
ASX ANNOUNCEMENT

19 February 2016

GDI Property Group is pleased to announce it has entered in to a call option (the Option) to acquire 235 Stanley Street, Townsville ("**Stanley Place**") for \$53.5 million. Stanley Place is the second asset to be secured by GDI No. 42 Office Trust ("**New Fund**"). The New Fund will have total assets of \$88.5 million having already acquired 223 – 237 Liverpool Road, Ashfield ("**the Ashfield Property**") for \$35 million in December 2015.

Stanley Place is a well located, fourteen (14) level, A-grade quality office building with a 5 Star NABERS Energy rating. The building features a central core design including large, functional floor plates of approximately 1,161 sqm that enjoy four sides of natural light and district views from all levels.

Stanley Place is prominently located on the corner of Stanley and Wills Streets in the Townsville CBD, in the government and council precinct, adjacent to the Courts, and in close proximity to public transport and retail amenities. Stanley Place has a total Net Lettable Area (NLA) of 13,795 sqm and is 79% leased to the Federal Government, predominantly the Australian Taxation Office until 28 February 2020. The balance of the office space is subject to a two year rental guarantee from settlement.

Mr Steve Gillard, Managing Director of GDI Property Group explained that GDI Property Group had been investigating regional markets for a number of years. "Regional markets like Townsville have extremely diversified economies. Townsville is the major Government centre for North Queensland, and the local economy is also well supported by strong Educational, Medical, Agricultural, Defence, Tourism and Mining industries. We are buying one of the highest quality buildings in a diversified economy like Townsville for well below replacement cost, with four sides of natural light, easily divisible floor plates and one that has multiple exit options, including a potential for residential conversion (STCA). I believe this property will not only offer a secure income stream but good prospects for capital growth" Mr Gillard stated.

Mr Greg Marr, Head of Unlisted Funds at GDI Property Group, stated that the New Fund would be launched imminently¹. Mr Marr explained that the New Fund was expected to have a commencing yield of 8.5%p.a.² growing to 8.75% in FY18² and a conservative capital structure of an initial Loan to Value ratio of 35%. The New Fund would have total assets of \$88.5 million and would be raising approximately \$65.5 million.

"Given the quality of both the Ashfield Property and Stanley Place, the secure income stream with approximately 88% of the total NLA leased to government tenants, and both properties having multiple exit options, we anticipate a strong level of interest in the New Fund once it is launched", Mr Marr explained.



Settlement of Stanley Place is scheduled to occur no later than 16 June 2016.

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¹ 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.

² Target returns are based on, amongst other things, anticipated rental yields, borrowing costs, gearing levels, forecast capex and forecasts fees and expenses during the relevant period. Target returns may be more or less than those stated. **Returns are not guaranteed.**

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