508	233
Other income	16	-
<b>Total revenue from ordinary activities</b>	<b>80,791</b>	<b>80,320</b>
Net fair value gain on interest rate swaps	390	-
Net fair value gain on investment property	16,539	46,068
<b>Total income</b>	<b>97,721</b>	<b>126,388</b>
<b>Expenses</b>		
Property expenses	20,451	19,438
Finance costs	12,425	14,725
Corporate and administration expenses	6,354	5,895
Other expenses	321	-
Net fair value loss on interest rate swaps	-	2,450
Loss on sale of non-current asset	1,233	-
Acquisition expenses	8,541	7,634
Initial public offer costs	447	949
<b>Total expenses</b>	<b>49,772</b>	<b>51,091</b>
<b>Profit before tax</b>	<b>47,949</b>	<b>75,297</b>
Income tax (expense)/benefit	(248)	643
<b>Net profit for the year</b>	<b>47,701</b>	<b>75,940</b>
<b>Other comprehensive income</b>		-
<b>Total comprehensive income for the year</b>	<b>47,701</b>	<b>75,940</b>
Profit and total comprehensive income attributable to ordinary securityholders	51,723	77,495
Non-controlling interests – GDI No. 42 Office Trust	(4,022)	-
<b>Profit after tax from continuing operations</b>	<b>47,701</b>	<b>75,940</b>

# NPAT to AFFO

	Group	
	2016	2015
	\$'000	\$'000
Total comprehensive income for the year	47,701	75,940
Portfolio acquisition and other transaction costs	8,988	8,583
Contribution resulting from consolidation of GDI No. 42 Office Trust	743	-
Cash received from guarantees	2,171	6,762
Straight lining adjustments	(1,390)	(2,274)
Amortisation of debt and incentives	6,113	2,329
Net fair value gain on investment property	(16,539)	(46,068)
Net fair value loss on interest rate swaps	(390)	2,450
Loss on non-current asset held for sale	1,233	-
Other FFO adjustments	520	(1,299)
Funds From Operation	49,147	46,424
Maintenance capital	(459)	(541)
Incentives paid	(8,458)	(8,503)
Income tax expense	248	(643)
Reverse other FFO adjustments	(520)	1,299
Adjusted Funds From Operation	39,958	38,036

# Property by property AIFRS NPI and FFO

	FY16 \$m		FY15 \$m		
	AIFRS NPI <sup>1</sup>	FFO	AIFRS NPI <sup>1</sup>	FFO	Commentary
Mill Green, Perth	24.92	24.43	23.49	22.88	<ul style="list-style-type: none"> <li>FY16 AIFRS NPI ("NPI") benefited from the fixed rental increases, the full year income from three new leases at 197 St Georges Terrace and increased occupancy at 5 Mill Street</li> <li>FFO lower than NPI due to impact of straight lining (in FY16, \$1.5 million) being greater than write back of amortisation of incentives (in FY16, \$1.0 million)</li> </ul>
66 Goulburn St, Sydney <sup>2</sup>	10.21	12.04	8.60	11.31	<ul style="list-style-type: none"> <li>Guarantees not included in NPI in either FY15 or FY16</li> <li>FY16 NPI benefited from recognition of actual rent for most of the period and rental reversion on the new leases</li> </ul>
307 Queen St, Brisbane	6.46	9.51	9.10	10.27	<ul style="list-style-type: none"> <li>Guarantees not included in NPI in either FY15 or FY16</li> <li>FY15 NPI included \$1.3 million of a surrender payment that is being recognised for FFO purposes in FY16 (\$0.8 million) and FY17 (\$0.5 million)</li> <li>NPI impacted by approximately \$1.0 million of additional incentive amortisation charge – the impact of successfully renewing and leasing approximately 40.0% of the property's NLA</li> </ul>
25 Grenfell St, Adelaide	8.38	9.25	8.83	8.84	<ul style="list-style-type: none"> <li>Increase in FY16 FFO resulting from positive rent reversion on renewal and expansion of SA Government (PIRSA) lease over 5,885sqm, but the amortisation of the associated incentive impacted the NPI</li> </ul>
50 Cavill Ave, Surfers Paradise <sup>3</sup>	0.76	1.25			

1. AIFRS NPI is the net property income of each asset prior to any revaluation adjustments

2. 66 Goulburn Street, Sydney only owned for 50 weeks in FY15

3. 50 Cavill Avenue, Surfers Paradise, was acquired on 1 February 2016

## GDI No. 27 Total Return Fund



Key statistics	
Established	June 2007
AUM	\$14 million
Gearing	65%
GDI Property Group ownership	-
FY16 distributions	
• Income	-
• Capital	-
Total capital returned	\$0.40

### Commentary

- Originally a three asset fund, now holding two assets, 17-23 University Ave, Canberra and 46 Mount Street, Burnie
- Work out situation – free cash flows used to fund a capex program at both assets
- GDI Property Group has also provided \$677,000 of funding to accelerate the capex program
- Fees charged but unpaid in FY15 and FY16 have been provisioned
- Monitoring exit opportunities for both assets

## GDI No. 29 GDI Office Trust



Key statistics	
Established	December 2008
AUM	\$9 million
Gearing	35%
GDI Property Group ownership	-
FY16 distributions	
• Income	-
• Capital	-
Total capital returned	\$1.30

### Commentary

- Originally a two asset fund, now holds only the unsold suites at the strata of 251 Adelaide Terrace, Perth
- High performing fund with total capital returned to date of \$1.30
- Positioned three suites for sale in FY17 as Perth market starts to improve



## GDI No. 33 Brisbane Office Trust



Key statistics	
Established	May 2010
AUM	\$36 million
Gearing	28%
GDI Property Group ownership	-
FY16 distributions	
• Income	2.00 cents
• Capital	2.00 cents
Total capital returned	\$0.11

### Commentary

- Owns 10 Market Street, Brisbane, a strategically positioned strata conversion
- Approximately 25% of the NLA has been sold to date
- Leasing of owned suites and strata of both investment and owner occupier suites has been challenging in the last two years
- Early signs of improvement with over \$2 million of sales in the pipeline and leasing enquiry improving

## GDI No. 36 Perth CBD Office Trust

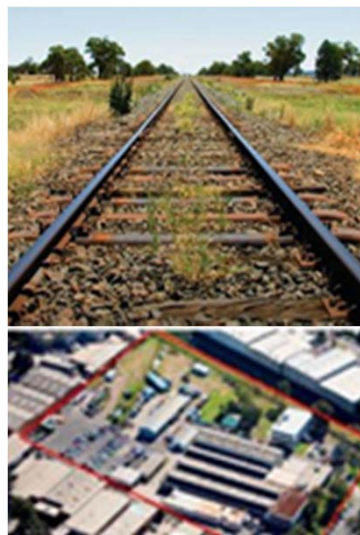


Key statistics	
Established	October 2012
AUM	\$129 million
Gearing	48%
GDI Property Group ownership	-
FY16 distributions	
• Income	10.25 cents
• Capital	-
Total capital returned	-

### Commentary

- Owns the iconic 1 Adelaide Terrace, Perth
- During the year, finalised over 10,000 sqm of new leasing and lease renewals to WA State Government
- 100% occupied at 30 June 2016, although 7% of NLA was vacated in August 2016
- Continue to monitor exit opportunities

## GDI No. 38 Diversified Property Trust



Key statistics	
Established	June 2014
AUM	\$42.475 million
Gearing	45%
GDI Property Group ownership	-
FY16 distributions	
• Income	8.40 cents
• Capital	46.00 cents
Total capital returned	\$0.46

### Commentary

- Acquired six industrial and one office building as part of a sale and lease-back transaction with UGL Limited
- Sold the office property and two industrial assets for a combined profit on acquisition price of 30.6%
- Another industrial asset sold in FY17 for a 4.9% profit on acquisition price
- Remaining properties include an under developed site at Bassendean, Perth and the strategic 31,358sqm site at Broadmeadow, Newcastle, a 16 hectare holding 4 km from the Newcastle CBD

## GDI No. 40 Office Trust



Key statistics	
Established	June 2015
AUM	\$38.75 million
Gearing	35%
GDI Property Group ownership	-
FY16 distributions	
• Income	8.40 cents
• Capital	-
Total capital returned	-

### Commentary

- Acquired 80 George Street, Parramatta in June 2015
- Immediately commenced refurbishment program including a foyer upgrade, painting the building's exterior façade, upgrading the lift lobbies as they become available and upgrading the end of trip facilities
- HVAC upgrade commenced
- Renewal or leased over 54% of the building NLA at rates of over \$50-\$95/sqm higher
- WALE increased to 4.03 years, up from 2.9 years at acquisition

# GDI No. 42 Office Trust



Key statistics	
Established	June 2016
AUM	\$88.5 million
Gearing	35%
GDI Property Group ownership	43.68%
FY16 distributions	
• Income	-
• Capital	-
Total capital returned	-

## Commentary

- Two asset fund established in June 2016
- GDI Property Group ownership interest of 43.68%
- Both assets have similar asset management plans
  - Increase the WALE and capitalise on rent reversion opportunities as leases expire; and
  - Review alternate uses, including residential conversions

