GDI PROPERTY GROUP

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Annual results presentation

21 August 2017

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INTRODUCTION

Overview

NTA – $1.12 per security

FFO of 8.46 cents per security

Distribution of 7.75 cents per security

Securityholder return in FY17 24.58%

Absolute Total Return in FY17 18.56%

Loan to value ratio of 8%

Operational highlights…

- Sales
  - 25 Grenfell Street, Adelaide, for an effective sales price of $124.0 million, a premium of $10.0 million over the last independent valuation
  - 307 Queen Street, Brisbane, for an effective sales price of $141.0 million, a premium of $14.5 million over the last independent valuation
  - 80 George Street, Parramatta (GDI No. 40 Office Trust), for $51.9 million, a 34% premium over the acquisition price

- Leasing success in both strong and difficult markets

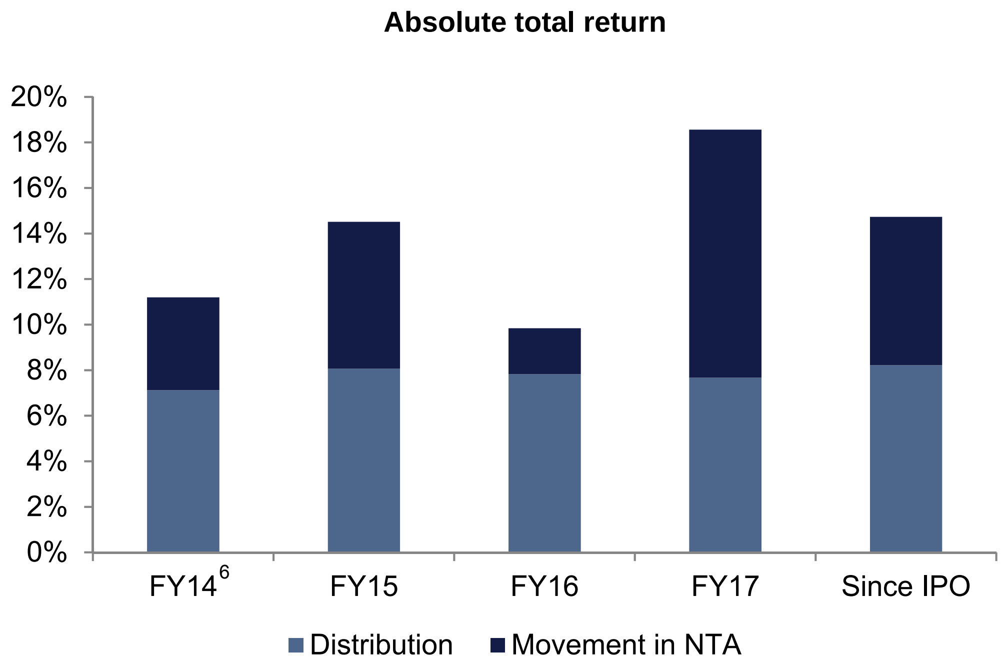
Property	Occupancy[1] as a % of NLA	
	1 August 2017	16 August 2016
66 Goulburn Street, Sydney	97.98%	79.54%
50 Cavill Avenue, Surfers Paradise	90.14%	65.75%
5 Mill Street, Perth	98.06%	87.26%

- Capital management
  - Repayment of $240.5 million of the principal facility
  - Principal facility loan to value ratio now only 8%
  - Instigated an on-market buy back, but to date only bought back approximately 1.1 million securities
  - Significant capacity to acquire new properties or undertake further capital management initiatives

1. Includes signed heads of agreement.

…leads to financial success

- NTA[1] of $1.12 per security
  - ↑ of 11.00 cents per security from 30 June 2016
  - Significant valuation gains at 66 Goulburn Street, Sydney (+$35.5 million) and 50 Cavill Avenue, Surfers Paradise (+$22.6 million)
- FFO[2,3] of 8.46 cents per security
  - Payout ratio of 91.6% of FFO and 118.1% of AFFO
- Distribution of 7.75 cents per stapled security
- Absolute total return[4] of 18.56% for the year
  - Absolute total return since listing of 14.73% p.a.
- Total securityholder return[5] of 24.58% for the year
  - Security price performance recovered, but still lags the peer group



1. Net tangible asset.
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.
3. Calculated using weighted average securities on issue.
4. Defined as (movement in NTA + distributions)/opening NTA.
5. Based on 30 June 2016 and 30 June 2017 closing prices of $0.885 and $1.025 respectively, and paid and declared distributions for the year of $0.0775.
6. Annualised.

Post balance sheet

Sale of 66 Goulburn Street, Sydney

- Exchanged contracts to sell 66 Goulburn Street, Sydney, for $252.0 million, an effective sales price of approximately $228.0 million
  - A $5.0 million premium over the 30 June 2017 valuation of $223.0 million
- A $92.0 million premium over the July 2014 acquisition price of $136.0 million
- Settlement[1] anticipated on or around 19 October 2017

Acquisition of IKEA, Innaloo

- Acquisition of IKEA's only Perth store for $143.5 million
- Sole asset for GDI No. 43 Property Trust
- Subject to a number of conditions, principally IKEA's Right of First Refusal and Vendor's unitholder approval
- Capital raising for new fund to commence immediately on satisfaction of the conditions
- Forecast initial yield of 8.00%p.a[2] on conservative gearing of 41%
- Likely co-investment by GDI Property Trust, depending on demand

1. Subject to FIRB approval.
2. The expected yield is based on certain assumptions and may not be achieved.

FINANCIAL RESULTS

Contributors to FFO and AFFO

	FY17 $'000	FY16 $'000
Property Division FFO	53,715	60,309
Funds Management FFO	6,438	4,280
Other	59	52
	60,212	64,641
Less:		
Net interest expense	(7,816)	(8,892)
Corporate and administration expenses	(7,205)	(6,354)
Income tax (expense) / benefit	345	(248)
Total FFO	**45,536**	**49,147**
Maintenance capex	(532)	(459)
Incentives paid	(8,116)	(8,458)
Income tax expense / (benefit)	(345)	248
Other FFO adjustments	(1,229)	(520)
Total AFFO	**35,313**	**39,958**

- Property Division FFO↓ primarily due to sales of 25 Grenfell Street, Adelaide and 307 Queen Street, Brisbane
- Included in FFO (but not AIFRS) is:
  - the final draw downs of the guarantee for 66 Goulburn Street, Sydney ($2.4 million) and 307 Queen Street, Brisbane ($1.7 million); and
  - the recognition of past surrender payments at 307 Queen Street, Brisbane ($0.8 million)
- Funds Management Division FFO↑ primarily due to distributions received from GDI No. 42 Office Trust ($2.5 million)
  - Also included performance and disposal fees of $1.6 million from GDI No. 40 Office Trust
- Net interest expense↓ due to significantly lower outstanding debt
- 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)
- 38% of leasing fees and incentives paid relate to 66 Goulburn Street, Sydney, 25% to 307 Queen Street
  - Notwithstanding the leasing successes at 5 Mill Street, Perth, it only accounts for 5% of total leasing fees and incentives paid
- Other FFO adjustments includes a $449,000 write off of a performance fee charged but neither received nor recognised in FFO

Balance sheet in a strong position

Pro forma for post balance sheet events	Jun-17 $'000	Settlement[1] $'000	Distribution[2] $'000	Oct-17 $'000
Current assets				
Cash and cash equivalents	23,113	178,955	(20,838)	181,230
Trade and other receivables	3,122	-	-	3,122
Non-current assets held for sale	223,000	(223,000)	-	-
Other assets	1,705	-	-	1,705
Total current assets	**250,940**	**(44,045)**	**(20,838)**	**186,057**
Non-current assets				
Investment properties	499,628	-	-	499,628
Other non-current assets	1,358	-	-	1,358
Intangible assets	18,110	-	-	18,110
Total non-current assets	**519,097**	**-**	**-**	**519,097**
Total assets	**770,037**	**(44,045)**	**(20,838)**	**705,154**
Current liabilities				
Trade and other payables	29,605	-	(20,838)	8,767
Other current liabilities	184	-	-	184
Total current liabilities	**29,789**	**-**	**(20,838)**	**8,952**
Non-current liabilities				
Borrowings	79,899	(49,023)	-	30,875
Derivative financial instruments	1,195	-	-	1,195
Provisions	118	-	-	118
Total non-current liabilities	**81,212**	**(49,023)**	**-**	**32,188**
Total liabilities	**111,001**	**(49,023)**	**(20,838)**	**41,140**
Net assets	**659,036**	**4,978**	**-**	**664,014**
Equity				-
Equity attributed to holders of stapled securities	620,880	4,978	-	625,858
Equity attributable to external non-controlling interest	38,156	-	-	38,156
Total equity	**659,036**	**-**	**-**	**664,014**

GDI No. 42 Office Trust
$99.0 million

GDI No. 42 Office Trust
$30.9 million

GDI No. 42 Office Trust
External Investors

1. Settlement of 66 Goulburn Street, Sydney on or around 19 October 2017.
2. Distribution payable on 31 August 2017.

Debt profile and interest rate hedging

- As at 30 June 2017, drawn debt on the principal facility of $49.4 million
  - Undrawn debt of $65.6 million to fund working capital requirements and capital management initiatives
  - Following settlement of 66 Goulburn Street, Sydney, will move to a net cash position
  - Capacity to acquire up to $500 million of real estate and still be well within the Board's gearing policy of a LVR of less than 40%

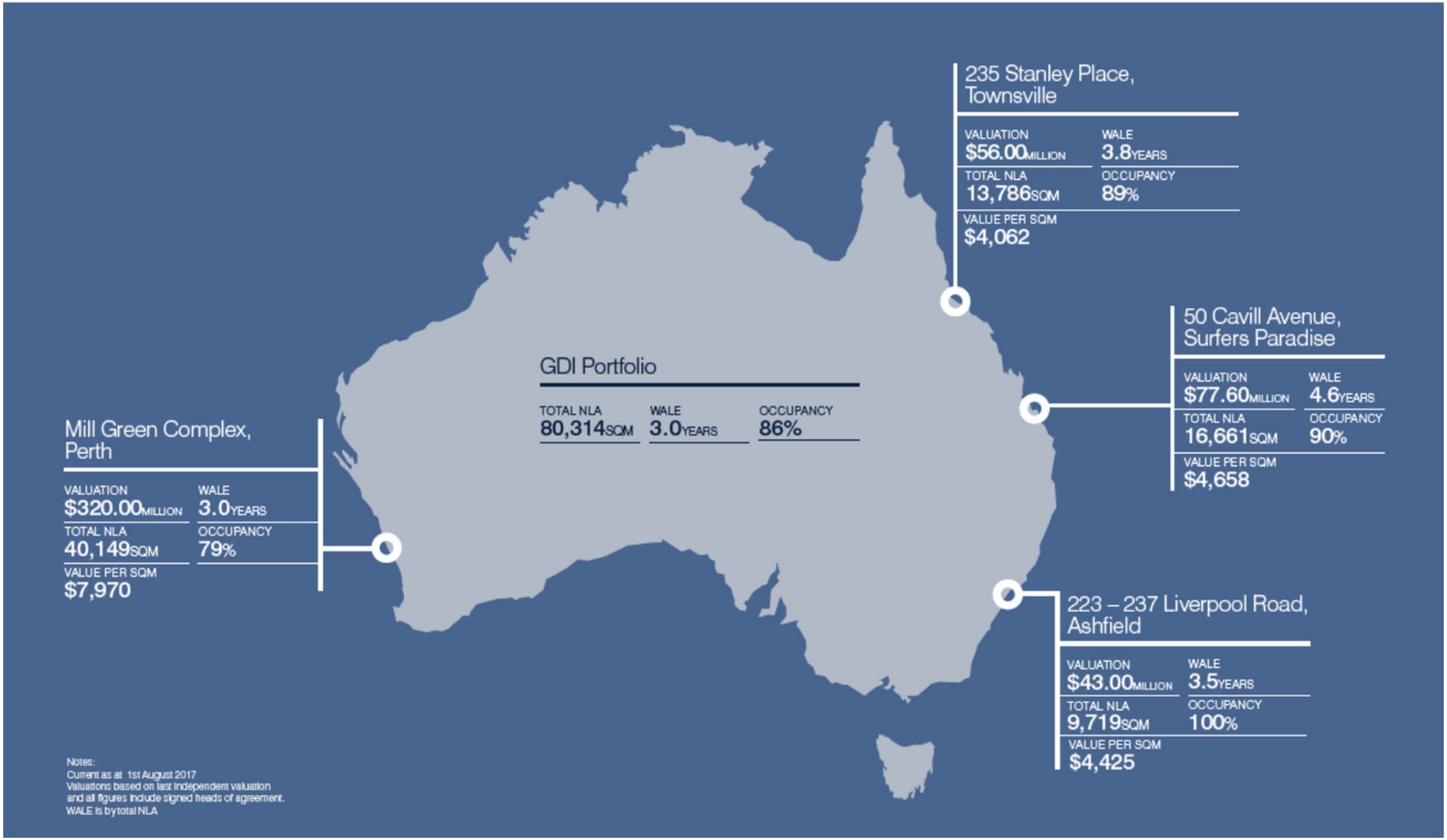
- Board hedging policy of at least 50% of drawn debt hedged
- Maintained hedging at the bottom of the range since IPO until settlements in January 2017
- Resisted restructuring or breaking any hedges until settlement of 307 Queen Street, Brisbane
  - Terminated three swaps for a total cost of $1.2 million
- Currently $40 million of principal facility hedged (81%) with a fixed rate (pre margins) of 3.81%
  - Moving to net cash position on settlement of 66 Goulburn Street, Sydney and will in all likelihood terminate the remaining swap
- Drawn debt of GDI No. 42 Office Trust unhedged

		30 June 2017			
Principal facility	**Secured**	**Maturity Date**	**Facility $'000**	**Utilised $'000**	**Unutilised $'000**
Tranche B	Yes	October 2018	60,000	10,879	18,621
Tranche C	Yes	October 2018	55,000	38,500	16,500
Tranche D (BG)	Yes	October 2018	5,000		
Total principal facility			**120,000**	**49,379**	**65,621**
GDI No. 42 facility					
Term Loan	Yes	June 2019	30,975	30,975	-
Commercial Equity Facility	Yes	June 2019	4,425	-	4,425
Total GDI No. 42 facility			**35,400**	**30,975**	**4,425**
TOTAL DEBT			**155,400**	**80,354**	**70,046**

Face amount $'000	Expiry	Rate	Comment	Cost to break $'000
30,000	December 2016	3.35%	Expired	-
25,000	July 2017	3.09%	Terminated	140
30,000	December 2017	3.64%	Terminated	516
25,000	July 2018	3.39%	Terminated	518
			Total cost to terminate swaps	**1,174**
40,000	December 2018	3.81%	Likely to terminate	1,195

THE PROPERTY PORTFOLIO

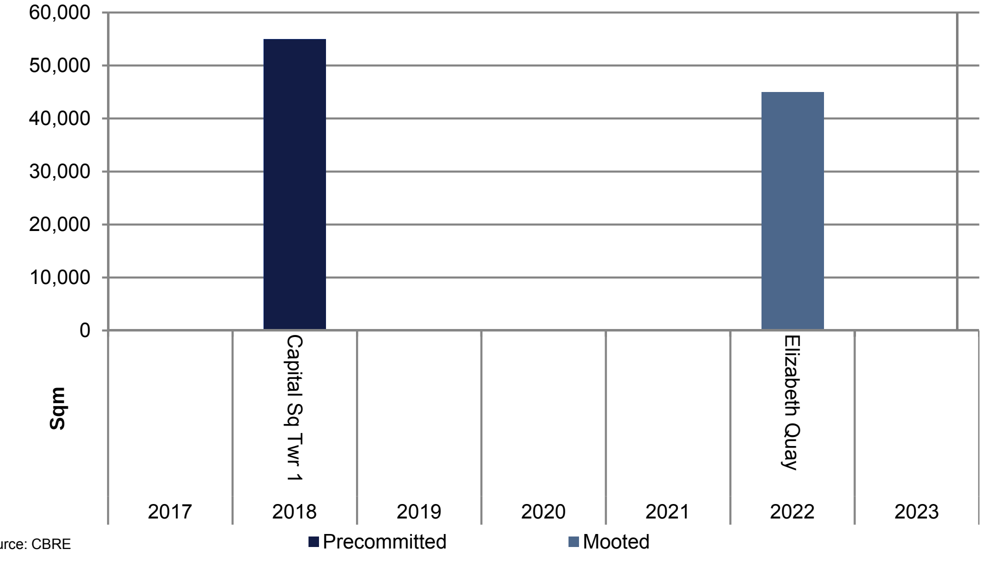
Portfolio overview



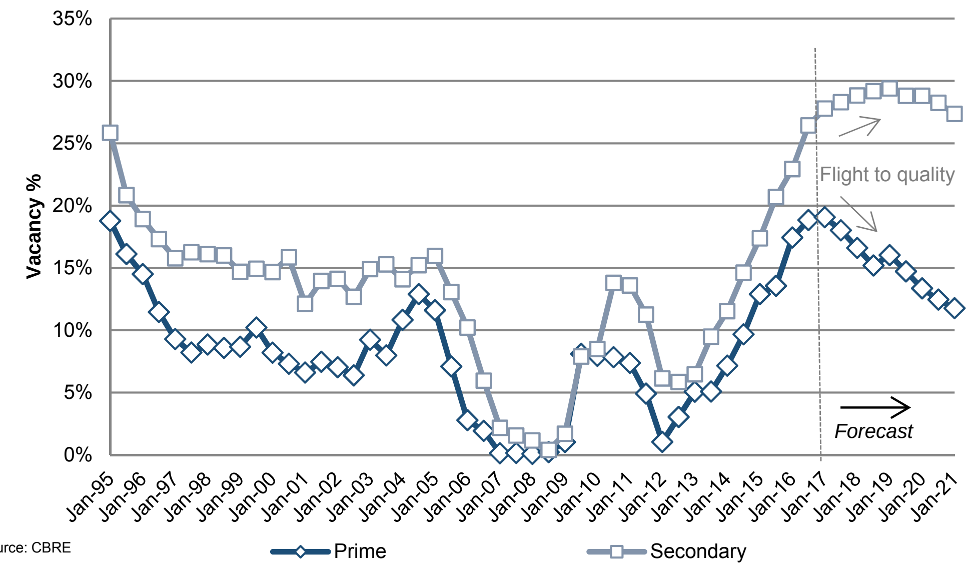
Mill Green Complex

Perth Market overview

- Continued improvement in Perth office market
  - 3rd continuous quarter of positive net absorption
  - Effective rents stabilising, with anticipated improvement through the second half of CY17
- Limited new supply forecast for the next 5+ years
  - New Woodside building adding ~ 50,000 sqm in CY18
- Need to see through vacancy numbers
  - Oldest (by age of building) office market in Australia
  - Some vacancy difficult to lease
    - Inefficient floor plates
    - Secondary CBD locations
    - Capital constrained owners
- Expect a further bifurcation between 'haves' and 'have nots' in terms of individual properties
- Notwithstanding market vacancy levels, GDI Property Group managed to increase occupancy in 5 Mill Street to 98%[1]
- Why?
  - Well located, high quality B grade building
  - Met the market in terms of smaller suite sizes, fitted out space
  - Able to hold both face and effective rents with net face rents in the range \$575 - \$595 / sqm and incentives +/-20% of net rent (+/-15% of gross rent)



Source: CBRE



Source: CBRE

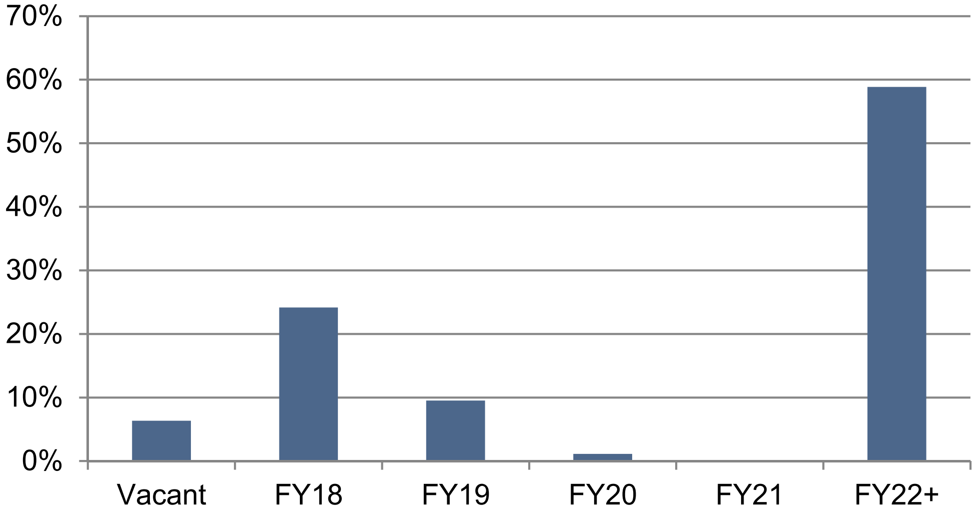
1. Of NLA, including signed heads of agreement as at 1 August 2017.

197 St Georges Terrace, Perth

- Over 30% of 197 St Georges Terrace either vacant (1,670sqm) or expiring in FY18
  - Chevron lease expiry (4,643sqm) in September 2017
  - AMEO (September 2017) and Aker Solutions (February 2018) also expire in FY18
  - Will take a very patient approach to leasing given the time of the cycle and the anticipated recovery in effective rents
- Commenced a lift upgrade program that is expected to take two years and cost approximately $2.5 million
- Independent valuation at 31 December 2016 decreased $4.5 million from 12 months previously notwithstanding the market capitalisation rate tightening 0.50%

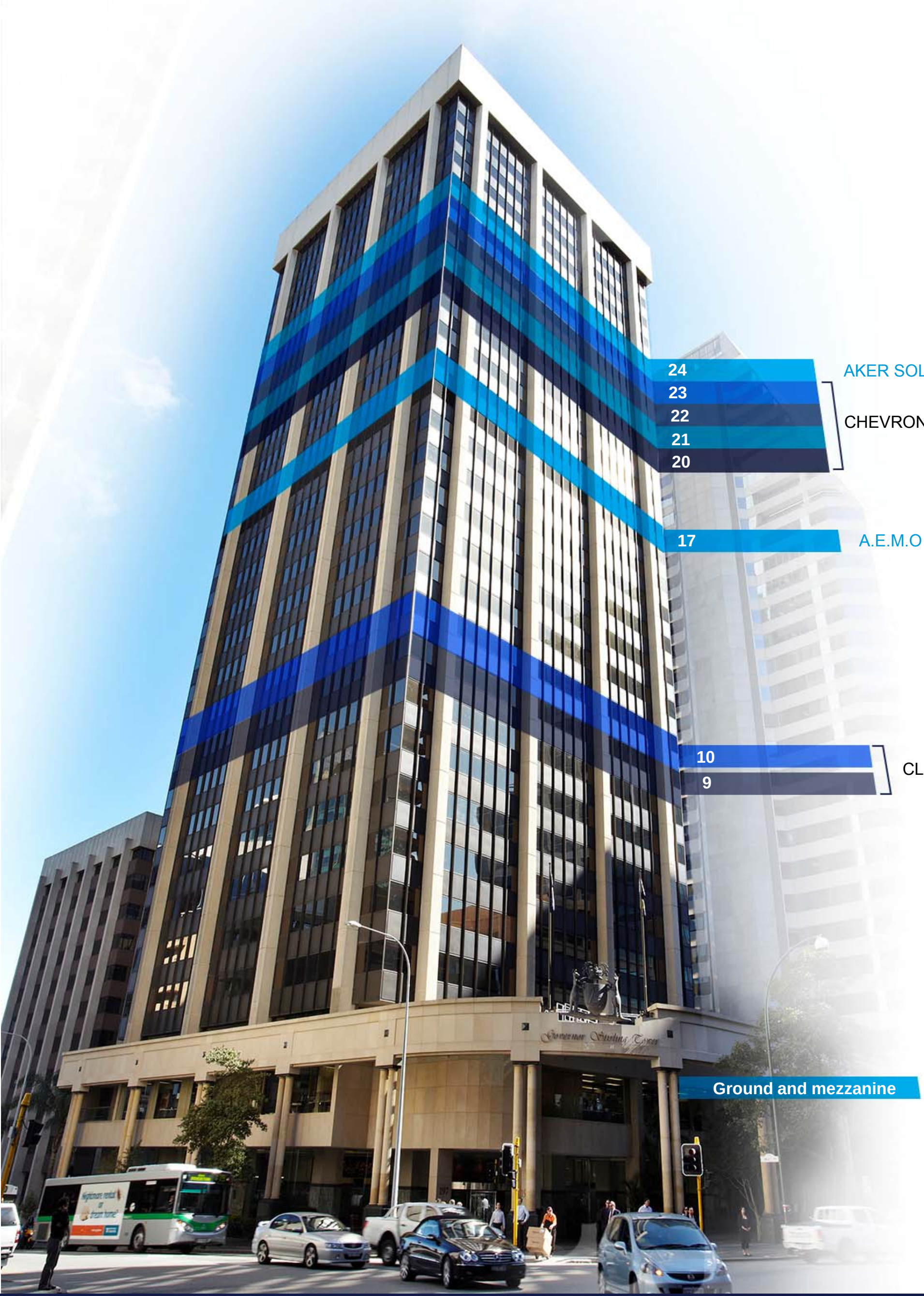
Key metrics as at:	Jun-17	Jun-16
Independent valuation date	Dec-16	Dec-15
Independent valuation ($M)	236.50	241.00
Independent valuation / NLA ($)	8,984	9,076
Carrying value ($M)	237.80	241.76
Capitalisation rate (%)	7.00	7.50
Discount rate (%)	7.50	8.75
NLA (sqm)	26,326	26,447
Typical floor plate (sqm)	855	855
Car parks	181	181
Occupancy (%)	93.66	98.39
WALE (years)	3.9	4.4

Lease expiry profile as at 1 August 2017



Tenant name	NLA sqm	NLA % total	Lease expiry
Amec Minproc Limited	7,341	28%	FY23
Chevron Australia Pty Ltd	4,643	18%	FY18
CBI Construction Pty Ltd	2,505	10%	FY19
Colliers International Pty Ltd	1,645	6%	FY25

197 St Georges Terrace, Perth



AKER SOLUTIONS (Feb 2018)

CHEVRON AUSTRALIA (Sept 2017)

A.E.M.O (Sept 2017)

CLOUGH PROJECTS (Vacant)

CHEVRON AUSTRALIA (Sept 2017)

Leasing strategy of bottom up, with patience to allow the market to meet our expectations of effective rents

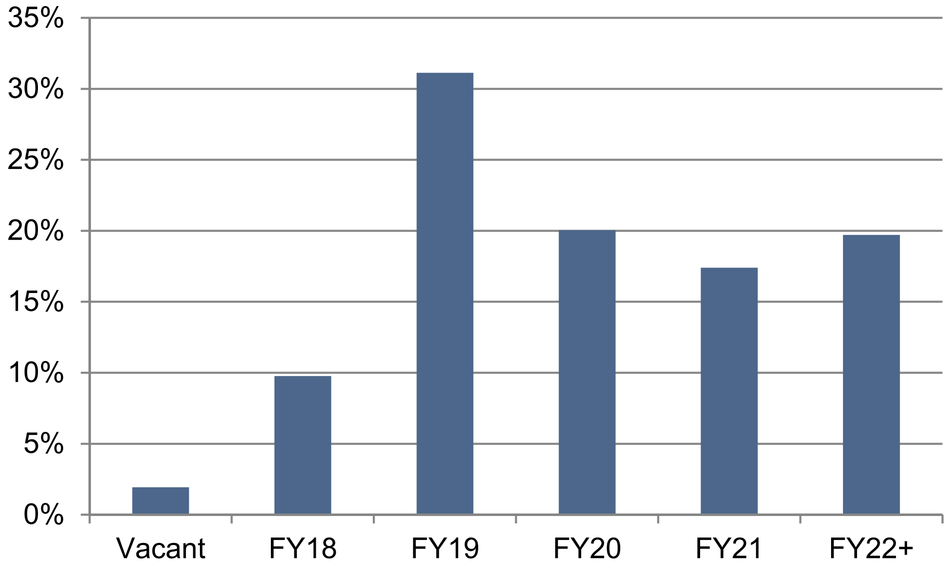
- Likely departure, excellent 360 degree views. Last floor to bring to market with expectations of +/- $700 / sqm net rent
- Level 23 back to base build and Levels 20 – 22 have existing Chevron fit-outs. Will not chase occupancy and expect to be leasing during CY18 in to a much stronger market. Expect net face rents of high $600s / sqm
- Exercised a right to break and will make an approximately $400,000 payment. Fit out in excellent condition and will look to lease once Level 10 is leased
- Sub-dividing Level 9 in to three suites, with one being fitted out. Will assess the success and costs of this strategy prior to potentially replicating on Level 10. Price expectation of net face rents in the low to mid $600s / sqm
- Make good settlement with Chevron has left the fit out in place. Ideal space for an education provider, with minimal works required to create a separate entry. Expect this to lease quite quickly at mid +/-$550/sqm

5 Mill Street, Perth

- 5 Mill Street all but full
  - Occupancy increased to 98%[1] of NLA, up from 76% at 30 June 2016
  - Only remaining space is a small suite on Level 6
  - Achieved outstanding results from small (<200sqm) fitted out suites
- Very manageable FY18 lease expiry profile
- Independent valuation at 31 December 2016 increased $0.5 million from 12 months

Key metrics as at:	Jun-17	Jun-16
Independent valuation date	Dec-16	Dec-15
Independent valuation ($M)	53.50	53.00
Independent valuation /NLA ($)	7,457	7,376
Carrying value ($M)	53.96	53.24
Capitalisation rate (%)	7.25	8.00
Discount rate (%)	7.50	8.50
NLA (sqm)	7,174	7,185
Typical floor plate (sqm)	735	735
Car parks	56	56
Occupancy[1] (%)	98.06	87.26
WALE (years)	2.4	2.2

Lease expiry profile as at 1 August 2017[1]



	NLA		Lease
Tenant name	sqm	% total	expiry
ERM Australia Ltd	761	11%	FY21
Wesfarmers General Insurance Ltd	741	10%	FY19
Accenture Australia Pty Ltd	603	8%	FY20
Marubeni Itochu Tubulars Ocean[1]	441	6%	FY22

1. Including signed heads of agreement as at 1 August 2017.

1 Mill Street, Perth

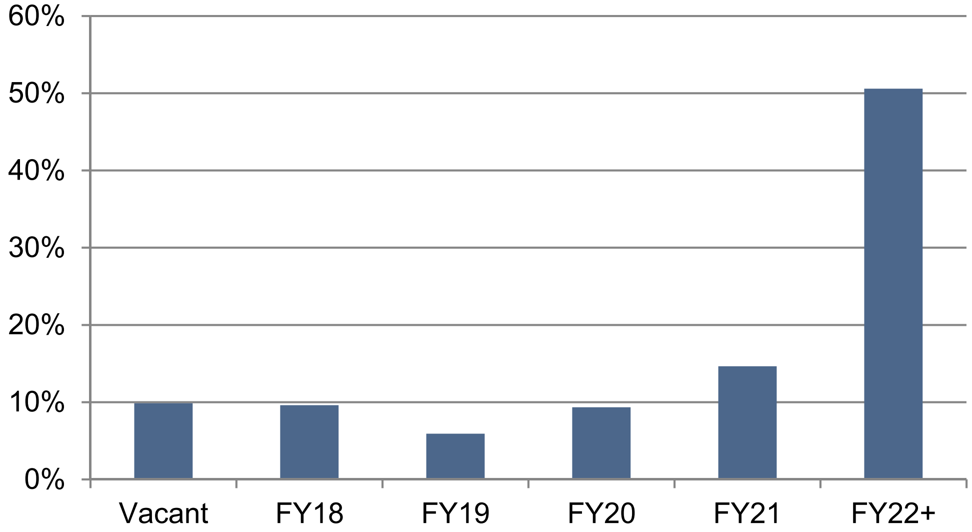
- 1 Mill Street remains vacant
- Not looking at long term leasing given both the time of the cycle and redevelopment opportunities
- Independent valuation at 31 December 2016 decreased $2.0 million from 12 months previously notwithstanding the market capitalisation rate tightening 0.25%

Key metrics as at:	Jun-17	Jun-16
Independent valuation date	Dec-16	Dec-15
Independent valuation ($M)	30.00	32.00
Independent valuation /NLA ($)	4,813	4,813
Carrying value ($M)	30.02	32.06
Capitalisation rate (%)	8.00	8.25
Discount rate (%)	8.50	9.50
NLA (sqm)	6,649	6,648
Typical floor plate (sqm)	1,900	1,900
Car parks	44	44
Occupancy (%)	0.00	0.00
WALE (years)	-	-

50 Cavill Avenue, Surfers Paradise

- Capital expenditure program, including incentives and leasing fees, on time and on budget
  - Total budget at time of acquisition was $16.0 million, tracking in line with forecasts with over $14.0 million spent / committed
- Revitalising the outdoor area with a new food and beverage offering
- Planning to convert 350 sqm of underperforming retail space on the ground floor to a co working hub
- Occupancy currently at 90.1% of NLA, up from 71.2% at 30 June 2017
- Valuation increased by $22.6 million to $77.6 million over the year

Key metrics as at:	Jun-17	Jun-16
Independent valuation date	Jun-17	Jun-16
Independent valuation ($M)	77.60	55.00
Independent valuation /NLA ($)	4,658	3,318
Carrying value ($M)	77.60	55.00
Capitalisation rate (%)	7.75	9.25
Discount rate (%)	9.00	9.00
NLA (sqm)	16,661	16,576
Typical floor plate (sqm)	709	709
Car parks	447	447
Occupancy[1] (%)	90.14	62.00
WALE (years)	4.6	4.6



Tenant name	NLA sqm	NLA % total	Lease expiry
Mantra Group	2,771	17%	FY24
Sunshine Loans Pty Ltd	1,022	6%	FY24
Ray White	834	5%	FY22
Regus Gold Coast Pty Ltd	709	4%	FY21

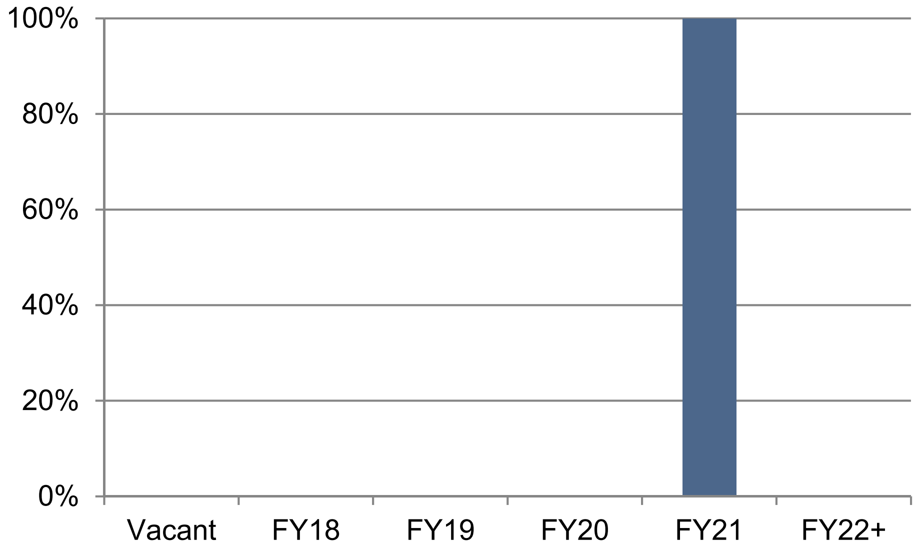
1. Including signed heads of agreement as at 1 August 2017.

223 – 237 Liverpool Road, Ashfield

- 100% leased to NSW Government Property (Department of Family and Community Services) until 31 December 2020
- Significant rent reversion potential, or STCA, redevelopment upside
- Future capex program dictated by tenant lease extensions
- Revalued to $43.0 million, up from $36.0 million at 30 June 2016

Key metrics as at:	Jun-17	Jun-16
Independent valuation date	Jun-17	Feb-16
Independent valuation ($M)	43.00	36.00
Independent valuation /NLA ($)	4,425	3,704
Carrying value ($M)	43.00	36.00
Capitalisation rate (%)	8.00	8.40
Discount rate (%)	7.75	8.75
NLA (sqm)	9,719	9,719
Typical floor plate (sqm)	1,440	1,440
Car parks	-	-
Occupancy (%)	100.00	100.00
WALE (years)	3.5	4.5

Lease expiry profile as at 1 August 2017



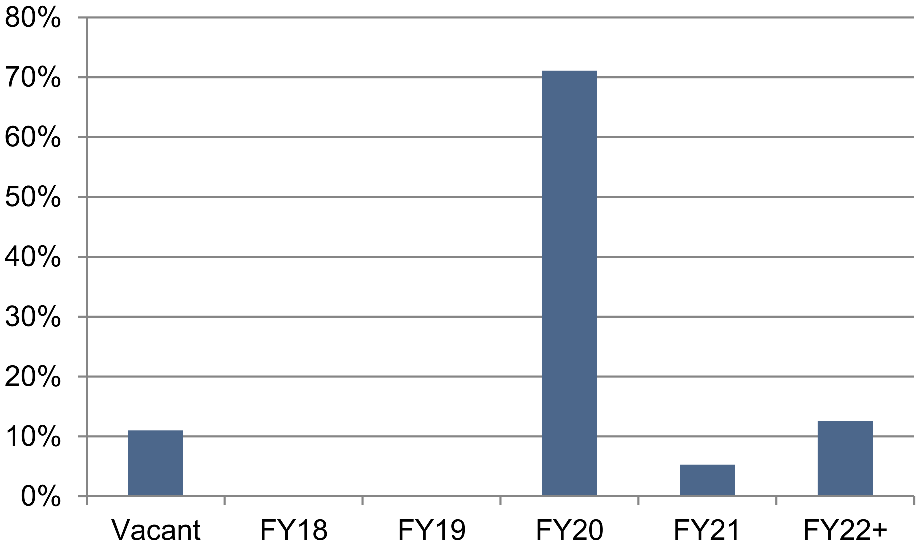
Tenant name	NLA sqm	NLA % total	Lease expiry
Government Property NSW	9,694	100%	FY21

235 Stanley Street, Townsville

- Discussing lease extensions with existing tenants, particularly ATO and DHS
- Plan to broaden the property's appeal to the private as well as the public sector
- Vacancy supported by a two year rental guarantee from settlement (expiry June 2018)
- Future capex program dictated by tenant lease extensions
- Valued at $56.0 million, up from $52.5 million at 30 June 2016

Key metrics as at:	Jun-17	Jun-16
Independent valuation date	Jun-17	Mar-16
Independent valuation ($M)	56.00	52.50
Independent valuation /NLA ($)	4,062	3,806
Carrying value ($M)	56.00	52.50
Capitalisation rate (%)	8.63	9.00
Discount rate (%)	8.25	8.50
NLA (sqm)	13,786	13,795
Typical floor plate (sqm)	1,161	1,161
Car parks	88	88
Occupancy (%)	89.00	76.05
WALE (years)	3.8	3.7

Lease expiry profile as at 1 August 2017



Tenant name	NLA sqm	NLA % total	Lease expiry
Australian Taxation Office	7,440	54%	FY20
Department of Human Services	2,322	17%	FY21
National Disability Insurance Scheme	1,738	13%	FY27
Department of Social Services	729	5%	FY21

FUNDS BUSINESS

Funds Management business

- Funds Management business is sub-scale at <$750.0 million FUM
  - Following sales and revaluations, FUM in the Funds Management business is $323.4 million, down from $356.1 million as at 30 June 2016
- Growing FUM back towards pre-IPO levels has been and remains a priority
  - Exchanged conditional contracts to acquire 6 Sunray Drive, Innaloo, Perth for $143.5 million
  - On satisfaction of conditions will launch GDI No. 43 Property Trust
  - Underwritten by GDI Property Trust, but expect strong demand
- The highlight for FY17 was the sale of 80 George Street, Parramatta, for $51.9 million
  - Settlement occurred on 31 January 2017
  - $1.6 million of disposal and performance fees recognised in the second half
- Other transactional fees of $0.2 million were received following the settlement of a UGL tenanted property from GDI No. 38 Diversified Property Trust
- Distributions received from holding in GDI No. 42 Office Trust totalled $2.5 million

Case Study – GDI No. 40 Office Trust

- Acquired 80 George Street, Parramatta in June 2015 for $38.7 million and immediately commenced a refurbishment program
- Renewed or released over 55% of the properties NLA at effective rents of between $50 and $100 psm higher
- Increased the properties WALE from 2.9 years at acquisition to 4.0 years at 30 June 2016
- Investor IRR of over 19%

Before

After

GDI No. 27 Total Return Fund

Key statistics	
Established	June 2007
AUM	$14 million
Gearing	65%
GDI Property Group ownership	-
FY17 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
- Exchanged contracts to sell 17-23 University Ave, Canberra, with settlement in February to facilitate a further partial return to unitholders
- GDI Property Group has provided $677,000 of funding to accelerate the capex program
- Fees charged but unpaid have been provisioned
- Monitoring exit opportunities for Burnie

GDI No. 29 GDI Office Trust

Key statistics	
Established	December 2008
AUM	$7.5 million
Gearing	35%
GDI Property Group ownership	-
FY17 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 with two sold
- Taking a considered approach to the balance as anticipate stronger pricing moving forward

GDI No. 33 Brisbane Office Trust

Key statistics	
Established	May 2010
AUM	$34 million
Gearing	27%
GDI Property Group ownership	-
FY17 distributions • Income • Capital	 1.00 cents 3.00 cents
Total capital returned	$0.14

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 settled during FY17 and improved leasing enquiry

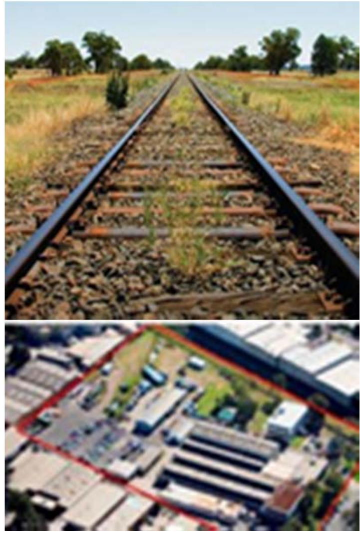
GDI No. 36 Perth CBD Office Trust

Key statistics	
Established	October 2012
AUM	$129 million
Gearing	48%
GDI Property Group ownership	-
FY17 distributions • Income • Capital	 10.5 cents -
Total capital returned	-

Commentary

- Owns the iconic 1 Adelaide Terrace, Perth
- 93% occupied at 30 June 2017, with no near term lease expiries
- Continue to monitor exit opportunities

GDI No. 38 Diversified Property Trust



Key statistics	
Established	June 2014
AUM	$40.2 million
Gearing	37%
GDI Property Group ownership	-
FY17 distributions • Income • Capital	 5.7 cents 13.0 cents
Total capital returned	$0.59

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 three industrial assets for a combined profit on acquisition price of 23.7%
- Remaining properties include an under developed property at Bassendean, Perth and the strategic 16 hectare site at Broadmeadow, Newcastle, 4 km from the Newcastle CBD
- Unitholder distribution yield on remaining investment of $0.41, which is valued at $0.58, nearly 14%p.a.

GDI No. 42 Office Trust

Key statistics	
Established	June 2016
AUM	$99.0 million
Gearing	31%
GDI Property Group ownership	43.68%
FY16 distributions • Income • Capital	 8.8 cents -
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

OUTLOOK & GUIDANCE

A disciplined approach to capital management

- GDI Property Group has demonstrated discipline when it comes to buying properties, with all acquisitions since IPO performing extremely well:

UGL Portfolio (GDI No. 38 Diversified Property Trust)	• Four of seven assets sold, $0.59 cents returned to investors • Forecast yield on balance is nearly 14% • Balance revalued to $0.58 per unit ($1.17 in total)
66 Goulburn Street, Sydney	• Bought for $136.0 million in July 2014, sold for $252.0 million in August 2017
80 George Street, Parramatta (GDI No. 40 Office Trust)	• Bought for $38.7 million in June 2015, sold for $51.9 million in January 2017 • Investor IRR of over 19%
50 Cavill Avenue, Surfers Paradise	• Bought in February 2016 for $48.75 million, 54% occupied • Valued at $77.6 million, 90% occupied
223 – 237 Liverpool Road, Ashfield (GDI No. 42 Office Trust	• Bought for $35.0 million in December 2015, now valued at $43 million • Units in GDI No. 42 Office Trust now valued at $1.04
235 Stanley Street, Townsville (GDI No. 42 Office Trust	• Bought for $53.5 million, occupancy of 76% • Now valued at $56.0 million, occupancy of 88%

- GDI Property Group has also demonstrated significant constraint when buying back its own securities

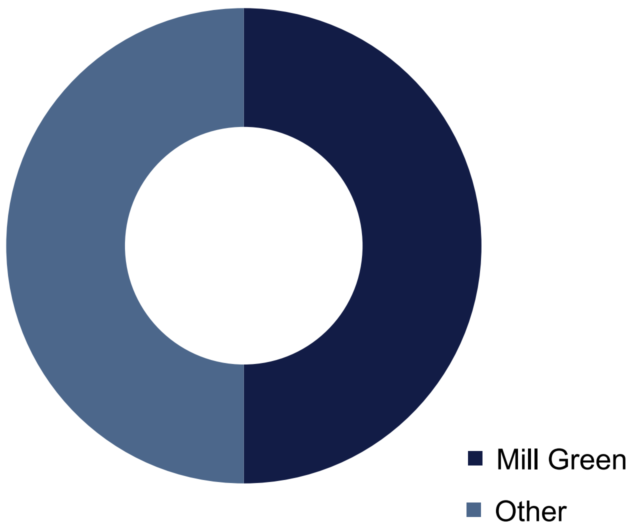
	Securities bought back	Average price
2015 on market buyback	28.8 million	$0.916
2017 on market buyback	1.1 million	$0.995

- GDI will continue to employ a similar disciplined approach to the use of its capital

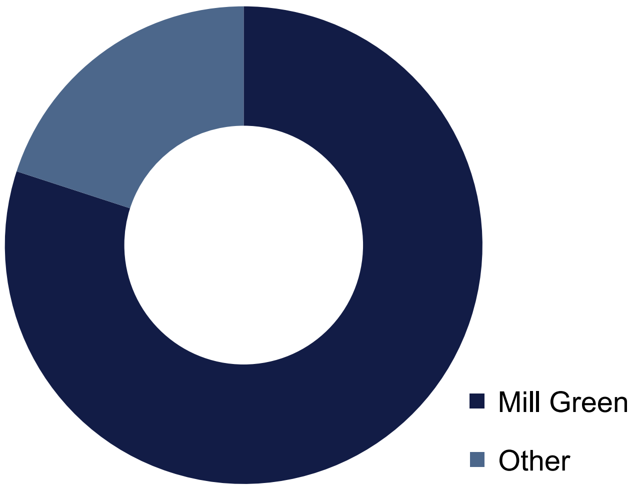
FY18 and beyond

- On settlement of 66 Goulburn Street, Sydney, GDI Property Group will move to a significant net cash position
- GDI Property Group will continue to monitor opportunities nationally and does intend to acquire properties in FY18, however
  - Sydney / Melbourne pricing, at a premium to replacement cost, makes it difficult to achieve appropriate returns for core plus strategies in these markets
  - Perth near or at bottom and would consider increasing exposure if the right asset was available
  - Following the sale of 66 Goulburn Street, Sydney, GDI Property Group's balance sheet is already heavily weighted to Perth, with its wholly owned portfolio 80% Perth
- GDI Property Group could also recycle capital from direct assets sold to growing the funds management platform, including co-investment stakes or other opportunities
- In the event that GDI Property Group does not deploy excess capital, it will consider further capital management initiatives:
  - Return / reduction of capital
  - Increasing the security buy-back
- Given the probability, timing and price of any asset acquisition is at this stage uncertain, we are unable to provide FFO guidance for FY18
  - However, FFO per security likely to be lower than FY17
  - It is forecast that distributions will be at least 7.75 cents per security
    - The distribution will be partly funded from the proceeds of sale of 66 Goulburn Street, Sydney
    - Part of the distribution may be structured as a return of capital, subject to any securityholder and regulatory approvals

Weighting of balance sheet to Mill Green[1]



Weighting of wholly owned portfolio to Mill Green



1. Based on pro forma tangible net assets of securityholders following settlement of 66 Goulburn Street, Sydney

APPENDIX

Profit or Loss

	Group		Trust	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Revenue from ordinary activities				
Property income	68,448	74,558	68,448	74,558
Funds management income	3,285	3,709	-	-
Interest revenue	345	2,508	218	2,491
Other income	7	16	7	-
Total revenue from ordinary activities	72,086	80,791	68,673	77,049
Net fair value gain on interest rate swaps	1,885	390	1,885	390
Gain on termination of interest rate swaps	35	-	35	-
Net fair value gain on investment property	69,647	16,539	69,647	16,539
Total income	**143,653**	**97,721**	**140,240**	**93,979**
Expenses				
Property expenses	20,438	20,451	20,438	20,451
Finance costs	8,461	12,425	8,458	12,425
Corporate and administration expenses	7,205	6,354	2,444	1,798
Other	159	321	-	-
Loss on sale of non-current asset	12	1,233	12	1,233
Acquisition expenses	91	8,541	58	10,311
Initial public offer costs	316	447	303	424
Total expenses	**36,682**	**49,772**	**31,713**	**46,642**
Profit before tax	**106,970**	**47,949**	**108,527**	**47,337**
Income tax (expense)/benefit	345	(248)	-	-
Net profit from continuing operations	**107,316**	**47,701**	**108,527**	**47,337**
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**107,316**	**47,701**	**108,527**	**47,337**
Profit and total comprehensive income attributable to:				
Company shareholders	(1,211)	363	-	-
Trust unitholders	99,983	51,360	99,983	51,360
Profit and total comprehensive income attributable to stapled securityholders	98,772	51,723	99,983	51,360
External non-controlling interests	8,544	(4,022)	8,544	(4,022)
Profit after tax from continuing operations	**107,316**	**47,701**	**108,527**	**47,337**

NPAT to AFFO

	Group	
	2017	2016
	$'000	$'000
Total comprehensive income for the year	107,316	47,701
Portfolio acquisition and other transaction costs	407	8,988
Contribution resulting from consolidation of GDI No. 42 Office Trust	(5,864)	(149)
Distributions / funds management fees received from GDI No. 42 Office Trust	2,862	892
Cash received from guarantees	4,091	2,171
Straight lining adjustments	(1,510)	(1,390)
Amortisation of debt and incentives	8,561	6,113
Net fair value gain on investment property	(69,647)	(16,539)
Net fair value loss on interest rate swaps	(1,920)	(390)
Loss on non-current asset held for sale	12	1,233
Other FFO adjustments	1,229	520
Funds From Operation	45,536	49,147
Maintenance capital	(532)	(459)
Incentives paid	(8,116)	(8,458)
Income tax expense	(345)	248
Reverse other FFO adjustments	(1,229)	(520)
Adjusted Funds From Operation	35,313	39,958

Property by property information

Property	FY18 "As is"	FY17		FY16		FY 17		
	$m	$m		$m		$m		
	FFO	AIRFS NPI[1]	FFO	AIRFS NPI[1]	FFO	Capex spent	Maintenance Capex spent	Incentives and Lease costs
1 Mill Street	(0.55)					0.26	0.01	0.00
5 Mill Street	4.59					1.77	0.02	0.80
197 St Georges Terrace	14.87					0.36	0.32	1.61
Mill Green, Perth	18.91	22.39	23.81	24.92	24.43	2.18	0.35	2.41
66 Goulburn Street, Sydney	12.48	7.46	12.38	10.21	12.04	2.48	0.04	5.66
307 Queen Street, Brisbane[2]	-	4.25	8.22	6.46	9.51	2.03	0.12	3.72
25 Grenfell Street, Adelaide[2]	-	3.16	4.05	8.38	9.25	0.74	0.01	0.62
50 Cavill Avenue, Surfers Paradise[3]	5.39	2.88	3.68	0.76	1.25	4.09	0.00	2.14
Distributions from GDI No. 42	2.5		2.53		-			
Funds Management fees[4]	2.0		3.91		4.28			

1. AIFRS NPI is the net property income of each asset prior to any revaluation adjustments
2. Both assets were sold in January 2017
3. 50 Cavill Avenue, Surfers Paradise, was acquired on 1 February 2016
4. Does not assume any revenue for GDI No. 43 Property Trust

The GDI Property Group business model

GDI Property Group's office market fundamentals		Maintaining distributions, funding capex and incentives with a core-plus strategy
Buy well located buildings with good light and easily divisible floor plates for well below replacement cost		We currently maintain a progressive distribution policy
Buy in markets with sound long term fundamentals		Asset management strategies funded through: ▪ Surplus cash flows ▪ Undrawn debt lines ▪ Asset recycling
Sell when value has been added through active asset management strategies		Our aim is to regrow the AUM in our Funds Business to pre-IPO levels, which should generate between 25% - 50% of the distribution / dividend ▪ However, we are not there yet
Don't hold an asset through multiple capex and incentive cycles		
Capital is scarce, we do not intend to raise capital to fund capex and incentives		Therefore to maintain our distribution policy and meet our capex and incentive requirements, we will need to recycle assets - this may impact short term earnings
We believe this is the only way to play the office sector	↔	But this is how we view the office market should be played