

## ASX ANNOUNCEMENT

20 August 2018

### GDI Property Group FY18 Financial Results

GDI Property Group<sup>1</sup> is pleased to release its full year financial results for the year ended 30 June 2018 (“FY18”).

#### Key highlights

- The sale of 66 Goulburn Street, Sydney, for \$252.0 million, having been purchased in July 2014 for \$136.0 million
- The acquisition of 141 St Georges Terrace, Perth (Westralia Square), for \$216.3 million, with that asset now valued at \$255.0 million
- The acquisition of 6 Sunray Drive, Innaloo, home to IKEA’s only Perth retail store, and the establishment of GDI No. 43 Property Trust having successfully raised \$95.9 million to partly fund the acquisition
- Outstanding leasing successes, particularly at 66 Goulburn Street, Sydney, prior to its sale, at 50 Cavill Avenue, Surfers Paradise and at 5 Mill Street, Perth
- Net Tangible Asset (NTA) per security of \$1.18, up \$0.06 per security from the NTA at 30 June 2017
- An FY18 absolute total return<sup>2</sup> of 12.28% and an annualised absolute total return since IPO of 14.82%p.a.
- Total FY18 securityholder return of 33.41%
- Funds From Operations (FFO)<sup>3</sup> of \$45.1 million and FFO per security of 8.40 cents
- Distribution per security for the year of 7.75 cents, in line with guidance

#### Operational successes

##### *Property division*

The transactional highlights of the year were the sale of 66 Goulburn Street, Sydney and the acquisition of Westralia Square, 141 St Georges Terrace, Perth. 66 Goulburn Street, Sydney, was sold for \$252.0 million, having been acquired in July 2014 for \$136.0 million. Westralia Square, 141 St Georges Terrace, Perth, is an A grade property located in a core Perth CBD location on St Georges Terrace, adjacent to Brookfield Place. It was purchased in October 2017 for \$216.3 million and was independently valued at 30 June 2018 at \$255.0 million. GDI Property Group has already completed the refurbishment of the only vacant floor and commenced the upgrade of the lifts, foyer and end of trip facility.

GDI Property Group has had tremendous success in leasing 5 Mill Street, Perth, with that property being 100% occupied when B Grade vacancy in Perth is 31.6%. Similarly, at 50 Cavill Avenue, Surfers Paradise, the capital works program has now been completed and occupancy has increased to 97.59%, up from 90.14% at 30 June 2017.

##### *Funds Management division*

The Funds Management division’s highlight of the year was undoubtedly securing 6 Sunray Drive, Innaloo, home to Perth’s only IKEA store in an off market transaction, for \$143.5 million on behalf of GDI No. 43 Property Trust. GDI No. 43 Property Trust is a new unlisted unregistered managed investment scheme established to acquire 6 Sunray Drive, Innaloo. GDI No. 43 Property Trust is forecast to have a commencing yield of 8.0%p.a., with conservative gearing of 41.0%. GDI Property Group successfully raised approximately \$95.9 million from its existing client base and new wholesale investors. This was GDI Property Group’s largest single fund raising to date.

### Strong balance sheet

GDI Property Group's balance sheet is in a strong position with a Loan to Value Ratio (LVR) on the principal facility of 8.9%, below the Board's maximum LVR of 40% and the bank's covenant of 50%. This strong financial position enabled GDI Property Group to extend the on-market buyback of its securities which was originally announced with the release of the half year results in February 2017. During FY18, GDI Property Group bought and cancelled 1,081,067 securities. Securities on issue now total 536,665,396, down from 537,746,463 at 30 June 2017.

### Positioned for growth

Since IPO in December 2013, GDI Property Group has delivered an absolute total return of 14.82%p.a. GDI Property Group's portfolio is now heavily weighted to Perth, and with assets with visible capital value upside potential, GDI Property Group believes it can continue to deliver these outstanding results. With a principal facility LVR of only 8.9%, when the Eastern State markets weaken, GDI Property Group will be well positioned to capitalise on acquisition opportunities funded through utilisation of its balance sheet and its high net worth investor base.

### Guidance for FY19

GDI Property Group has a constantly evolving property portfolio, capital structure and funds management business. Given the possibility of asset disposals and acquisitions, both for GDI Property Trust and the Funds Business, GDI Property Group chooses not to provide earnings guidance. However, GDI Property Group remains committed to at least maintaining its current level of distribution of 7.75 cents per security for FY19, with this policy being reviewed as changes are made to the portfolio and assets that reside in it.

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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. Absolute total return is defined as movement in NTA + distributions.
  3. 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.