



# GDI PROPERTY GROUP

Half year results presentation

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## INTRODUCTION

# Overview



NTA – \$0.99 per security



FFO for the period ended 31 December 15 – 4.82 cents per security



FFO guidance for FY16 – 8.80 cents per security



Portfolio occupancy – 88%



WALE – 3.4 years



Absolute Total Return since IPO – 12.43%



Gearing – 31%

# Strong first half

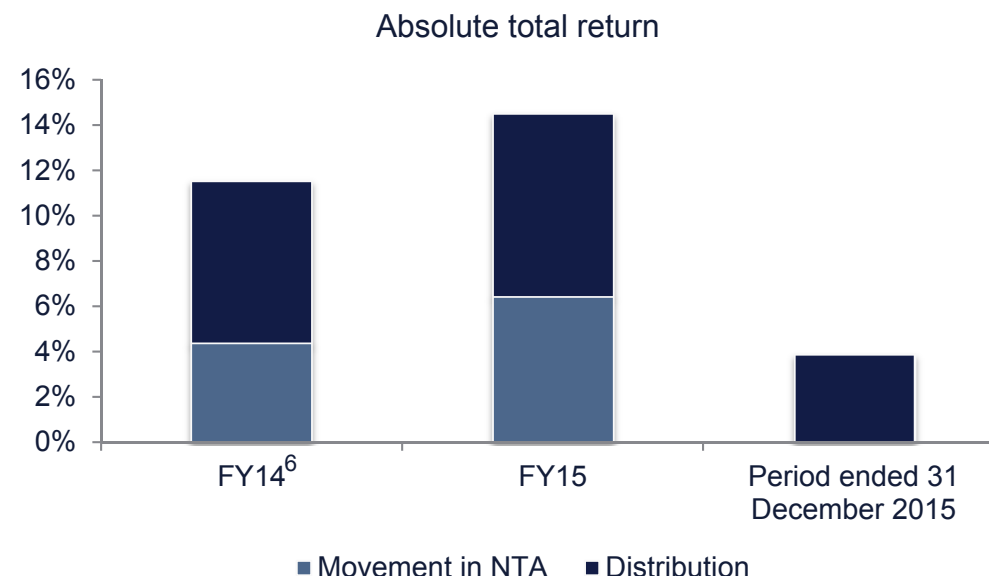
- FFO<sup>1</sup> of \$26.0 million, 59% of the 'as is' FFO guidance provided in August 2015
  - 'As is' FFO skewed to the first half as a result of expiry of 307 Queen Street, Brisbane vacancy guarantee (December 2015), Department of Water lease expiry (4,176sqm) at 25 Grenfell Street, Adelaide (March 2016) and the income received from 233 Castlereagh Street, Sydney prior to its sale (October 2015)
- FFO of 4.815 cents per security<sup>2</sup>
- Upgrading FFO per security from 8.2 cents to at least 8.8 cents for FY16, subject to no material change in circumstances
- Paid a distribution of 3.875 cents per stapled security
  - Payout ratio of 80% of FFO and 102% of AFFO
- NTA per security of \$0.99<sup>3</sup> (\$0.99 including derivative financial instruments) unchanged from 30 June 2015
- All assets revalued as at 31 December 2015
  - 66 Goulburn Street (+\$12.0 million) and Mill Green (-\$8.0 million) largest changes to independent valuation
  - 307 Queen Street, Brisbane (+\$4.0 million) and 25 Grenfell Street, Adelaide (+\$5.0 million) also revalued
  - Due to capital expenditure and other capitalised items such as incentives and other accounting adjustments, a revaluation loss of \$3.8 million was incurred in the period

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. GDI Property Group excludes derivative financial instruments from its calculation of NTA.

- Absolute total return<sup>4</sup> of 3.9% for the period
  - Absolute total return since listing of 12.43% p.a.
  - Total securityholder return<sup>5</sup> of 2.1% for the six month period
  - Security price performance continues to be a major disappointment



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

5. Based on 30 June 2015 and 31 December 2015 closing prices of \$0.875 and \$0.855 respectively, and a declared distribution for the period of \$0.03875.

6. Annualised.



# We continue to deliver on strategy

- 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
- Exchanged contracts to acquire 50 Cavill Avenue, Surfers Paradise, for \$48.8 million
  - Settlement of the acquisition occurred 1 February 2016
  - Occupancy increased to 61%<sup>1</sup> from 54% at time of exchange
- Portfolio occupancy<sup>1</sup> of 88% (30 June 2015: 89%)
  - Decrease from 30 June 2015 resulted from expiration of vacancy guarantee at 307 Queen Street, over 3,157 sqm in December 2015
  - Further decreased to 84% as at 1 February 2016 following the acquisition of 50 Cavill Avenue, Surfers Paradise
- Portfolio weighted average lease expiry<sup>2</sup> (WALE) at 31 December 2015 of 3.4 years (30 June 2015: 3.8 years)
  - Decreased to 3.3 years as at 1 February 2016 with the acquisition of 50 Cavill Avenue, Surfers Paradise
- Acquired 223 – 237 Liverpool Road, Ashfield, for \$35 million on behalf of GDI No. 42 Office Trust
  - GDI No. 42 Office Trust has also entered in to a call option to acquire a second asset, 235 Stanley Street, Townsville, for \$53.5 million
  - The \$65.5 million capital raising for GDI No. 42 Office Trust will be launched imminently

## 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

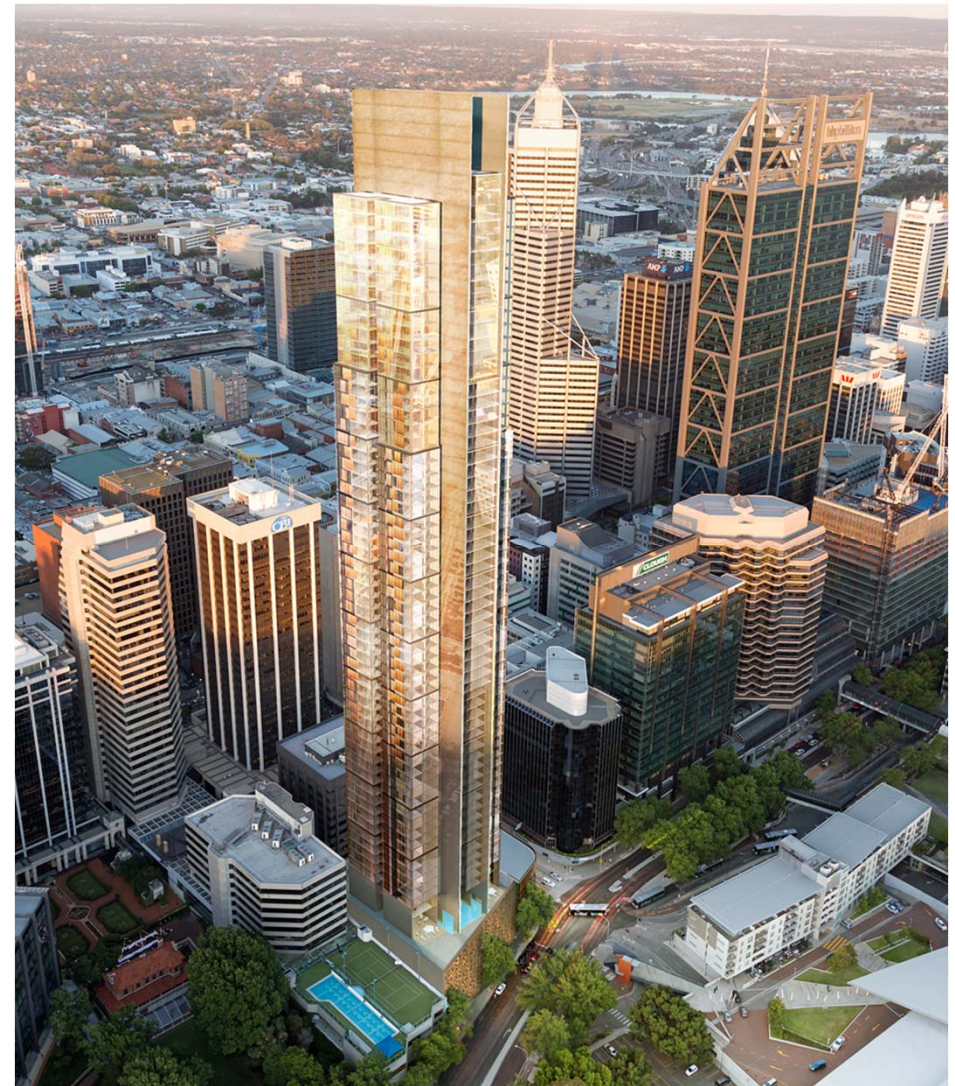
- 
1. Includes signed Heads of Agreement, leases not yet commenced and tenants where terms are agreed.
  2. Including signed leases yet to commence and in relation to any lease extensions / renewals, agreements to extend or renew.

# Well positioned for balance of FY16 and beyond

- Property portfolio well positioned with limited downside risk but with upside potential through leasing and other asset management initiatives
  - Only 5% of the portfolio's NLA is subject to expiries in remainder of FY16, largest exposure in FY17 is at 66 Goulburn Street, Sydney
    - \$2.4 million of the guarantee at 66 Goulburn Street, Sydney remains which can be used to support occupancy / future tenant incentives at the time of the Consolidated Media Holdings Limited's lease expiry
  - No expiries in FY16 at Mill Green with manageable FY17 expiries
- Funds Business positioned for growth
  - Supportive investor base of 1,000 HNW investors
  - Aim to build Funds Business back up to pre-IPO levels
  - Imminent launch of GDI No. 42 Office Trust, increasing AUM by \$88.5 million to approximately \$380.0 million
- Balance sheet in a strong position
  - Amended facility on settlement of 233 Castlereagh Street, Sydney, with a post reporting date increase to allow for settlement of 50 Cavill Avenue, Surfers Paradise
    - All debt now expiring October 2018
  - Gearing of 31% as at 31 December 2015
  - Pro forma gearing of 33% following settlement of 50 Cavill Avenue, Surfers Paradise, working capital requirements and completion of capital raising for GDI No. 42 Office Trust

# Extracting value

- GDI Property Group's strategy remains unchanged:
  - Maximising the income and capital potential in the existing property portfolio
  - Acquiring well located properties at below replacement cost that offer an opportunity to create value through active asset management
  - Optimising the outcome for investors in the existing unlisted property funds
  - Rebuilding the AUM in the Funds Business to pre IPO levels
- Following the acquisition of 50 Cavill Avenue, Surfers Paradise, GDI Property Group does not believe that it will acquire any further assets on balance sheet until at the earliest an asset is recycled
  - We will continue to review opportunities for the Funds Business, but value is becoming more difficult to find
- In relation to its on balance sheet portfolio, GDI Property Group's focus for the remainder of 2016 is leasing:
  - Reletting/renewing FY17 expiries at 66 Goulburn Street, Sydney
  - Leasing the vacancy created by the imminent departure of the Department of Water at 25 Grenfell Street, Adelaide
  - Completing the leasing up of the vacancy at 307 Queen Street, Brisbane
  - Commencing an immediate refurbishment program at 50 Cavill Avenue, Surfers Paradise, to capture improved leasing demand on the Gold Coast
  - Reviewing strategies for 1 Mill Street, Perth



Concept design for 1 Mill Street, Perth residential tower



# Extracting value

- On completion of its asset management strategies, GDI Property Group will look to divest individual properties
  - Converting real estate to cash should bridge the security price gap to NTA
  - All capital management initiatives will be reviewed on any sale
  - Targeting one / two sales in FY17
- GDI Property Group considers it unlikely that any transaction involving Mill Green will occur in CY16
  - Mill Green has a very manageable expiry profile
  - Very little near or medium term capex requirements
  - Enormous potential in the site that is unlikely to be realised given the current sentiment to Perth
  - Expect improving fundamentals in Perth in second half of CY16



## FINANCIAL RESULTS

# Profit and Loss

	Group Year ended 31 December 2015 \$'000
<b>Revenue from ordinary activities</b>	
Property income	38,207
Funds management income	2,294
Interest revenue	985
<b>Total revenue from ordinary activities</b>	<b>41,486</b>
Net fair value gain on interest rate swaps	317
<b>Total income</b>	<b>41,803</b>
<b>Expenses</b>	
Property expenses	9,448
Finance costs	6,862
Net fair value loss of investment property	3,778
Corporate and administration expenses	3,155
Loss on sale of non-current asset held for sale	1,233
Acquisition expenses	90
Initial public offer costs	306
<b>Total expenses</b>	<b>24,871</b>
<b>Profit before tax</b>	<b>16,932</b>
Income tax benefit	-
<b>Profit from continuing operations</b>	<b>16,932</b>
Profit from discontinued operations	105
<b>Net profit for the period</b>	<b>17,037</b>
Other comprehensive income	-
<b>Total comprehensive income for the period</b>	<b>17,037</b>

- Net property income for the period totalled \$28.8 million
  - Included in net property income was \$3.3 million from 233 Castlereagh Street, Sydney
  - The passing yield on the balance of the portfolio was 6.9% of independent valuation, with guarantee payments relating to 307 Queen Street, Brisbane and 66 Goulburn Street, Sydney, not included in property income
- Funds management income includes \$1.2 million of transactional or other one-off fees, including \$0.5 million of fees relating to the sale of two assets from GDI No. 38 Diversified Property Trust
- Interest income includes \$0.8 million of interest charged to the buyer of 233 Castlereagh Street, Sydney, due to its one month delayed settlement
- Notwithstanding the \$13.0 million increase in the independent valuations of the property portfolio, due to capital expenditure and other capitalised items like leasing fees, incentives and straight line rental income, a net fair value loss of \$3.8 million was recorded for the period
  - These capitalised items also resulted in a loss of sale of 233 Castlereagh Street, Sydney
- Initial public offer (IPO) costs are amounts expensed for the retention rights as disclosed in the IPO Offer Document. The costs of these will be expensed over the three year vesting period

# NPAT to AFFO

	Period ended 31 December 2015 \$'000
Total comprehensive income for the period	17,037
Cash received from guarantees	1,665
Straightlining adjustments	(915)
Amortisation and depreciation	2,734
Fair value adjustments	3,461
Loss on sale of non-current asset	1,233
IPO Costs	306
Acquisition costs	90
Other FFO adjustments	403
<b>FFO</b>	<b>26,013</b>
Maintenance capex	(105)
Incentives paid	(4,959)
Income tax expense	
Other AFFO adjustments	(403)
<b>AFFO</b>	<b>20,950</b>

- GDI Property Group does not include any transactional profits in its FFO or FFO guidance
  - 233 Castlereagh Street, Sydney, was revalued to its sale price at the time the Put and Call Options were entered in to (November 2014)
  - The loss on sale of a non-current asset held for sale is the result of capital expenditure and other capitalised items incurred between November 2014 and settlement in October 2015
- Acquisition costs relate to due diligence and other costs incurred in relation to a proposed acquisition that did not proceed
- Other FFO adjustments and other AFFO adjustments relates to the smoothing of a FY15 lease surrender at 307 Queen Street, Brisbane
  - The payment was recognised as income when received
  - For FFO purposes, whilst the space remains empty, recognition will occur as if the surrender payment was paid monthly until expiry of the original lease (February 17)
  - Adjustment made to AFFO to reflect cash was received in FY15
- Majority of incentives paid relate to 66 Goulburn Street, Sydney



# Balance sheet in a strong position

As at  
31 December 2015

	<b>\$'000</b>
Total current assets	52,039
Investment properties	735,500
Other assets	1,276
Intangible assets	18,110
<b>Total assets</b>	<b>806,925</b>
Total current liabilities	27,811
Borrowings	224,655
Derivative financial instruments	3,992
Other liabilities	358
<b>Total liabilities</b>	<b>256,816</b>
<b>Net assets</b>	<b>550,109</b>
<b>Equity</b>	
Contributed equity	524,773
Reserves	1,907
Retained profits	23,429
<b>Total equity</b>	<b>550,109</b>

- GDI Property Group's balance sheet is in a sound position, with an LVR of 31%<sup>1</sup> as at 31 December 2015 (bank Covenant Gearing 31% vs Covenant of 50%)
  - LVR forecast to increase to 33% following the acquisition of 50 Cavill Avenue, Surfers Paradise, and other working capital requirements, and the completion of the capital raising for GDI No. 42 Office Trust
- All properties independently revalued at 31 December 2015, resulting in a \$13.0 million increase in the independent value of the properties
  - Book value of properties reduced by \$3.8 million
- NTA remained unchanged at \$0.99<sup>1</sup>
  - \$0.99 included derivative financial instruments
- In relation to the balance sheet as at 31 December 2015
  - Current assets includes 223 – 237 Liverpool Road, Ashfield, which is held for syndication
  - Current liabilities includes the provision for the distribution for the period ended 31 December 2015 of \$20.9 million
- During the period, GDI Property Group acquired and cancelled 3.7 million securities and cancelled 2.5 million securities that had been bought prior to 30 June 2015 but not cancelled.
  - Total of 28,755,927 securities bought back at an average price of \$0.916
  - Total securities on issue now 538,819,098

1. GDI Property Group does not include derivative financial instruments in its NTA calculation.

# Debt profile

- Drawn debt of \$225.1 million as at 31 December 2015
- Pro forma debt of \$260.0 million following settlement of 50 Cavill Avenue, Surfers Paradise, ongoing working capital requirements and successful completion of capital raising for GDI No. 42 Office Trust
  - Requirement by 30 June 2016 to either permanently reduce facility by \$35.0 million following GDI No. 42 Office Trust capital raising, or provide bank with security over 223 – 237 Liverpool Road, Ashfield
  - Flexibility to undertake further capital management initiatives

31 December 2015				
	Facility size \$'000	Drawn \$'000	Undrawn \$'000	Expiry
Tranche A	-	-	-	-
Tranche B	195,000	186,592	8,408	Oct 18
Tranche C	55,000	38,500	16,500	Oct 18
<b>TOTAL</b>	<b>250,000</b>	<b>225,092</b>	<b>24,908</b>	
Tranche D (BG)	5,000	-	-	Oct 18
Key covenants	Maximum Covenant LVR <sup>1</sup> ratio 50% vs actual 31.2%			
	Covenant ICR <sup>2</sup> 2.0X vs actual of 4.1X			

Pro forma <sup>3</sup>				
	Facility size \$'000	Proforma drawn \$'000	Proforma undrawn \$'000	Expiry
Tranche A	-	-	-	-
Tranche B	235,000	221,500	13,500	Oct 18
Tranche C	55,000	38,500	16,500	Oct 18
<b>TOTAL</b>	<b>290,000</b>	<b>260,000</b>	<b>30,000</b>	
Tranche D (BG)	5,000	-	-	Oct 18
Key covenants				

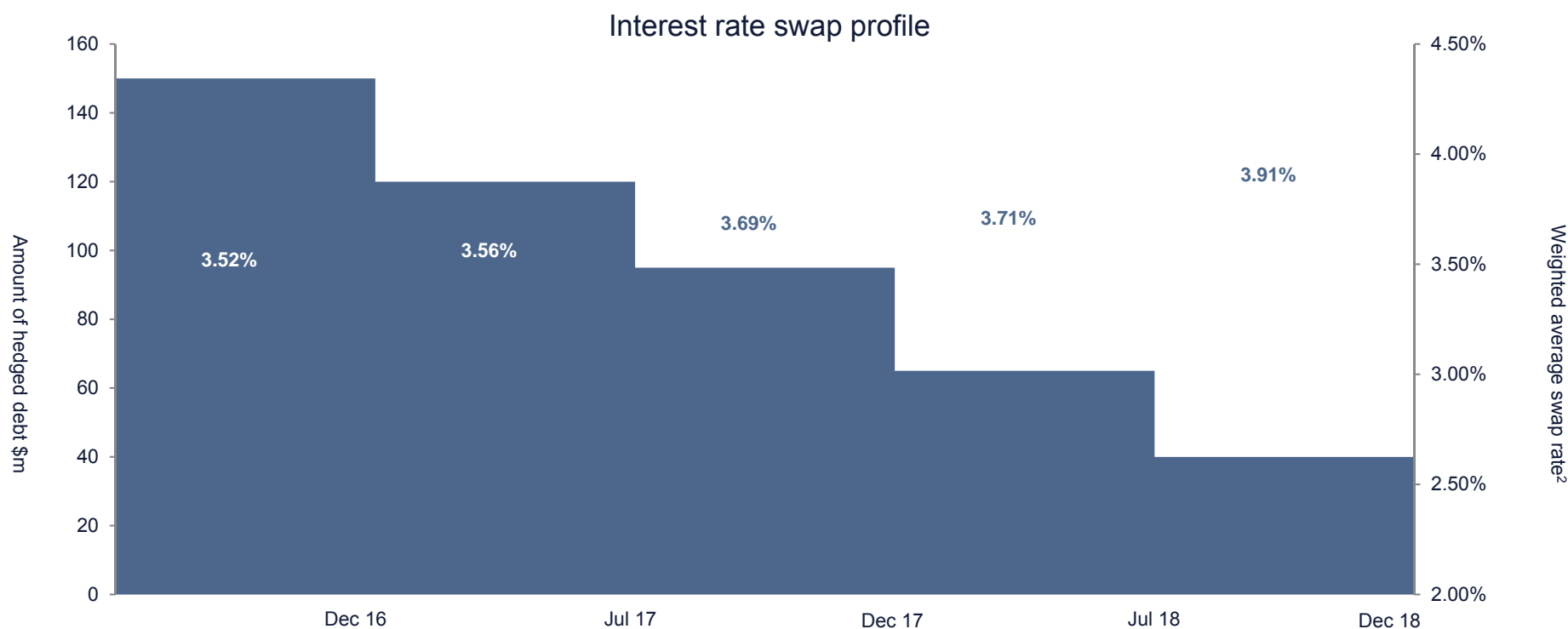
1. Covenant LVR is calculated as total debt including net derivative exposures divided by the value of the properties.

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.

3. Following settlement of 50 Cavill Avenue, Surfers Paradise, ongoing working capital requirements and completion of the capital raising for GDI No. 42 Office Trust.

# Interest rate hedging

- Board hedging policy of at least 50% of drawn debt hedged
  - Have not terminated or restructured any hedges
  - Currently 67% hedged, reducing to 58% on a pro forma<sup>1</sup> basis
  - All in cost of drawn debt for the period of 4.38% (inclusive of line fees on undrawn facilities, but excluding amortisation of establishment fees)
- Left hedge book unchanged on settlement of 233 Castlereagh Street, Sydney, but in process of reviewing Board hedging policy



1. Following settlement of 50 Cavill Avenue, Surfers Paradise, ongoing working capital requirements and completion of the capital raising for GDI No. 42 Office Trust.

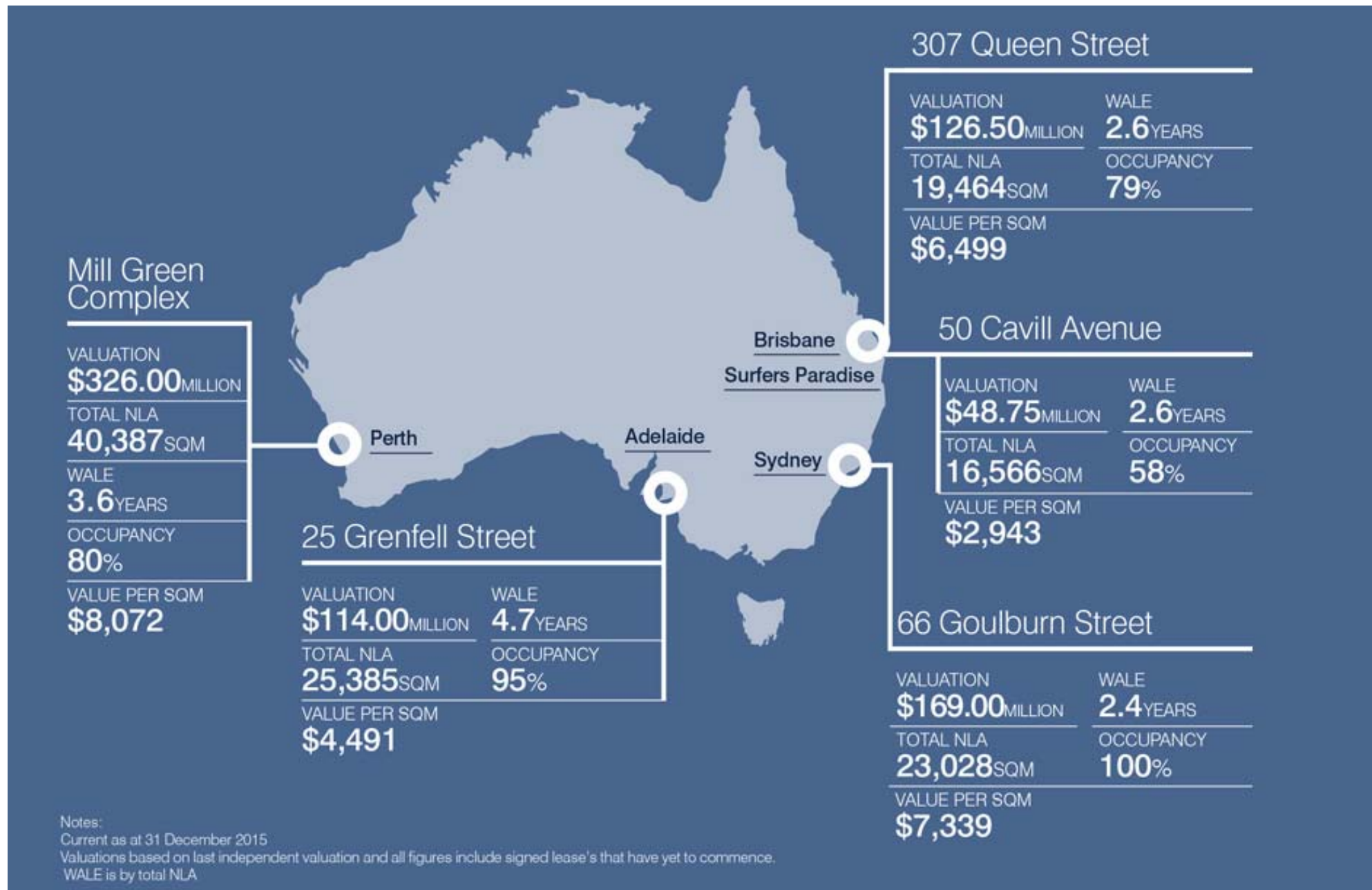
2. Excluding margin and line fees.



## THE PROPERTY PORTFOLIO

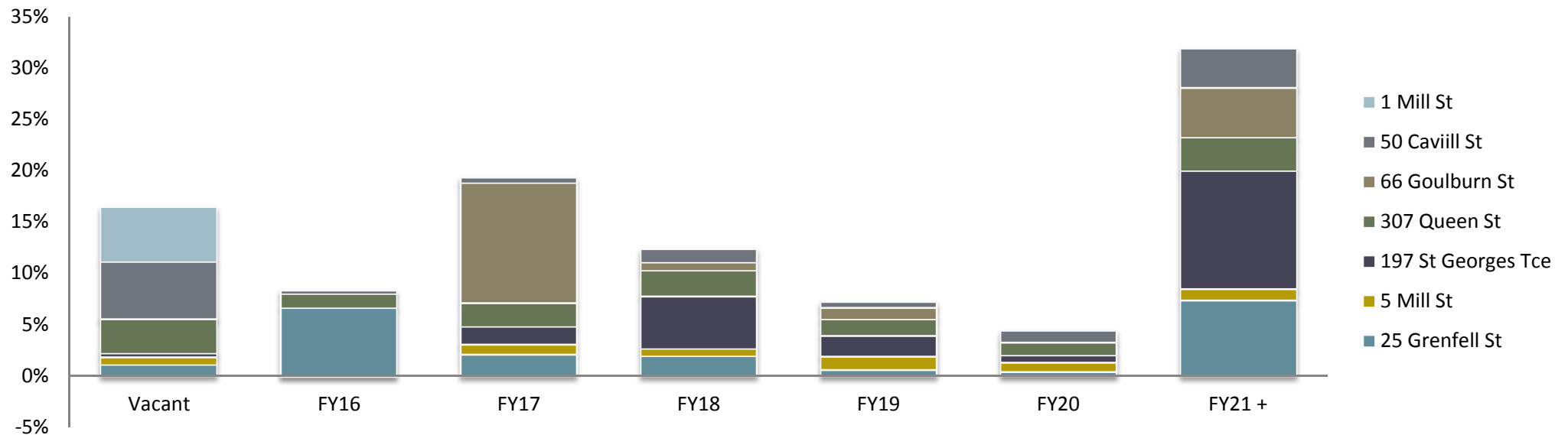


# Portfolio overview



# Portfolio overview

	Including 50 Cavill Avenue, Surfers Paradise	
	31 December 2015	1 February 2016
Total NLA	108,264	124,830
Portfolio occupancy <sup>1</sup>	88%	84%
WALE (by NLA)	3.4 years	3.3 years
FY16 expiries (%)	5%	4%
FY17 expiries (%)	22%	20%
Weighted average cap rate	7.4%	7.5%



1. Including signed leases yet to commence and in relation to any lease extensions / renewals, agreements to extend or renew.



# Mill Green Complex



# Mill Green Complex

- 197 St Georges Terrace recently received at 5.5 Stars NABERS Energy rating, which together with the 4.5 Stars NABERS Water rating and 5 Stars NABERS Indoor Environment rating makes it one of Perth's most efficient buildings
- 197 St Georges Terrace remains near full occupancy
  - New lease commencing 1 February 2016 executed with Corporate Travel Management for 7 years over 442sqm (previously 860sqm with November 2017 expiry), creating a new vacancy of 348sqm
  - Only other vacancy is a 295sqm suite, which following a fit-out has received strong interest
  - Manageable FY17 expiries
    - 1,670sqm expiring May 2017
    - 491sqm expiring April 2017
- Occupancy at 5 Mill Street increased marginally to 86.90% (from 85.36% at June 2015)
  - Vacancies limited to 224sqm on Level 2 (now fitted out) and a full floor on Level 6
  - Manageable FY17 expiries
    - 421sqm lease expiring July 2016 is already subject to a Heads of Agreement (new tenant) for 250sqm with strong interest in the balance
    - Negotiations commenced with two tenants with November 2016 expiries (682sqm in total, a full floor)
    - Small expiry (148sqm) in April 2017
- Continuing to review strategies for 1 Mill Street

Key metrics as at:	Dec-15	Jun-15
Independent valuation date	31 December 15	31 December 14
Independent valuation (\$M)	326.00	334.00
Independent valuation/NLA (\$)	8,072	8,270
Carrying value (\$M)	326.00	339.73
Capitalisation rate	7.72%	8.25%
Discount rate	8.75%	8.75%
NLA (sqm)	40,387	40,387
Car parks	281	281
Occupancy	80.31%	80.02%
WALE (years)	3.60	4.00
Net income (\$M)	12.78	
FFO (\$M)	12.15	



# 197 St Georges Terrace, Perth

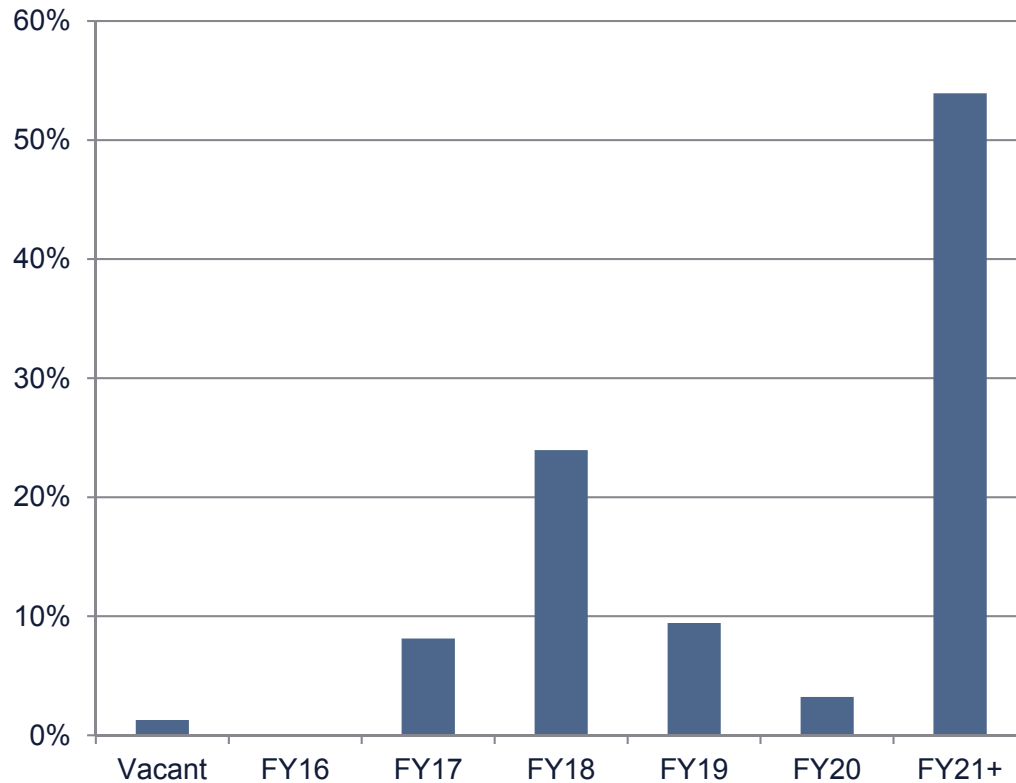


Actual view from Level 10



Refurbished foyer

# 197 St Georges Terrace, Perth



Key metrics as at:	Dec-15	Jun-15
Independent valuation date	31 December 15	31 December 14
Independent valuation (\$M)	241.00	239.00
Independent valuation /NLA (\$)	9,076	9,001
Carrying value (\$M)	241.00	243.57
Capitalisation rate	7.50%	8.00%
Discount rate	8.75%	8.75%
NLA (sqm)	26,554	26,554
Typical floor plate (sqm)	855	855
Car parks	181	181
Occupancy	98.70%	98.70%
WALE (years)	4.8	5.3

Tenant name	NLA		Rent review		
	sqm	% total	Type	% p.a.	Lease expiry
Amec Minproc Limited	7,341	28%	Fixed	4%	FY23
Chevron Australia Pty Ltd	4,643	17%	Fixed	4.5%	FY18
CBI Construction Pty Ltd	2,505	9%	Fixed	4%	FY19
Clough Projects Pty Ltd	1,670	6%	Fixed	4.5%	FY17

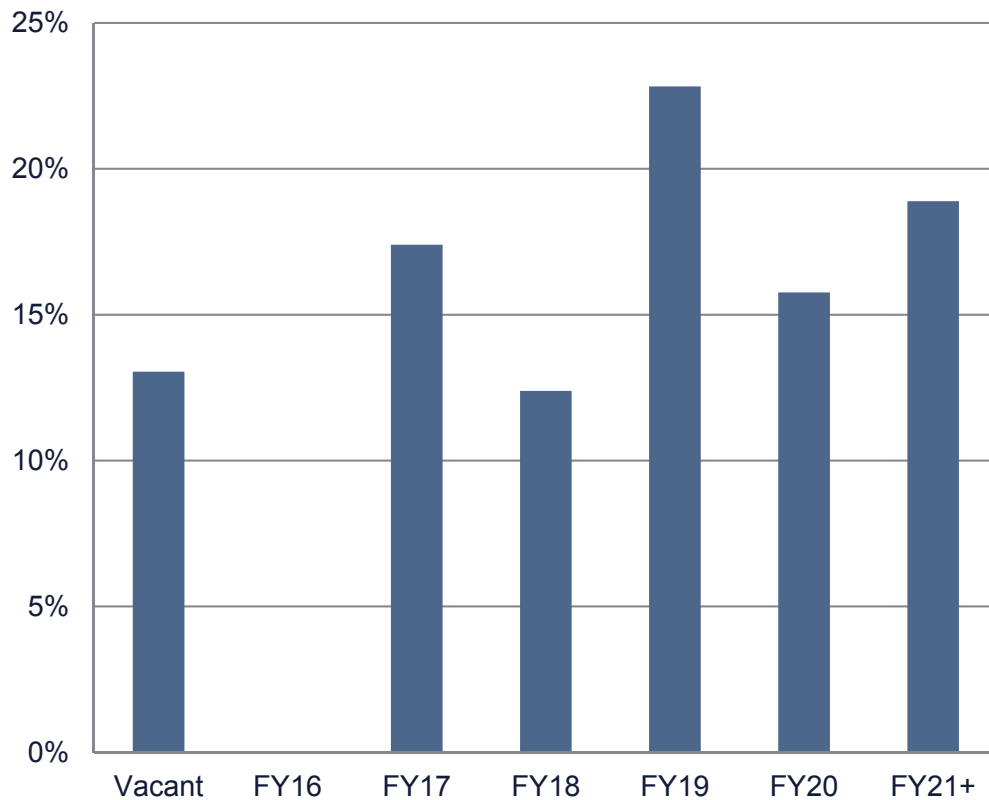


# 5 Mill Street, Perth



Mill Green

# 5 Mill Street, Perth



Key metrics as at:	Dec-15	Jun-15
Independent valuation date	31 December 15	31 December 14
Independent valuation (\$M)	53.00	54.00
Independent valuation /NLA (\$)	7,376	7,515
Carrying value (\$M)	53.00	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	86.95%	85.36%
WALE (years)	2.7	3.1

Tenant name	sqm	NLA		Rent review		Lease expiry
		% total		Type	% p.a.	
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	441	6%		Fixed	4.00%	FY17



# 1 Mill Street, Perth



Key metrics as at:	Dec-15	Jun-15
Independent valuation date	31 December 15	31 December 14
Independent valuation (\$M)	32.00	41.00
Independent valuation /NLA (\$)	4,813	6,167
Carrying value (\$M)	32.00	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%
WALE (years)	-	-

# 66 Goulburn Street, Sydney



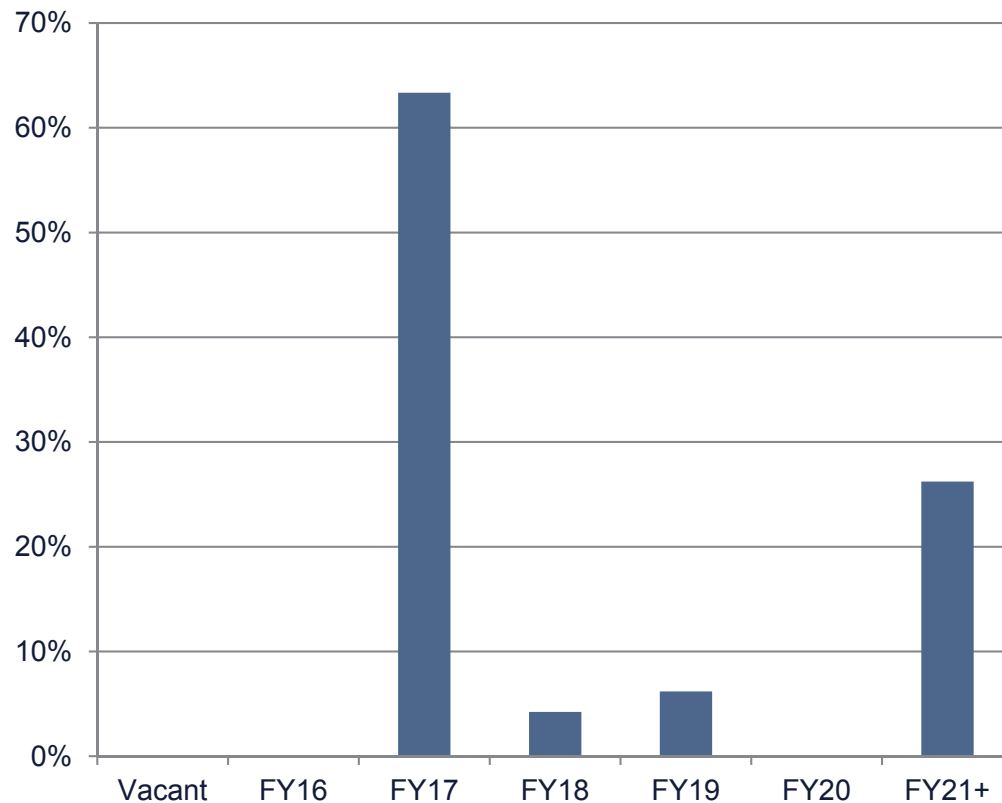
Refurbished floor

# 66 Goulburn Street, Sydney

- All leases previously subject to Heads of Agreement now executed
- Heads of Agreement for lease renewal with Dealsong Pty Limited (Samuel Griffith Chambers)
  - 10 year lease commencing 1 October 2016
- Expect Consolidated Media Holdings Limited (CMH) (expiry August 2016; 10,432sqm) will vacate
  - Have negotiated early access to a floor to allow for a refurbishment, which will be completed by the end of February
  - Based on the success of leasing the bottom six floors, anticipate at least half the space will be leased or subject to Heads of Agreement by CMH expiry
- \$2.4 million of the Guarantee remains to be drawn at any time until July 2019 to cover future vacancy incentives
- Future capital expenditure requirements include End of Trip facilities and approximately \$4.0 million to refurbish to CMH space



# 66 Goulburn Street, Sydney



Key metrics as at :	Dec-15	Jun-15
Independent valuation date	31 December 15	30 June 15
Independent valuation (\$M)	169.00	157.00
Independent valuation /NLA (\$)	7,339	6,817
Carrying value (\$M)	169.00	157.00
Capitalisation rate	6.75%	7.00%
Discount rate	8.00%	8.65%
NLA (sqm)	23,028	23,032
Typical floor plate (sqm)	950	950
Car parks	54	54
Occupancy	100.00%	100.00%
WALE (years)	2.4	2.9
Net income (\$M)	4.99	
FFO (\$M)	5.94	

Tenant name	NLA		Rent review		Lease expiry
	sqm	% total	Type	% p.a.	
Consolidated Media Holdings Limited	10,432	45%	Fixed	4.00%	FY17
Prudential Investment Company of Australia Pty Limited	2,475	11%	Fixed	4.00%	FY23
William Buck Services (NSW) Pty Limited	1,950	8%	Fixed	4.00%	FY17
Copyright Agency Limited Pty Ltd	1,491	6%	Fixed	3.75%	FY23

# 307 Queen Street, Brisbane



Refurbished foyer



Refurbished tenant lobby



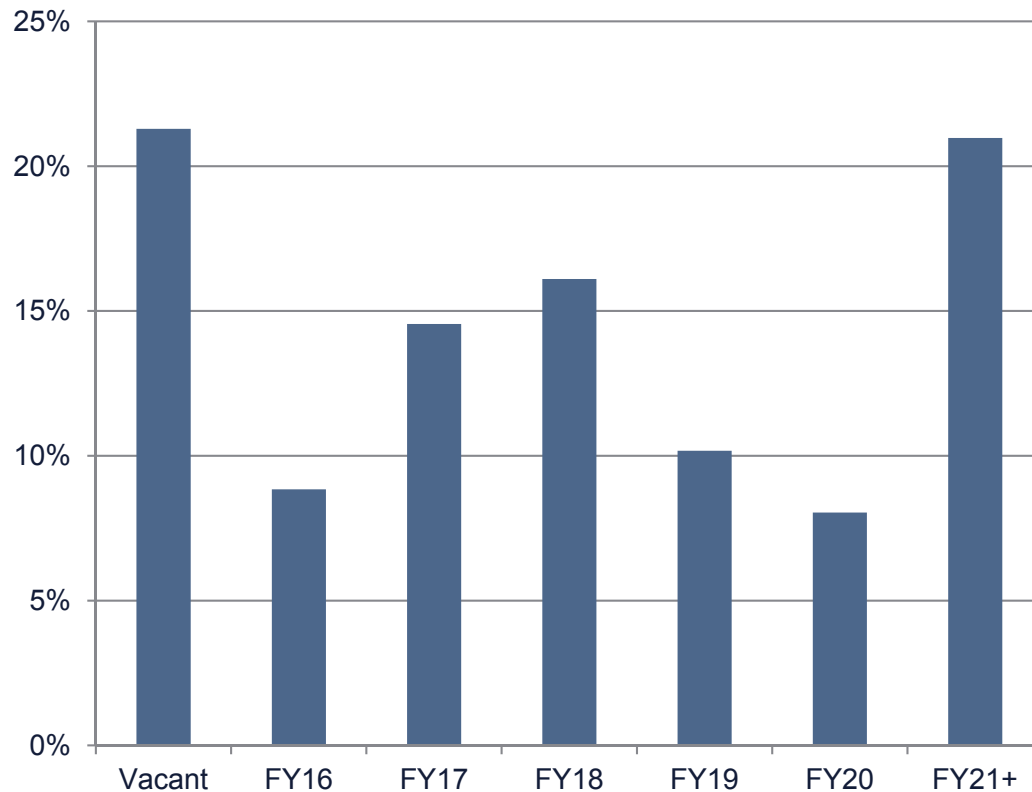
# 307 Queen Street, Brisbane

- Occupancy at 307 Queen Street has decreased to 79%<sup>1</sup> from 89%<sup>1</sup> as at 30 June 2015, due to the expiry of the vacancy guarantee in December 2015
- Strong momentum to begin 2016
  - Signed Heads of Agreement with three new tenants for over 750sqm
  - Agreed terms to renew over 2,400sqm
  - Negotiating on over an additional 2,000sqm of space
    - Approximately 400sqm of known departures in the next twelve months
- Executed a Release Deed with Stefrewen Pty Limited (CBP Lawyers) for its 796sqm lease (original lease expiry FY21)
  - Payments received under the Release Deed are recognised as income when received, but for FFO purposes, the payment is recognised as if Stefrewen Pty Limited was in occupation until 28 February 2017.
- Capex program nearly finalised
  - Completed the end of trip facilities and the refurbishment of all sub-divided floor's lift lobbies and amenities
  - Anticipate approximately \$500,000 capex during CY16 to upgrade the lift cars
- Approximately \$2.0 million of the original guarantee relating to incentives in place at the time of acquisition remains to be drawn
  - 2<sup>nd</sup> half of FY16 – \$0.3 million
  - FY17 - \$0.5 million

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1. Includes Corporate Travel Management Group Pty Ltd, which has a lease commencement of 1 February 2016 and the comparative 30 June 2015 occupancy number excludes the vacancy guarantee, which when included resulted in occupancy of 89%.

# 307 Queen Street, Brisbane



Key metrics as at:	Dec-15	Jun-15
Independent valuation date	31 December 15	30 June 15
Independent valuation (\$M)	126.50	122.50
Independent valuation /NLA (\$)	6,499	6,260
Carrying value (\$M)	126.50	122.50
Capitalisation rate	7.50%	7.50%
Discount rate	8.25%	8.25%
NLA (sqm)	19,464	19,568
Typical floor plate (sqm)	800	800
Car parks	95	95
Occupancy <sup>1</sup>	78.71%	89.22%
WALE (years)	2.6	2.5
Net income (\$M)	3.38	
FFO (\$M)	5.12	

Tenant name	NLA		Rent review		
	sqm	% total	Type	% p.a.	Lease expiry
Hanrick Curran Administration Pty Ltd	1,592	8%	Fixed	3.75%	FY18
Corporate Travel Management Group Pty Ltd <sup>1</sup>	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. Lease commences 1 February 2016.

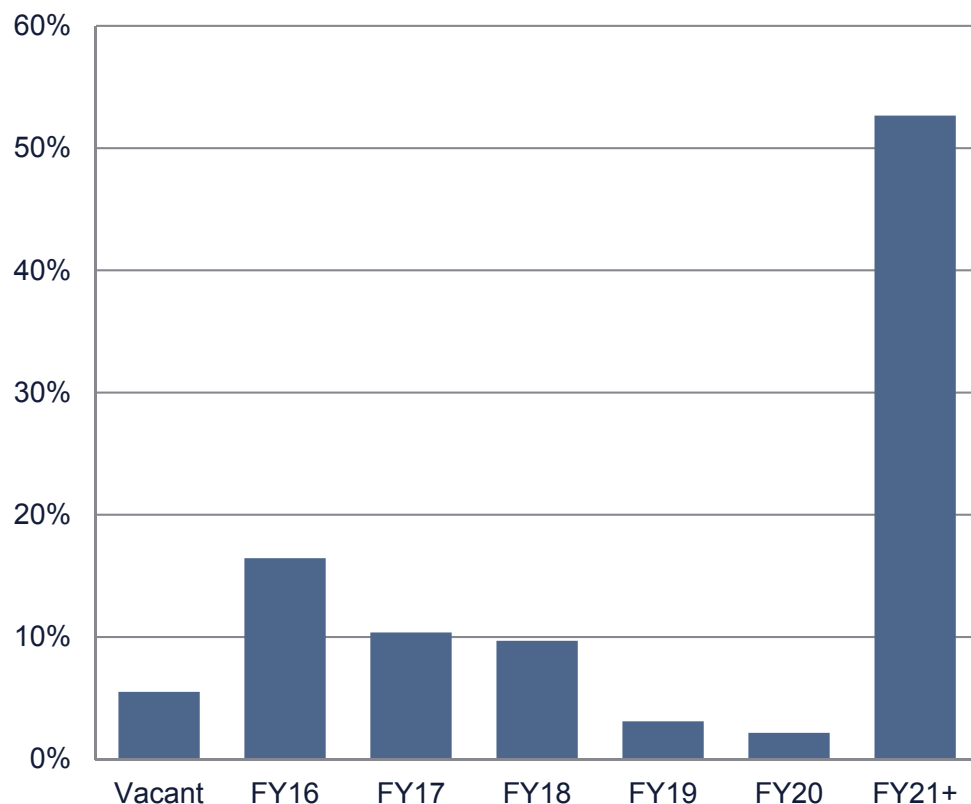
# 25 Grenfell Street, Adelaide



# 25 Grenfell Street, Adelaide

- Occupancy [steady] at 95% (June 2015: 95%)
- Minister for Administrative Services (PIRSA) lease executed
  - 8 year term commencing February 2016 for 5,885sqm
- Over 53% of NLA now subject to leases with expiries beyond 2020
- Minister for Administrative Services (Dept. of Water) lease extended for 4 months to April 2016
- Impending vacancy of 4,584sqm
  - Department of Water (4,176sqm)
  - Minter Ellison (408sqm), following exercise of a right to break effective March 2016
  - Total vacancy increasing to 23%
  - Significant interest in the space vacated by the Department of Water
- Capital expenditure of approximately \$2 million anticipated on refurbishing Department of Water floors
- End of Trip facilities completed during the period

# 25 Grenfell Street, Adelaide



Key metrics as at :	Dec-15	Jun-15
Independent valuation date	31 December 15	31 December 14
Independent valuation (\$M)	114.00	109.00
Independent valuation /NLA (\$)	4,491	4,294
Carrying value (\$M)	114.00	111.14
Capitalisation rate	7.50%	8.25%
Discount rate	8.50%	9.00%
NLA (sqm)	25,385	25,387
Typical floor plate (sqm)	1,040	1,040
Car parks	30	30
Occupancy	94.51%	94.64%
WALE (years)	4.7	5.3
Net income (\$M)	4.31	
FFO (\$M)	4.57	

Tenant name	NLA		Rent review		
	sqm	% total	Type	% p.a.	Lease expiry
Minister for Administrative Services (PIRSA)	5,885	23%	Fixed	3.00%	FY24
Minter Ellison <sup>1</sup>	5,229	21%	Fixed	3.75%	FY23
Minister for Administrative Services (Department of Water)	4,176	16%	Fixed	3.00%	FY16
Regus Serviced Offices	1,078	4%	Fixed	3.75%	FY25

1. Minter Ellison has exercised a right to break 408sqm effective March 2016.



# 50 Cavill Avenue, Surfers Paradise



Views from Level 20

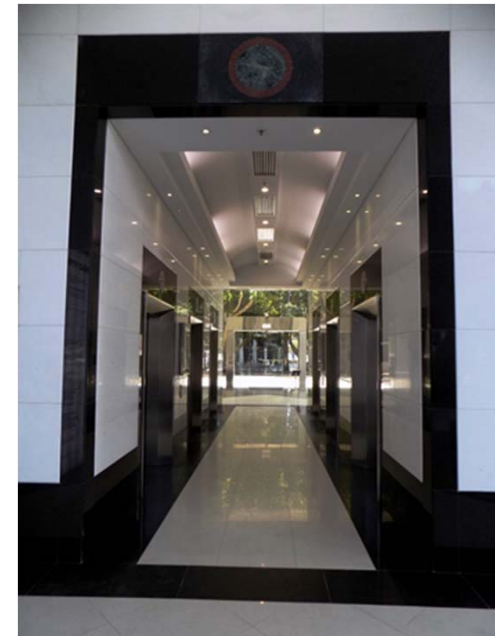


# 50 Cavill Avenue, Surfers Paradise



# 50 Cavill Avenue, Surfers Paradise

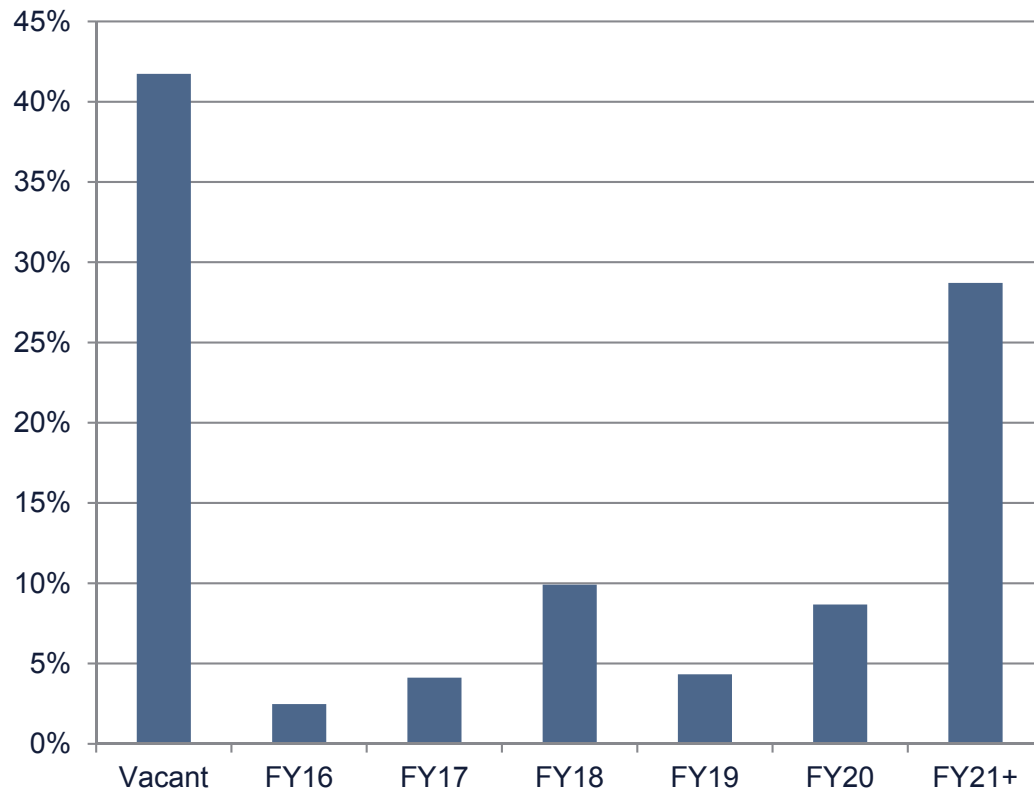
- Settled the acquisition of 50 Cavill Avenue, Surfers Paradise on 1 February 2016
- Immediately commenced a refurbishment program
  - Ground floor foyer upgrade completed
  - Upgrade of the lifts and replacement of the chillers
  - Full refurbishment of vacant floors
  - Landscaping the exterior
  - End of trip facility to be built
  - Capex budget of \$9.5 million
- Strong leasing momentum
  - Occupancy increased to 58%<sup>1</sup> at settlement up from 54% at exchange
  - Including signed Heads of Agreement (+ve) and known departures (-ve), occupancy now sits at 61%<sup>1</sup>



Refurbished foyer

1. Includes signed leases yet to commence and signed Heads of Agreement, and in relation to the now 61% occupancy, also includes tenants where terms have been agreed

# 50 Cavill Avenue, Surfers Paradise



Key metrics as at:	Feb-16
Independent valuation date	8 December 15
Independent valuation (\$M)	48.75
Independent valuation /NLA (\$)	2,943
Carrying value (\$M)	48.75
Capitalisation rate	9.25%
Discount rate	8.75%
NLA (sqm)	16,566
Typical floor plate (sqm)	709
Car parks	447
Occupancy <sup>1</sup>	58.26%
WALE (years)	2.6

	NLA		Rent review		
	sqm	% total	Type	% p.a.	Lease expiry
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 leases yet to commence and signed Heads of Agreement.





## FUNDS BUSINESS

# Funds Business summary

- Continue to steadily grow FUM back to pre IPO levels
  - Launch of GDI No. 42 Office Trust announced 19 February 2016, taking FUM to approximately \$380.0 million
  - We continue to monitor all investment markets, but maintain a disciplined approach to acquisitions and will not chase FUM for FUM's sake
- During the period:
  - 1 Adelaide Terrace, Perth (GDI No. 36 Perth CBD Office Trust) was revalued to \$129.0 million (from \$102.6 million) following over 10,000sqm of leasing and lease renewals with WA State Government
  - Two assets from GDI No. 38 Diversified Property Trust (established June 2014) were sold
    - 373 Horsley Road, Milperra, was sold for a 37% profit over acquisition price
    - 3 Bridge Street, Pymble, was sold for a 42% profit over acquisition price
  - Completed the cosmetic upgrade to 80 George Street, Parramatta (GDI No. 40 Office Trust) and have successfully renewed or reached agreement to renew over 47% of the NLA of the property
  - Completed the capital expenditure program for both assets in GDI No. 27 Total Return Fund and will monitor exit opportunities
- Total revenue in the period of \$2.3 million included transactional fees totalling \$1.2 million
  - Largest contributor to transactional fees was disposal fees totalling \$0.5 million for GDI No. 38 Diversified Property Trust

# GDI No. 42 Office Trust

- Announced launch of GDI No. 42 Office Trust on 19 February 2016
  - Significant early interest from investors
- Investment highlights include
  - Well located, institutional grade office buildings
  - Exposure to two diversified markets with over 86% of the income provided by Government, triple A rated covenants
  - Potential for strong income and capital growth with the opportunity to add further value through refurbishment and re-positioning both properties
  - Forecast initial distribution yield of 8.5%<sup>1</sup>, growing to 8.75%<sup>1</sup> in FY18
  - Conservative capital structure with initial gearing of a 35% Loan to Value Ratio
  - Multiple exit options including redevelopment and residential conversion (stca)

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1. Expected distribution is based on certain assumptions that may not be achieved.



223 – 237 Liverpool Road, Ashfield



235 Stanley Street, Townsville





# GUIDANCE



# FY16 guidance

- GDI Property Group upgrades its FFO guidance to at least 8.80 cents per security for FY16<sup>1</sup>
- Upgraded from previous 'as is'<sup>2</sup> guidance of 8.20 cents per security
- Major reasons for upgrade:
  - Net transactional fees from the Funds Business (+0.20 cents)
  - Interest income from delayed settlement of 233 Castlereagh Street, Sydney (+0.15 cents)
  - Rent received from 223 – 237 Liverpool Road, Ashfield, prior to its syndication (+0.10 cents)
- Further upside potential to FFO guidance
  - Leasing at 50 Cavill Avenue, Surfers Paradise
  - Lease renewals / extensions, particularly at 25 Grenfell Street, Adelaide
- Distribution guidance unchanged at 7.75 cents per security

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1. Subject to no material change in circumstances.

2. "As is" is defined as all contracted rents or those subject to Heads of Agreement as at 18 August 2015, base management fees from the Funds Business and disposal fees where a sale of an asset is considered certain, budgeted FY16 expenses of \$6.3 million (including the issue of FY16 LTI performance rights) and on settlement of 233 Castlereagh Street, Sydney, execution of the amended and extended debt facility on terms consistent with the credit approved terms.

