
ASX ANNOUNCEMENT

12 November 2020

CHAIRMAN'S AND MANAGING DIRECTOR'S ADDRESSES

Following is the Chairman's address and the Managing Director's presentation to be delivered at today's Annual General Meeting of GDI Property Group¹.

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Authorised for release by David Williams, Company Secretary

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

CHAIRMAN'S ADDRESS

Ladies and Gentlemen, this is my second address to the AGM as Chairman of GDI.

It has been a most unusual year! While I will talk about the impact of COVID-19 later in my address, what it has done is accelerate the need to adopt technology to assist how we do business and so this year, for the first time, we are holding this AGM as a “hybrid meeting”. To that end, I’m very pleased to welcome all Securityholders - those participating online through GDI’s first virtual meeting platform, and I’d also especially like to thank those of you who have attended in person. There is talk of amending legislation to allow listed companies to conduct all AGMs virtually, but your Board feels strongly that the AGM is an important forum for you, our owners, and an opportunity to allow you to meet us in person. Therefore, while the composition of your board remains the same, we intend to continue to conduct our AGMs using the hybrid model from now on, combining both in-person and virtual meeting.

In my first year as Chairman the findings of the Hayne Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry were dominating Boardroom discussions. I mentioned last year that Banking Royal Commissioner Justice Hayne offered six fundamental principles for all Board Directors: obey the law; do not mislead or deceive; be fair; provide services that are fit for purpose; deliver services with reasonable care and skill; and when acting for another, always act in their best interests. As stated last year, everyone at GDI, the Board and staff, are expected to act in accordance with these fundamental principles, whilst adhering to our core values – integrity, respect, performance, compliance and safety. This has placed us extremely well to deal with what has dominated my second year as Chairman: COVID-19.

Well it has been a challenging year, hasn’t it! In particular, it has been a year in which the welfare of our people, our tenants and you, our investors, have been at the forefront of our actions. I am very proud of how your entire team, the Board and the staff at GDI, performed during the height of the lockdown and subsequently as we take slow steps back to normalcy. Although we are Sydney based, we have an excellent team of consultants, property managers and leasing agents who have been able to continue the asset management strategies of each of our assets while the State borders remain closed. That GDI and all its service providers had systems in place to work remotely is a tribute to the GDI leadership team.

I am happy to report our properties are in good order and while there were some tenant issues, most of these have now been resolved. Our debt is low, our balance sheet is robust and our portfolio is weighted to the market we believe has the strongest fundamentals of the Australian CBDs, Perth. We believe that our business will continue to perform well and that we will see some unique acquisition opportunities.

COVID-19 has made us reflect on what we do and how we do it, particularly the role of CBD offices. Notwithstanding the impact of ‘work from home’ and the consequent demand for workplace flexibility, we believe the office will continue to be an important part of business life. The office provides an organisation with the ability to foster its own identity and culture; promote innovation and productivity improvements through staff collaboration; on-the-job and tacit learnings for junior employees from their more experienced colleagues; marks the boundary between work and home; and enhances the social aspect of work.

Office properties, as part of the built environment, also have a very important environmental role to play. I am extremely pleased to have released, with our Financial Report, GDI's first Environmental, Social and Governance (ESG) report. The report gives GDI a platform to explain the environmental and sustainability work that we undertake. By creating accountabilities around environmental performance, we are able to measure our goals and outcomes going forward. Following internal stakeholder engagement, we identified the 12 most material topics and have reported using the reporting principles and disclosures set out in the Global Reporting Initiative (GRI) Standards. Preparation of the ESG report helped us identify further areas of improvement, and I look forward to reporting on new initiatives and policies and the resultant benefits to you over the coming years. The ESG Report should be read in conjunction with the separately issued Governance Statement, also released with the Financial Report. In the interests of good corporate governance, GDI adopted the principles and recommendations outlined in the 4th Edition of the Corporate Governance Principles and Recommendations for the entire reporting period.

I would like to thank my fellow Board Members, Giles Woodgate, John Tuxworth and Stephen Burns for their proactive engagement and support throughout the year. Most importantly, I would like to congratulate Steve Gillard and the whole GDI team for another successful, albeit demanding, testing and sometimes gruelling, year and thank them all for their efforts.

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GDI PROPERTY GROUP

Annual General Meeting

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Overview of FY20



NTA – \$1.30 per security



FFO of 8.22 cents per security



Distribution of 7.75 cents per security



Absolute Total Return in FY20 of 13.4%



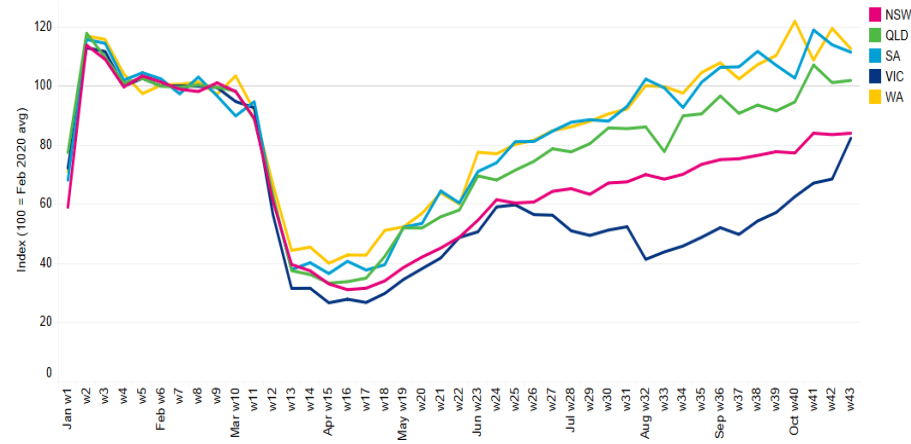
Absolute Total Return since IPO of 14.9%



Loan to value ratio on Principal Facility of 16%

Portfolio strategically weighted towards Perth

SEEK New Job Ads (2020)



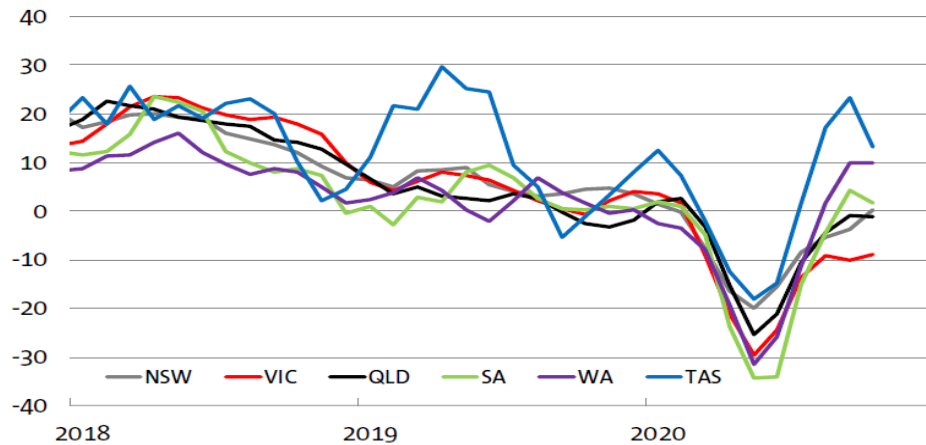
Source: SEEK

Infrastructure Projects Pipeline by State



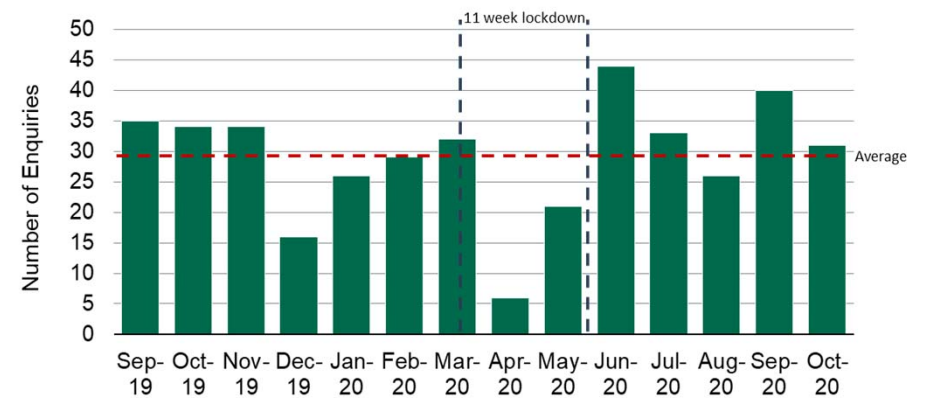
Source: JLL Research

Business Conditions by State (Net Bal., Trend)



Source: NAB Monthly Business Survey: October 2020

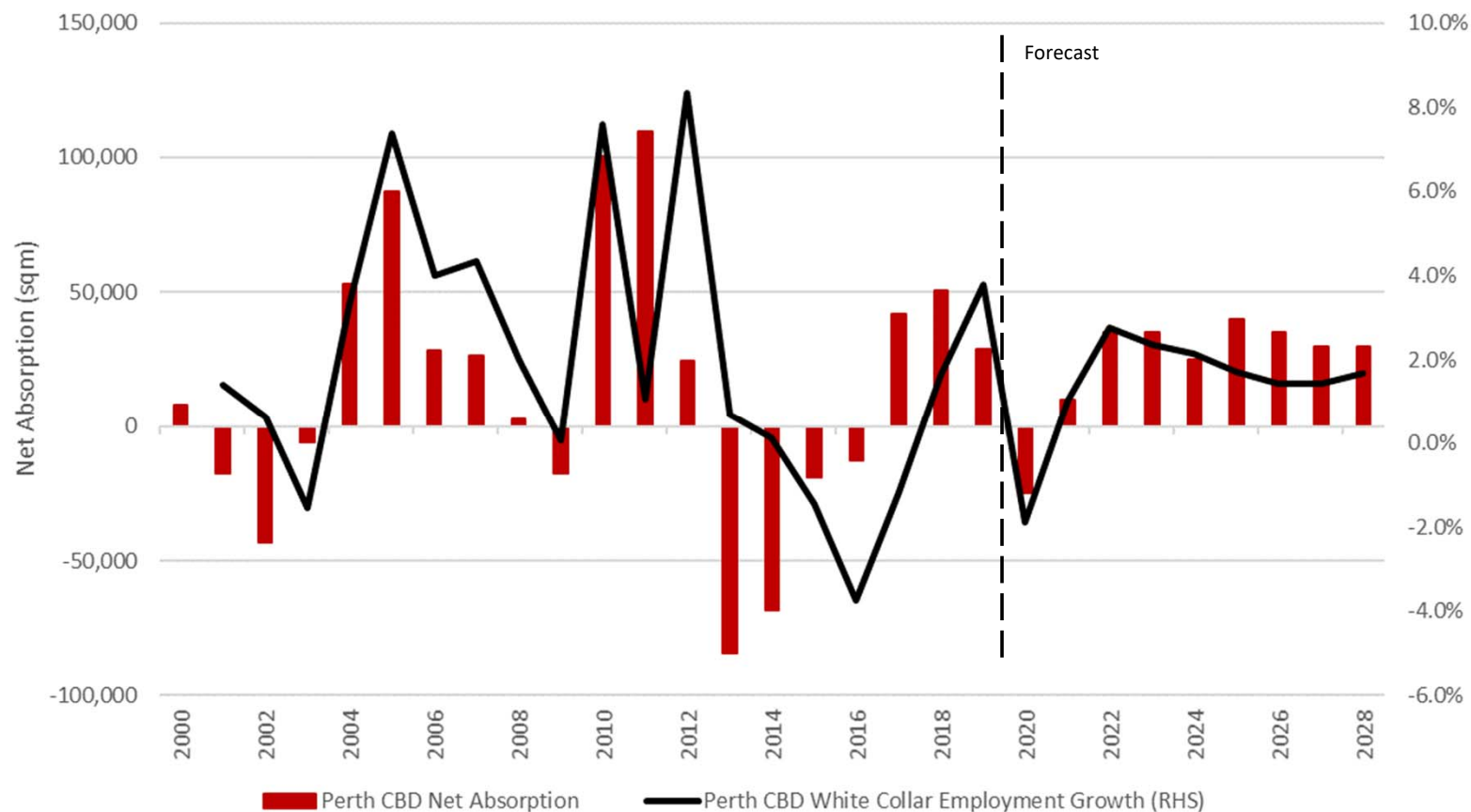
Perth CBD Office Leasing Enquiries – By Volume



Source: CBRE

Portfolio strategically weighted towards Perth

Forecast positive net absorption due to constrained supply and forecast white collar employment growth



Source: JLL Research

A solid start to FY21 - Leasing



Westralia Square, Perth

- Full floor (level 11, 1,807sqm) leased to Cash Converters
 - 10 years commencing 1 October 2021
- Levels 12 – 16 now vacated by MOW and being refurbished
- Shortlisted for a number of tenants with briefs of between 1,800sqm – 5,000sqm



50 Cavill Ave, Surfers Paradise

- Five new leases or extensions for approximately 1,400sqm at higher rents than previous tenant
- Positive levels of inspection and positive negotiations with existing tenants for expansion



Mill Green, Perth

- Full floor at 197 St Georges Terrace (level 13, 835sqm) leased to Laing O'Rourke
 - 5 year lease commencing 1 February 2021
- Heads signed for 209sqm on level 10
- Shortlisted for level 11
- Four new leases/renewals totalling 404sqm at 5 Mill Street



Funds Management

- Two new leases of the peripheral sites at 6 Sunray Drive, Innaloo (GDI No. 43 Property Trust) totalling 622sqm
- New 3 year lease for 816sqm to Services Australia at Stanley Place (GDI No. 42 Office Trust) with interest in the majority of the vacant space
- New 8 year lease to Lycopodium commencing 1 July 2020 for 4,628sqm at 1 Adelaide Terrace, Perth

A solid start to FY21 - Development

WS 2, Perth



Architectural drawings only

- DA lodged with relevant authority in mid September and anticipate planning approvals within the next 3 months
 - A 2020 approval would enable a March commencement and a late 2022 completion
 - Project costs (excluding finance and incentives) of approximately \$63 million includes \$10 million of precinct works

1 Mill Street, Perth



Architectural drawing only

- DA lodged for a new approximately 45,000sqm building last week, together with another DA to demolish the existing building
- Anticipate demolition works to commence in early 2021
- Prepared for tenant enquiry, including a number of formal briefs expected this year

But still a lot more to do...

Leasing

- Significant leasing opportunities remain at
 - 1 Adelaide Terrace, Perth (GDI No. 36 Perth CBD Trust)
 - 180 Hay Street, Perth
 - Westralia Square, Perth
 - 235 Stanley Street, Townsville (GDI No. 42 Office Trust)

Capital markets

- Continue to review acquisition opportunities for both the Property division and Funds Business, focusing on markets demonstrating the strongest near to medium term growth prospects
- Accelerate the sell down of the strata suites at
 - 251 Adelaide Terrace, Perth (GDI No. 29 GDI Office Fund)
 - 10 Market Street, Brisbane (GDI No. 33 Brisbane CBD Trust)
- Monitor opportunities to exit 50 Cavill Avenue, Surfers Paradise

Capex and development

- Progress the development opportunity at 1 Mill Street, Perth
- Exceed the timeline for the development of the excess land at Westralia Square
- Complete/progress the capex works programmes at
 - Westralia Square, Perth
 - 180 Hay Street, Perth



180 Hay Street, Perth



235 Stanley Place, Townsville

Distribution

- Confirm our intent is to pay a cash distribution of 7.75 cents per security for FY21, regardless of our level of FFO, subject to no material change in circumstances or unforeseen events¹
 - Likely that a proportion of any distribution will be paid out of capital
 - No change from FY20

COVID-19

- Terms for any relief now agreed with all but one tenant and collecting all rent in accordance with leases for all but this one tenant
- Wrote off only \$518,000 of rent in FY20 and currently tracking for FY21 to be significantly less than this²
 - Forecast total write off to be approximately 1% of fully let gross income²

1. The ability to pay a capital distribution that may be in excess of earnings will require compliance with the terms of GDI's bank facility at the time of payment
2. For GDI's wholly owned assets only

