
ASX ANNOUNCEMENT

22 November 2023

BELL POTTER CONFERENCE PRESENTATION

GDI¹ is pleased to issue the attached presentation which is to be delivered to the Bell Potter Foundations Real Estate Conference today.

Media Enquiries:

Stephen Burns
Managing Director
+61 2 9223 4222

stephen@gdi.com.au

David Williams
Chief Financial Officer
+61 2 9223 4222

david@gdi.com.au

Authorised for release by David Williams, Company Secretary

1. GDI comprises the stapled entities GDI Property Group Limited (ACN 166 479 189) and GDI Property Trust (ARSN 166 598 161).



Mr Stephen Burns
Managing Director & CEO

Mr David Williams
CFO & Joint Company Secretary



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Acknowledgement of Country

GDI acknowledges and pays respect to the past, present and future Traditional Custodians and Elders of this nation and the continuation of cultural, spiritual and educational practices of Aboriginal and Torres Strait Islander peoples.

Introduction to GDI

- Office building total return specialist
- Value driven approach to entering markets with agility and flexibility
- Perth exposure
- Syndication funds business
- Co-living joint venture
- Carparks

Active management – 14 people with specialist capabilities

- Leasing
- Development
- Acquisition / Divestment / Asset Management

Financial snapshot

- Balance sheet assets \$1.1b
- Debt \$305m, 2026 – 31% gearing, c. 96% interest hedged for FY24
- External funds c. \$0.5b
- NTA \$1.25
- Distribution per unit 5.0c
- Share price \$0.56, 531.6m shares
- Market cap c. \$300m



Property portfolio

Key statistics	30/6/23	Details	Independent valuation		Cap rate %	30/6/23 \$m	30/6/22 \$m	30/6/23 \$m ²
			Date	Fair value \$m				
Occupancy	82.5%	141 St Georges Terrace, Perth (WS1)	30/6/23	371.0	6.25	371.0	376.9	10,382
WALE	5.2 years	143 St Georges Terrace, Perth (WS2)	30/6/23	90.0	6.50	90.0 ¹	41.6	9,445
Weighted average cap rate	6.6%	197 St Georges Terrace, Perth	31/12/22	207.5	7.00	212.8	218.0	7,942
Average value psm	\$8,031	5 Mill Street, Perth	31/12/22	58.0	7.00	58.1	58.0	8,115
Total NLA (sqm)	125,650	1 Mill Street, Perth	31/12/22	36.0	8.00	36.0	36.0	5,415
		235 Stanley Street, Townsville	31/12/22	51.0	7.75	51.4	51.8	3,978
		180 Hay Street, East Perth	31/12/22	20.5	8.00	20.5	20.8	4,162
Total office properties				834.0		839.0	761.5	
		Autoleague Portfolio, Perth	30/6/22	136.5	²	136.6	136.5	Car yards
		419-431 Murray Street, Perth	31/12/22	42.5	5.20%	42.6	38.5	Carpark
		301-311 Wellington Street, Perth	31/12/22	32.0	5.30%	32.2	30.3	Carpark ³
Total carparks and car yards				211.0		211.4	205.3	
Properties under construction			-	-	-	¹	41.6	
Total carrying value						1,051.2	1,008.4	

1. Construction of Westralia Square 2 was completed on 13 June 2023 for total costs of \$67.5m prior to fair value uplift.
2. Relates to 17 car yards within Perth with a market yield range of 5.2% - 6.6% and an IRR range of 6.9% - 7.3%.
3. Obtained a DA for 28,000m²

Business model

THE GDI VALUE PROPOSITION

DRIVEN BY

Proposition

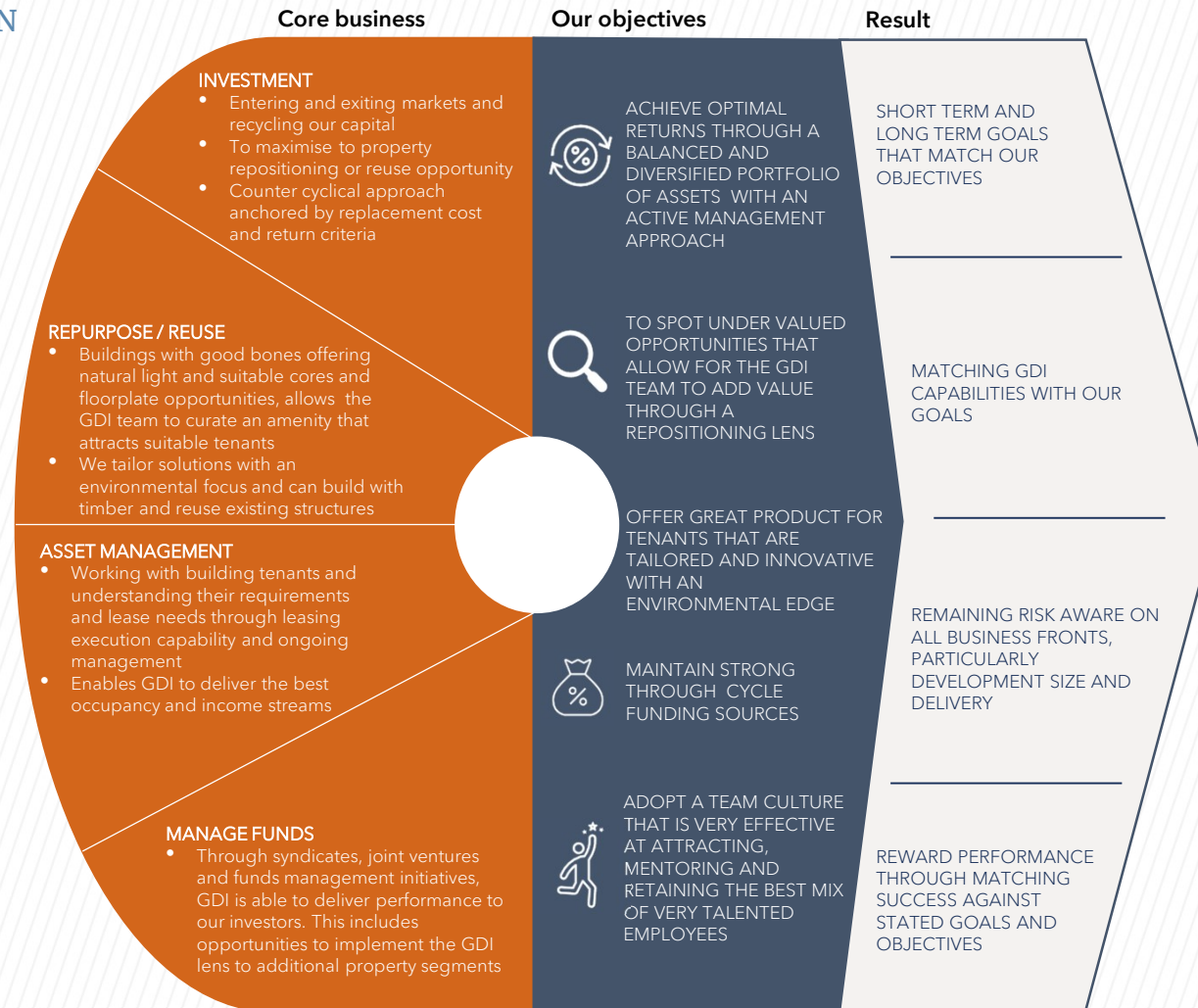
To be the best office building total return specialist, with a value driven approach to entering and exiting markets with agility and flexibility

Vision

We identify, acquire and repurpose or reuse buildings by curating tailored spaces for tenants that desire the best environmental low carbon offices

Point of difference

- Off market discovery / (stealthy)
- Below replacement cost and total return focus (value screens)
- Building, adapting, reusing (break-even rent advantage)
- Implementation of an integrated carbon reduction strategy (ESG lens)
- Integrating appropriate technology for tenants, property performance / management (management tools)
- Enticing and securing best tenants / whole of building criteria (optimisation)
- Selling when values are ripe and leasing strategies have been executed (timing)
- Avoid holding property for multiple capex and re-leasing cycles (returns)
- Agility, flexibility, quick decision capability (speed)



- Run towards leasing risk
- Leasing is a core skill
- Leasing involves positioning an asset

STRATEGY TO CREATE VALUE

Ensure the GDI skills and capability matches our ability to execute on our strategy. GDI must have an elite team to execute our goals and attract the best stakeholders.

Achieve a through cycle diversified funding structure, by managing appropriate debt levels and access to perpetual equity on the GDI balance sheet and partnering and managing capital.

Selectively recycle the portfolio to achieve a balanced and diversified grouping of chosen office assets with fundamentals that allow GDI to extract strong and growing income and capital value.

Execute on leasing across all parts of the GDI business.

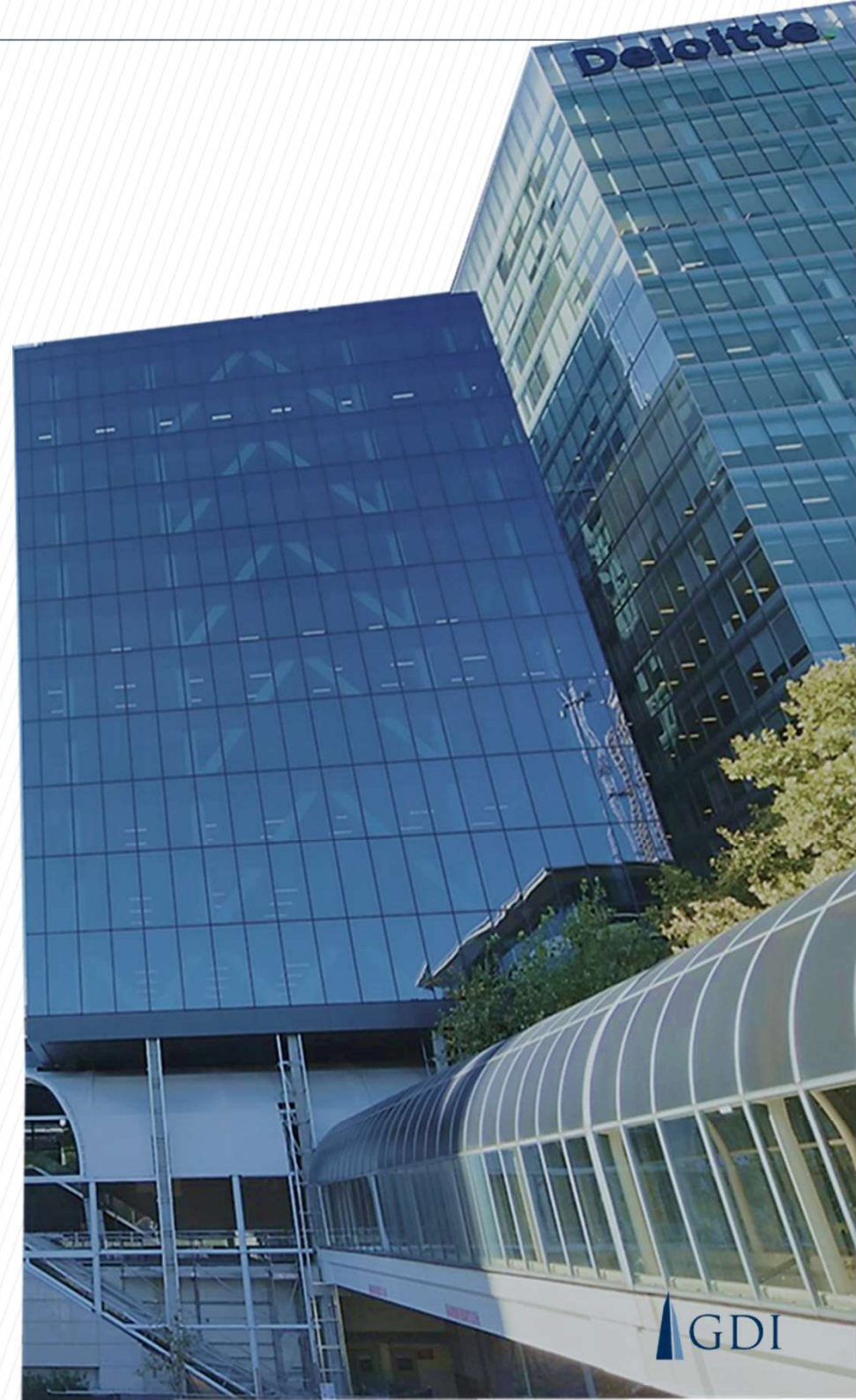
Boutique mindset to funds management to make investors money across the spectrum. We need to speed up the velocity of our syndicates by returning capital and earning the right to issue new product.

Communicate clearly and regularly with all stakeholders and report on the execution of our stated strategy.

Selectively add to the Board and management proposition. Culturally as a whole, GDI must ensure it is enhancing the GDI point of difference and act with flexibility and agility and all the integrity and rigour of a leading company.

Subsequent to results in August

- Leasing momentum continues in Perth
- Obtained a DA for a re-use and timber building on the Wellington Street carpark site
- WS2 tracking well
- Co-living JV performing well at the operating level and we continue to monitor opportunities for growth
- Carparks are performing well
- Secured and announced the refinance of the GDI debt facility and introducing a second tier one bank



Focus on executing strategy

- Relentlessly focused on leasing efforts in Perth
- Recycling efforts are underway
- Senior management very focused on executing strategy with aligned goals and remuneration
- Distribution to be maintained at 5 cents for FY24 (December DRP will be switched off)
- Strong pick up in property income in 2024/25, flowing from recent leasing
- No intention of raising equity



Leasing momentum continues

- At August (FY23 results) we announced c. 30,000m² of leases, renewals and Heads of Agreement (HOA's) – included c. 7,800m² of HOA's
- Since August we have:
 - > Converted c. 2,800m² of the HOA's to signed leases and very confident of converting the balance of c. 5,000m²
 - > Signed new leases, new HOA's or lease extensions for an additional 4,600m²
- In addition, we are actively negotiating on over 30,000m², with multiple submissions (excludes any development related submissions)

By Property:

WS2



- At WS2, we have 3 floors left and one of those is under direct negotiation
- New tenants signing at WS2 include Savills and Navitas (whole floors)
- We are very pleased with our new boutique timber and steel building and remaining floors should lease well

WS1



- At WS1, only 700m² / part floor, level 17 remaining that is not subject to HOA

Leasing momentum continues

197 St Georges Terrace



- Our part floor fitout strategy is proving successful
- Multiple leases / HOA's / extensions accounting for c. 4,000m²
- Representing c. 40% of the target space to lease in the building
- Disciplined approach to managing capex spend to income generation
- Aggressively focussed on executing our leasing strategy

5 Mill Street



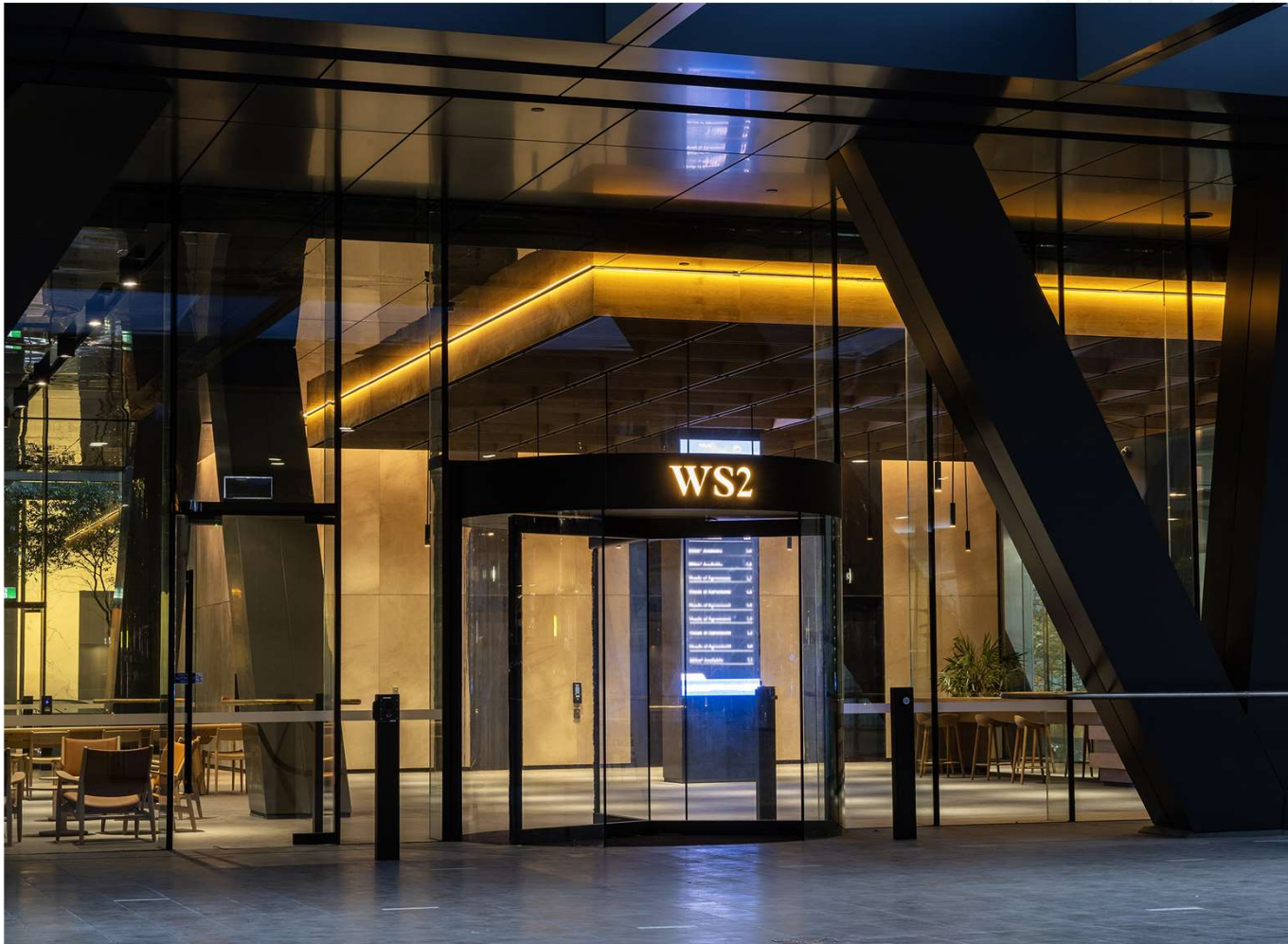
- Leases up very well and suits smaller space user
- 3 suites remaining (two office and one retail)

1 Adelaide Terrace (Syndicate #36)



- Top two floors vacant
- Very focussed on over 11,000m² of space for renewals, extensions and new tenants (under negotiation)

Leasing momentum continues



Key trends

Fitted out part floors leasing well (faster / better terms)

Notwithstanding, whole floor deals are being negotiated in WS1, WS2 and 197 St Georges Terrace

Tenants are seeking expansion space

Greater pressure on incentives to reduce, than increase

Shorter lease terms (3 years) not gaining same incentive as longer (+3 years)

ESG factors are important to tenants

Strategy to attract tenants with discipline is key

- Lower incentives for part floors
- Optimising lease term
- Capex aimed at income producing opportunities

Achieving strong rental outcomes in our core buildings because:

- We are prepared to adapt and move quickly
- Multiple touch points to optimise leasing efforts
- Integrated approach between fitout and tenant capex requirements
- Experience and have specialist Government expertise
- Disciplined approach to obtaining our return on capex
- Senior management KPI's are based on executing on strategy and leasing goals rank No. 1



Development ready, incorporating key office market trends

1 Mill Street

Key trends

- ESG is here to stay
- Work from / office utilisation
- Office space has become more dynamic
- Perth demand from Government and resources sectors

Wellington Street

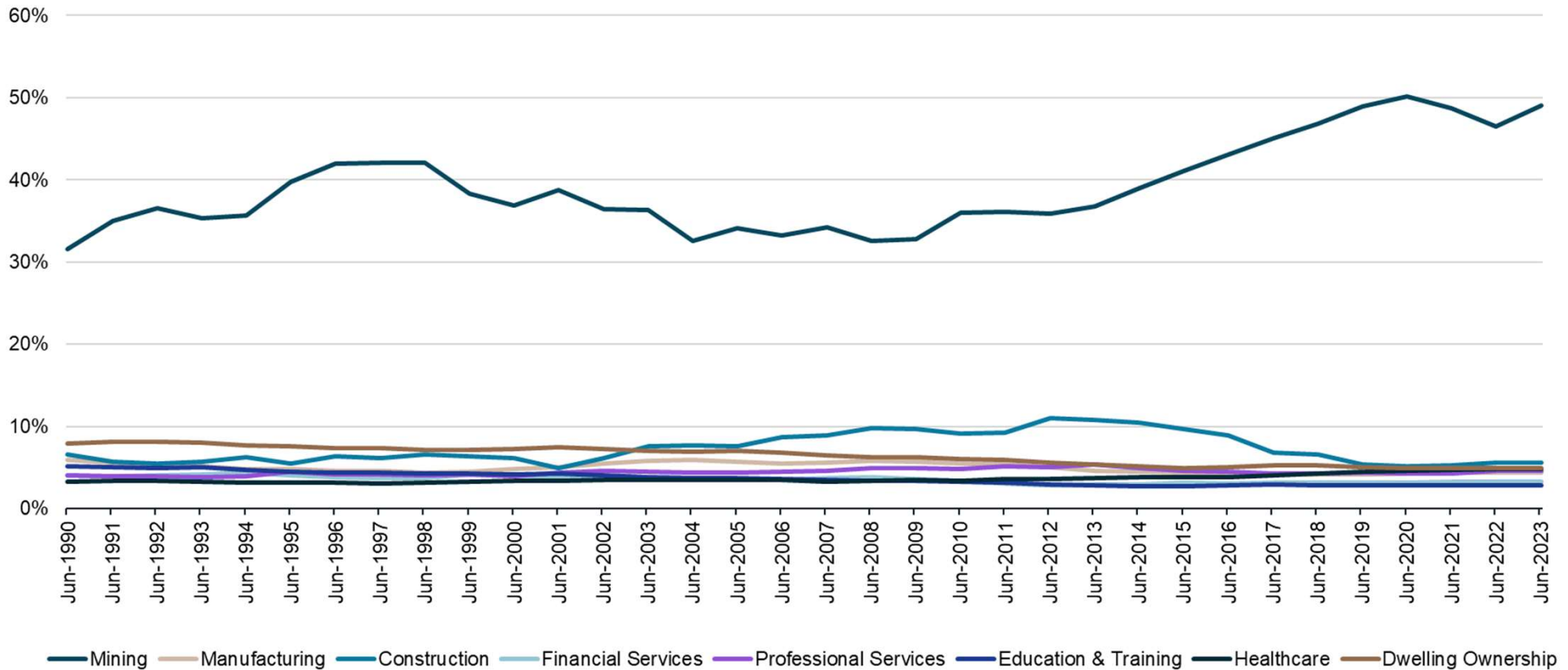
GDI response

- ↓ Embodied carbon
- ↑ Timber and re-use
- ↑ Boutique rather than tower
- ↑ Amenity to attract tenants
- ↑ Amenable fitout / part floors
- ↑ Services
- ↑ Varying needs / integrated offer
- ↑ Procure competitive, ESG conscious space

WA: Common perceptions

Powered “only” by resources

WA Gross State Product (GSP) by industry



Source: JLL Research, ABS

WA: Common perceptions

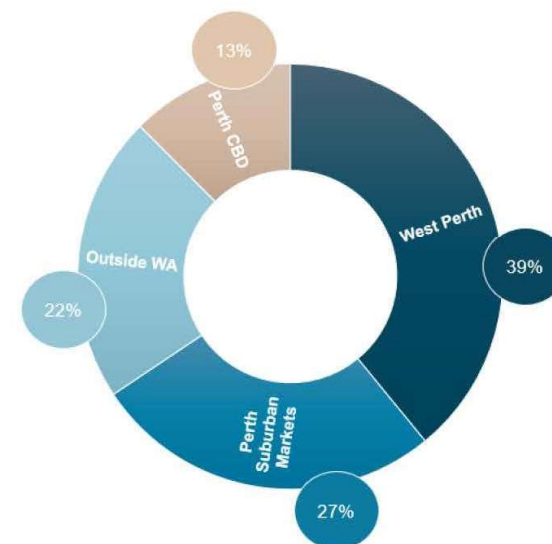
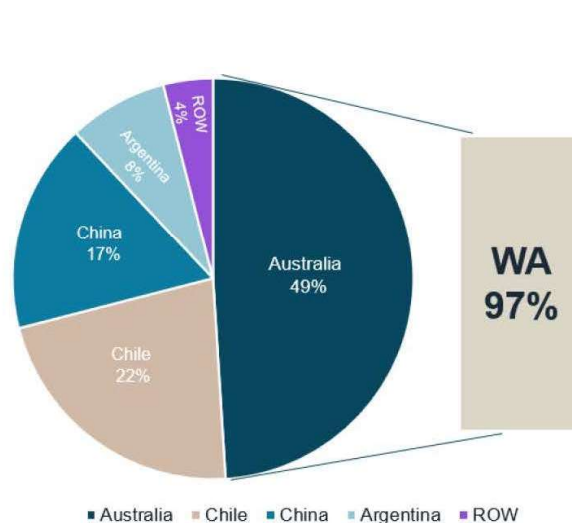
Powered “only” by resources

But.. With diversification within the resources sector

Commodities production – global ranking



Let's not forget that the electrification story will be written in WA



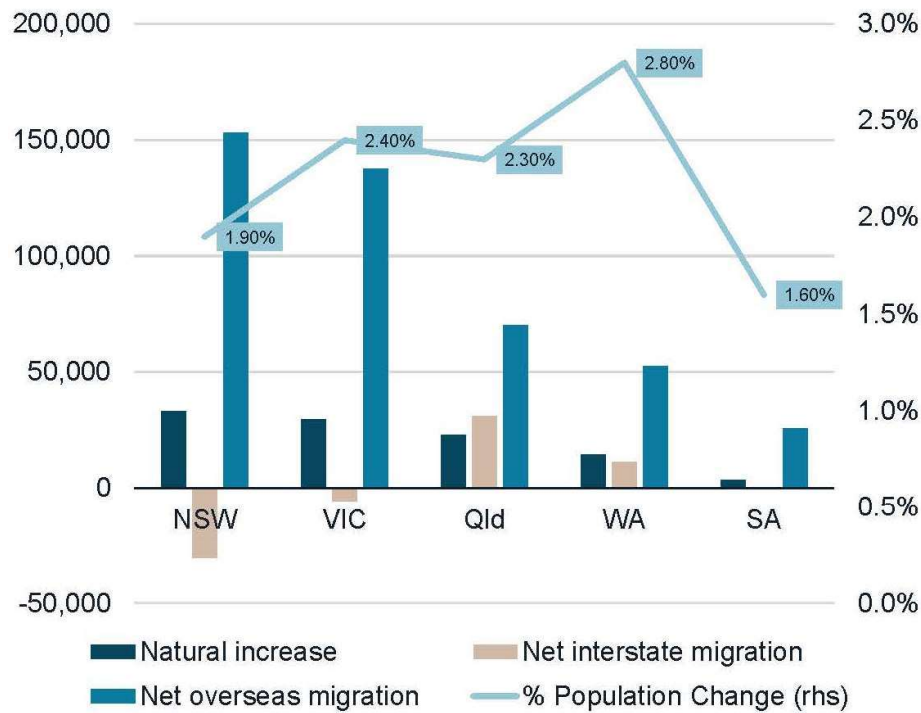
Source: JLL Research, DMIRS, ga.gov.au, wgeh.com.au, talisonlithium.com

WA: Common perceptions

Migrants prefer the East Coast

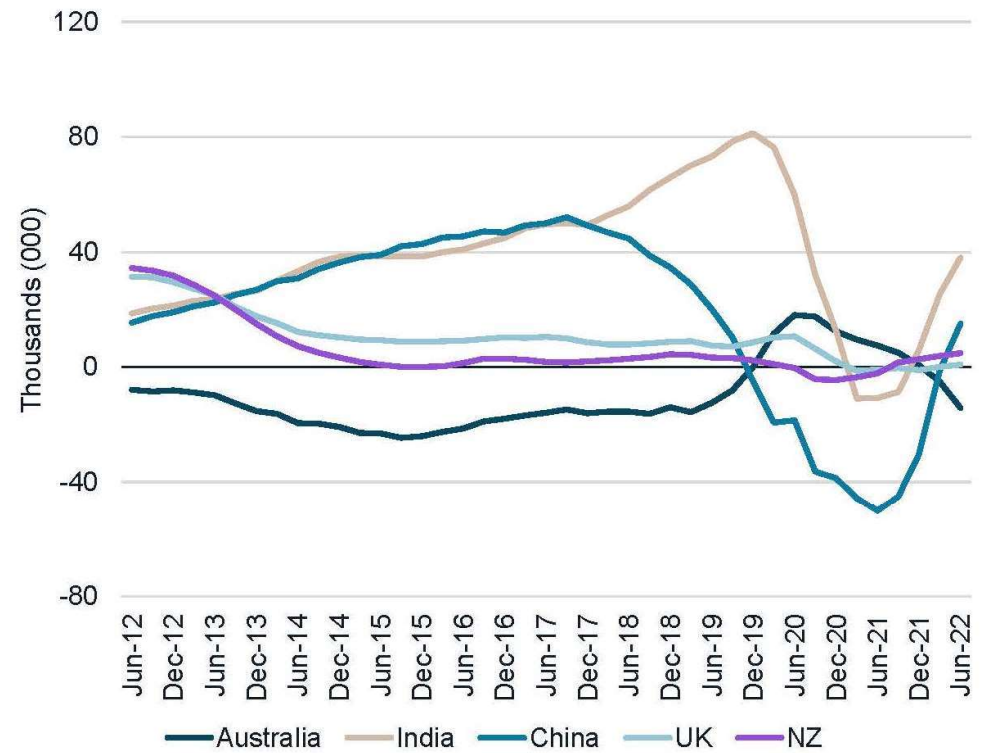
Migration – strongest in WA

Population change – State by State



12 months to Mar-23

Overseas migration by country of origin – Australia wide



12 months to Jun-22

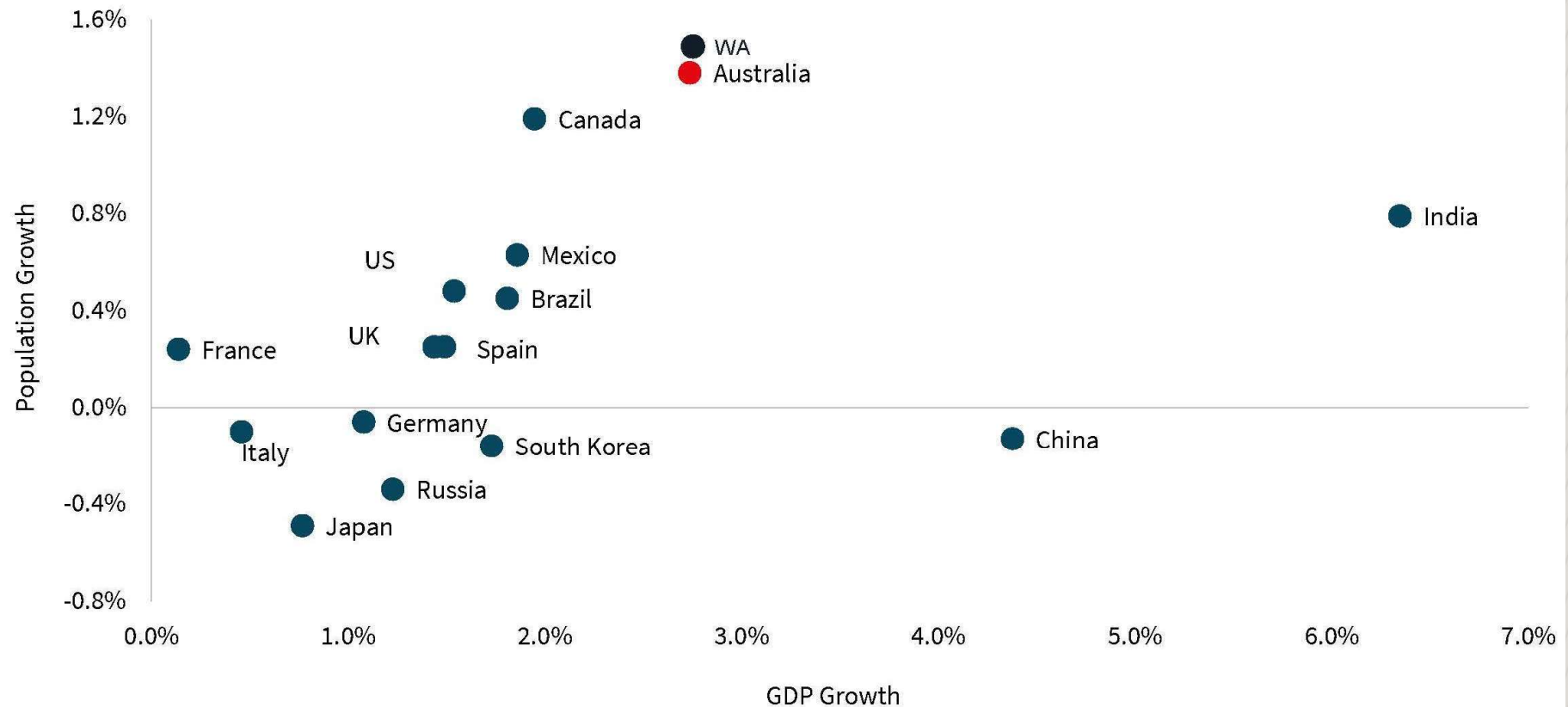
Source: JLL Research, ABS

WA: Common perceptions

Migrants prefer the East Coast

Australia is expected to be more resilient

Major economies GDP & population, 2023 to 2032



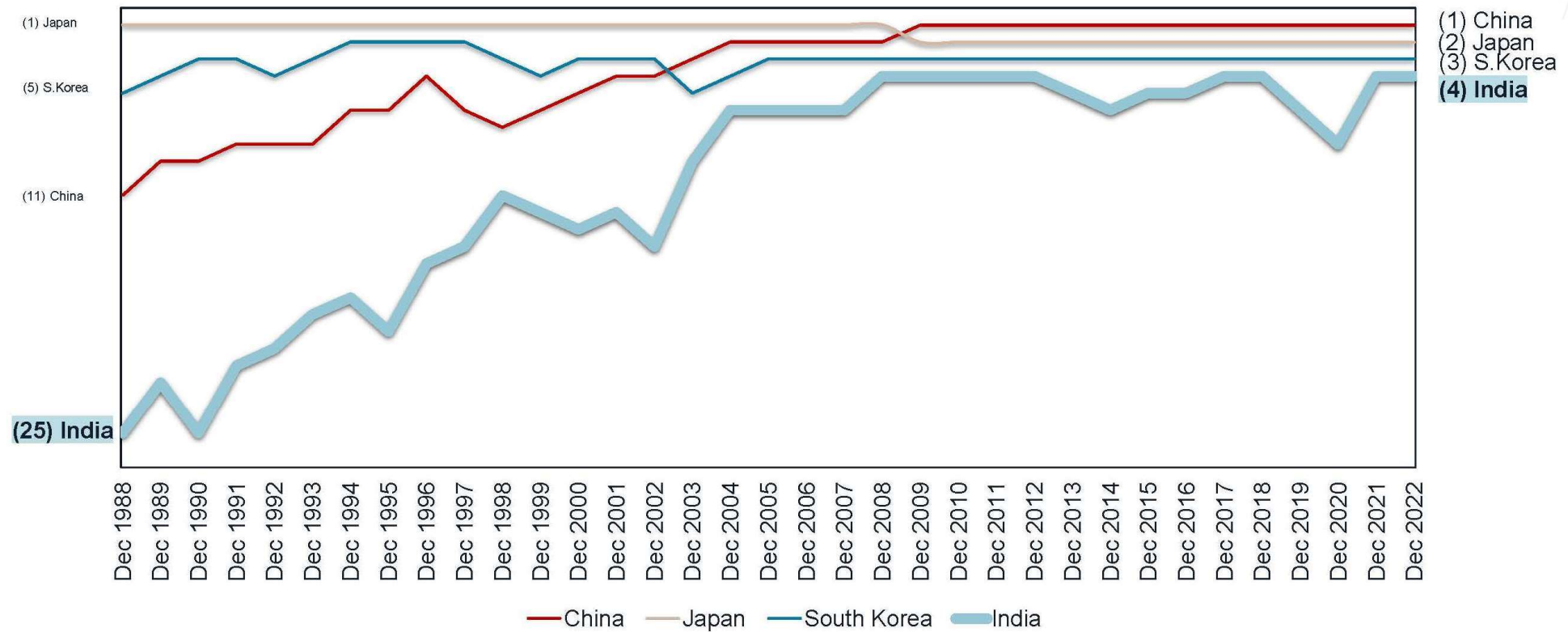
Source: Oxford Economics, JLL Research

WA: Common perceptions

Migrants prefer the East Coast

India will become a more relevant economy for us

Major Australian export markets by rank – 1988 to current



Source: JLL Research, Department of Education, Skills and Employment, ABS

WA: Common perceptions

A high vacancy market

Sydney Downsize

CREDIT SUISSE 


Credit Corp Group


BANK

 BNP PARIBAS

SUNCORP 

Melbourne Downsize



AustralianSuper 

Australian Unity 
Real Wellbeing


QBE

Perth Downsize

Large tenant moves > 1,000 sqm

Brisbane Downsize

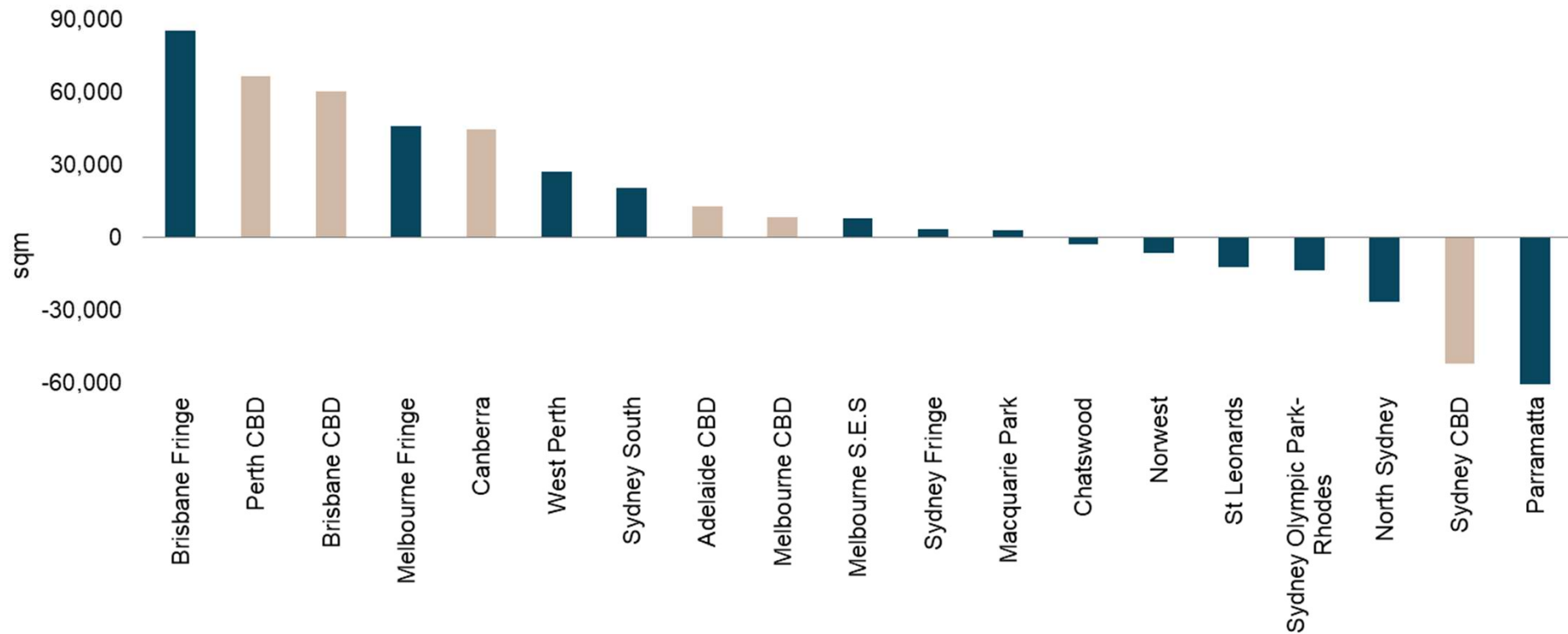
Source: JLL Research

WA: Common perceptions

A high vacancy market

Mixed conditions across Australia's office markets

Australia office markets net absorption, 12 month to September 2023



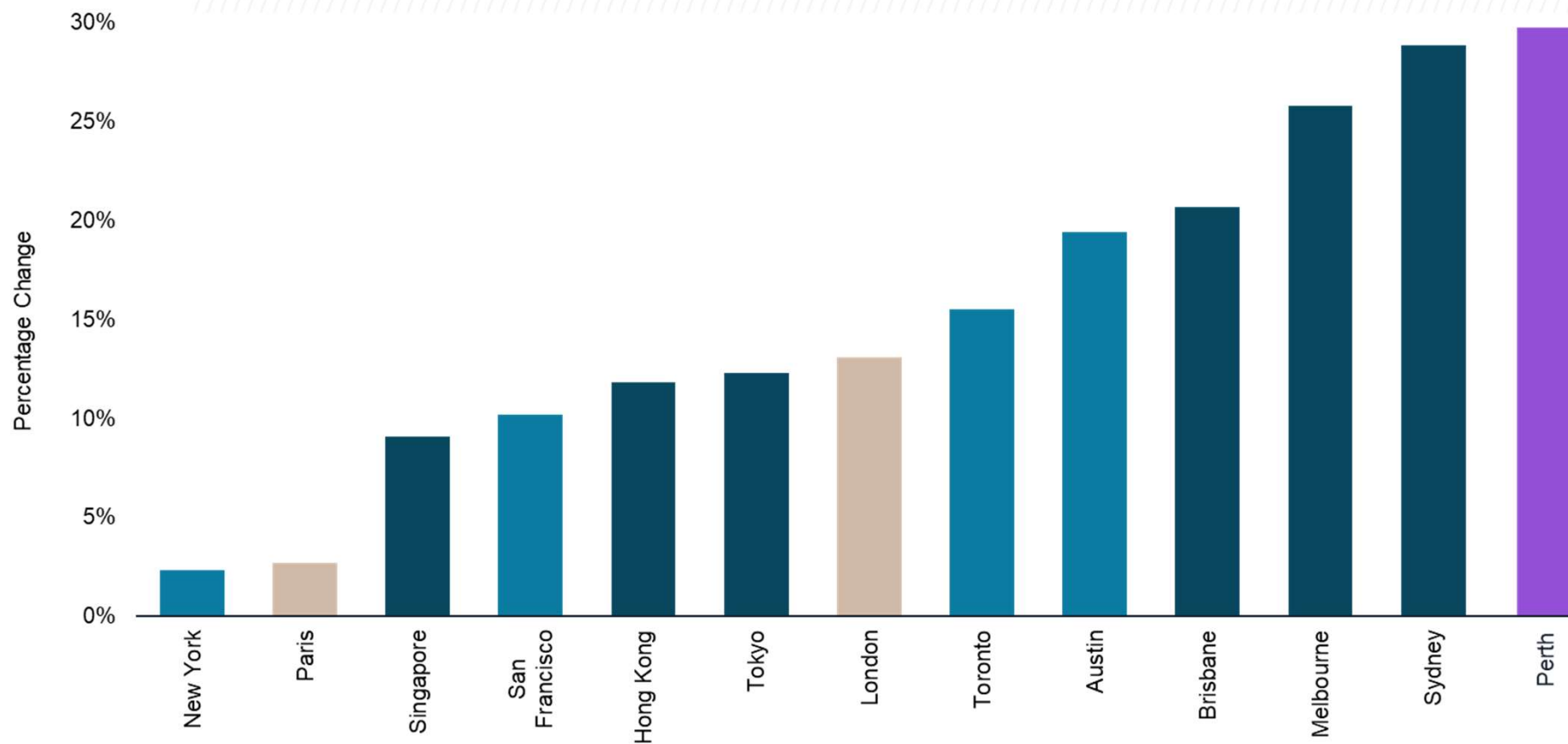
Source: JLL Research

WA: Common perceptions

A high vacancy market

WA is well positioned for long-term growth

Major cities office employment, 2022 to 2032

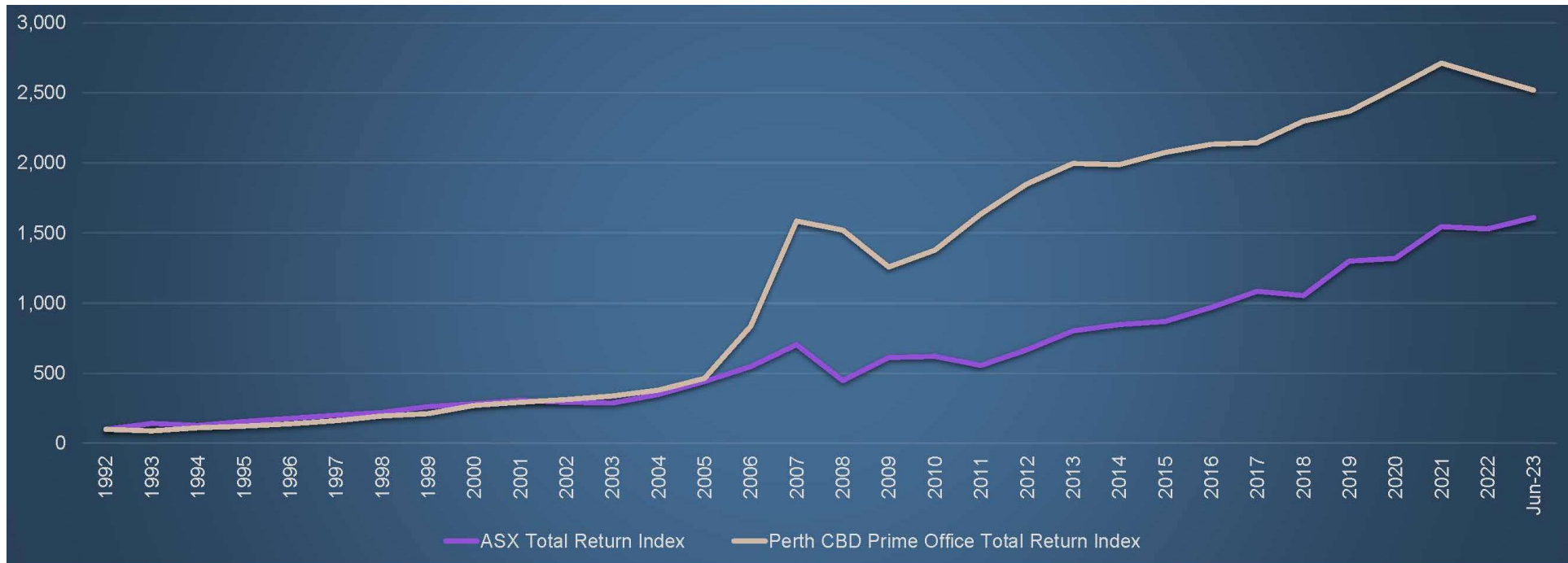


Source: Oxford Economics, JLL Research

WA: Common perceptions

Australian Equities vs Perth Office Property Returns

ASX Total Returns vs Perth CBD Office Prime Grade Total Returns



Source: JLL Research. Market Index

The logo for AGDI features a stylized 'A' on the left, composed of a white triangle on the left and a blue triangle on the right. To the right of the 'A' are the letters 'GDI' in a white, serif font.

AGDI