
ASX ANNOUNCEMENT

3 APRIL 2023

Tulla Joint Venture

GDI¹ is pleased to announce that it has executed Joint Venture documents² to consummate the Joint Venture arrangements with the Tulla Group to jointly own, operate and subsequently syndicate co-living mining accommodation. Tulla Group is the private investment vehicle of the Maloney family, who built The MAC Services Group (the MAC), a mining accommodation company that was listed on the ASX in April 2007 and sold to Oil States International in December 2010.

Both GDI and Tulla Group believe that the outlook for commodities is positive, with macro themes like global infrastructure spending, investment into green technologies and global political instability supporting the outlook for Australian commodities. Record levels of mining exploration expenditure³ point to an ever-increasing need for remote accommodation, particularly in Western Australia, where there is an already tight accommodation market.

Tulla Group bring to the Joint Venture significant experience in operating co-living facilities. The success of the MAC Services Group was founded on relationship management with its clients, creating market leading facilities and the operational management of those facilities. The former COO of the MAC, Mr Chris Jury, has been appointed as CEO of the Joint Venture, and both Kevin Maloney (former Executive Chairman of the MAC) and Mark Maloney (former MD and CEO of the MAC) sit on the Joint Venture entity Boards.

Tulla Group, through its wholly owned subsidiary Resource Accommodation Management Pty Limited (RAM), currently own and operate one village at Norseman, Western Australia. RAM's assets at Norseman include a co-living village with 270 single rooms and 12 duplexes, the Norseman Hotel and 47 houses in Norseman. The co-living village at Norseman has a contract with Pantoro South Pty Limited, the operator of the Norseman Gold Mine, to provide a total of 521,950 room nights, which will equate to a term of approximately 6.25 years assuming an 80% usage. GDI is now a 49.99% owner of RAM.

Various Joint Venture entities have also today exercised the call option to acquire the South Hedland Motel (SHM) and the accompanying Lodge Motel (the Lodge). SHM comprises 107 rooms, and the Lodge 135 rooms, with the ability to add up to another 40 rooms at the SHM site. The motels have been run as a combination of a standard motel operation and workforce accommodation. Settlement of SHM and the Lodge is anticipated to occur on or around 12 April 2023. Once under operational control, the Joint Venture intends to commence a rebranding exercise and have discussions with numerous clients about the provision of longer term accommodation contracts.

The Joint Venture partners intend to acquire and / or build further co-living villages using debt finance. Once there is sufficient scale and diversity, in terms of commodity, geography and client, the Joint Venture partners intend to offer investment opportunities to GDI's investor base via an offering of units in Co-Living Accommodation Trust 1 (CAT1)⁴. The intention is that CAT1 will hold the underlying real estate, with long term leases to the Joint Venture's operating entities.

GDI has committed to invest \$33.0 million into the Joint Venture, with \$5.0 million having been paid today for the interest in RAM, and the balance payable immediately prior to the settlement of the SMH and the Lodge. Whilst the Joint Venture entities hold the asset at Norseman, SHM and the Lodge, GDI forecasts an approximately 20% return on its invested capital⁵. GDI has received credit approval for a \$33.0 million increase in its Principal Facility to fund its contribution to the Joint Venture.

GDI adheres to core strategy

The Co-living Joint Venture compliments both GDI's Property and Funds Management businesses. GDI remains relentlessly focused on its leasing efforts in Perth to maximise the value of its current assets in both the Property and Funds Management Business.

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Authorised for release by David Williams, Company Secretary

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1. GDI comprises the stapled entities GDI Property Group Limited (ACN 166 479 189) and GDI Property Trust (ARSN 166 598 161).
 2. JV documentation comprises a Securityholders' Agreement and an Implementation Deed, the former reflecting the intended 50/50 nature of the joint venture and constituting the GDI and Tulla parties as equal participants in terms of control and economic interest in the venture. The Implementation Agreement is a facilitative document that sets out the steps to establish the necessary structures for jointly holding the JV assets, initially the parties' investments in RAM, the Lodge and SHM.
 3. JLL research
 4. This does not constitute any offer of securities. Any investment opportunity will be detailed in an Information Memorandum only available to wholesale investors. Any investment will involve risks, including loss of capital. Returns will not be guaranteed.
 5. Based on forecast full year FY24 budgets.