
ASX ANNOUNCEMENT

23 February 2015

GDI Property Group¹ is pleased to release its half yearly financial results for the period ended 31 December 2014.

Key highlights

- Funds From Operations (FFO)² of \$23.97 million, 52% of the full year Offer Document³ Forecasts⁴ of \$46.27 million
- FFO of 4.21 cents per security
- Distribution of 3.75 cents, in line with Offer Document forecasts
- Payout ratio of 89% of FFO and 100% of AFFO⁵
- Statutory profit of \$36.09 million, 6.36 cents per security
- NTA⁶ of \$0.96, up \$0.03 from 30 June 2014 and \$0.05 from the NTA at the time of the Initial Public Offer of \$0.91
- Gearing⁷ of 34% as at 31 December 2014
- Portfolio occupancy of 89%⁸ and a weighted average lease expiry (by NLA) of 4.2 years⁸
- Confirming full year FY15 Offer Document Forecasts of FFO of 8.2 cents per security and a distribution of 7.5 cents per security

Operational highlights during the period included the conditional sale of 233 Castlereagh St, Sydney, for \$156 million, \$27 million more than the 30 June 2014 independent valuation, and settlement of 66 Goulburn Street, Sydney, acquired for \$136 million, \$2 million below independent valuation.

During the second half of 2014 leasing conditions in all markets remained challenging. Notwithstanding these difficult conditions GDI Property Group has achieved some outstanding leasing results, including leasing, renewing or extending over 25,440 sqm of office space (20% of the portfolio), by way of either executed leases or signed Heads of Agreement for the period ended 16 February 2015. Mr Gillard, Managing Director of GDI Property Group, stated that most pleasingly he has seen a significant pick-up in activity in the first two months of 2015, with 16,850sqm of the 25,440sqm executed, renewed or subject to signed Heads of Agreement in that first two months.

Commenting on the individual assets, Mr Gillard advised that GDI Property Group was progressing well with satisfying the condition of sale of 233 Castlereagh Street, Sydney and he remained confident that settlement would occur as contracted on 30 September 2015. 197 St George's Terrace is at near full occupancy, 5 Mill Street, Perth had performed in line with expectations and 1 Mill Street, Perth continued to attract interest from potential tenants. Mr Gillard noted that notwithstanding the difficult conditions in Perth, Mill Green had been revalued at \$2 million more than its previous valuation and the revaluation did not take in to account the development potential of the site. "If 1 Mill Street, Perth, continues to remain vacant we will progress alternative asset management strategies for Mill Green, with options including strata, sale or alternative use development" Mr Gillard stated.



During the half year GDI Property Group executed a full floor lease to Regus Serviced Offices in 25 Grenfell St, Adelaide and signed a Heads of Agreement with Funds SA for 780sqm, which has eliminated a potential CY15 vacancy. Subsequent to period end, The Minister for Administrative Services (PIRSA) has executed a Heads of Agreement, subject to Cabinet approval, to enter in to a new 12 year lease commencing March 2016 for 5,885sqm, 477sqm more than it currently occupies. In addition, The Minister for Administrative Services (Dept. of Water) has agreed to extend its lease for a further six months to March 2016.

Approximately three and a half of the six vacant floors in 66 Goulburn St, Sydney are now leased or subject to Heads of Agreement at rates of between \$20 - \$40/sqm more than assumed in the valuation. Finally, in relation to 307 Queen Street, Brisbane, Mr Gillard stated that the levels of tenant enquiry and potential activity had noticeably improved in the first two months of 2015 with GDI Property Group negotiating on over 3,000sqm of space.

In relation to the funds business, Mr Greg Marr, Head of Unlisted Funds, stated that he was confident that a new fund would be launched in the last quarter of the financial year. "We currently have an approximately \$40 million asset in exclusive due diligence and are negotiating on a number of others. Subject to the result of those negotiations and the due diligence process, we aim to be launching GDI No. 40 Office Fund during April 2015 for a close prior to the financial year end."

On-market buy-back of securities

GDI Property Group today also announces that its Board has approved an on-market securities buy-back ("buy-back") as part of its active approach to capital management. Should market conditions permit, GDI Property Group intends to undertake the buy-back of 5% of GDI securities within the next 12 months.

David Williams, Chief Financial Officer of GDI Property Group said: "The buy-back provides flexibility to acquire GDI securities on-market that will be both FFO and NTA accretive to security holders. Given our strong financial position and the impending settlement of 233 Castlereagh Street, Sydney, the Board has agreed to implement this capital management initiative."

Guidance for FY15

GDI Property Group is pleased to confirm its Offer Document Forecasts for FY15 of FFO of 8.2 cents per security and a distribution of 7.5 cents per security, subject to no material change in circumstances.

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1. The stapled group comprising GDI Property Group Limited (ACN 166 479 189) and GDI Property Trust (ARSN 166 598 161) and their controlled entities.
 2. 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.
 3. Offer Document refers to the Prospectus and Product Disclosure Statement dated 25 November 2013 prepared by GDI Property Group Limited (ACN 166 479 189) and GDI Funds Management Limited (ACN 107 354 003) as responsible entity of GDI Property Trust (ARSN 166 598 161).
 4. Offer Document Forecasts refers to the financial forecasts included in the Offer Document.
 5. AFFO adjusts FFO for incentives and maintenance capital expenditure
 6. Net Tangible Assets. Calculated as total assets less deferred tax assets, intangible assets and derivative financial instruments less total liabilities less derivative financial instruments divided by securities on issue.
 7. Calculated as net debt divided by total assets less intangibles, deferred tax assets and cash and cash equivalents.
 8. Including signed Heads of Agreement, guarantees and, where a lease has been surrendered, assumed occupancy until the benefit of the surrender payment ceases.