
ASX ANNOUNCEMENT

16 JUNE 2016

GDI PROPERTY GROUP ESTABLISHES GDI No. 42 OFFICE TRUST AND ACQUIRES A STAKE

GDI Property Group is pleased to advise that it successfully established GDI No. 42 Office Trust (the Trust). The Trust owns two properties, 235 Stanley Street, Townsville ("Stanley Place") and 223 – 237 Liverpool Road, Ashfield, NSW ("the Ashfield Property"). The Ashfield Property was acquired in December 2015 and Stanley Place settled today. Further, GDI Property Group has determined to hold an approximately 45% interest in the Trust.

Stanley Place is a well-located, 13,795sqm, A-grade quality property in Townsville's CBD and is 79%¹ occupied by the Australian Government, predominantly the Australian Taxation Office (ATO) until 28 February 2020. The vendor has provided a two year rent guarantee over the vacancy from settlement, although a further 10%¹ is already subject to executed heads of agreement, which takes total occupancy to 89%, subject to execution of leases. The remaining vacancy is under negotiation. Townsville is considered the major government centre for North Queensland, and the local economy is also well supported by educational, medical, agricultural, defence, tourism and mining sectors.

The Ashfield Property comprises 9,694sqm of office accommodation over six levels, a ground floor café and parking for 185 cars. The office accommodation is 100% leased to the NSW State Government until 31 December 2020 and is currently occupied by the Department of Family and Community Services (Housing). The NSW Government has occupied the Ashfield Property since 2002, a tribute to the quality of the building, the amenity and parking, and its close proximity to Ashfield rail station and Ashfield Mall. Ashfield is a vibrant, diversified retail, residential and commercial market with a large multicultural population located approximately 8km from the Sydney CBD. The building offers a number of exit strategies including conversion to residential.

Mr Steve Gillard, Managing Director of GDI Property Group, explained that this was the first time a meaningful stake in a Trust had been held by GDI Property Group. "We have always been happy to hold on balance sheet any asset that we buy for an unlisted fund, as the investment mandate is the same whether it is our smallest or largest asset. We buy well located CBD assets with four sides of natural light and easily divisible floor plates for well below replacement cost with the opportunity to add value through releasing, repositioning and selective capital improvements. Both the Ashfield Property and Stanley Place tick these boxes", Mr Gillard explained.

Following the acquisition of the stake in the Trust, GDI Property Group's drawn debt will be approximately \$290 million, with undrawn debt of approximately \$30 million. The approximately 45% stake is expected to add approximately \$1.3 million to Funds From Operations (FFO) in FY17, in addition to fees generated for managing the Trust.

1. By NLA



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