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## ASX ANNOUNCEMENT

14 November 2014

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### CHAIRMAN'S ADDRESS

On behalf of the GDI Property Group Board, I am pleased to preside over GDI Property Group's inaugural Annual General Meeting.

The financial year ended 30 June 2014 was a busy year for all concerned at GDI Property Group. We successfully navigated our way through an Initial Public Offer (IPO) process, acquired a new property and established a new fund. All this resulted in our exceeding the Prospectus and Product Disclosure Statement dated 25 November 2013 forecasts. Our Funds From Operation (FFO) was \$22.2 million, versus the Offer Document forecast of \$21.9. We paid the distribution of 3.5 cents per stapled security and saw an increase in our Net Tangible Assets (NTA) per security of 2 cents to 93 cents, although this is now 97 cents following the recently announced sale of 233 Castlereagh St, Sydney for \$156 million and the acquisition of 66 Goulburn St, Sydney.

Operational highlights during the period including raising \$43.8 million to establish GDI No. 38 Diversified Property Trust in under three weeks, and exchanging on 66 Goulburn St, Sydney for \$136 million, \$2 million below its independent valuation. The asset was subsequently settled on 15 July 2014.

The business is extremely well placed for the future. Mr Greg Marr has joined as Head of Unlisted Funds, an area in which we see significant growth. Mr Marr joins a very experienced executive team to specifically focus on rebuilding our Assets under Management to pre IPO levels. Our assets are well placed to benefit from the uplift in leasing markets that we are now seeing, with leasing enquiry the strongest it's been for some time.

This excellent performance is a result of the hard work and dedication of our Managing Director, Steve Gillard, and all the team at GDI Property Group. Our staff includes only 11 people. It is through their efforts that we have been able to exceed our forecasts and create such a strong foundation for the future.

I am also pleased to note the overwhelming support as indicated by the proxies received for the resolutions to be put to the meeting today. We are proud that the corporate governance advisors recommended supporting all the resolutions. Corporate governance and risk management are a priority for GDI Property Group. Utilising an automated, on line risk management system, we are able to manage our risks without impeding our ability to be entrepreneurial.

I will now hand over to Steve Gillard, Managing Director of GDI Property Group.

## MANAGING DIRECTOR'S ADDRESS

First of all I would like to thank you all for supporting GDI Property Group, particularly those investors who participated in the IPO and help create to this dynamic AREIT. The listing was well supported by our syndicate investors and new institutional securityholders. Whilst the market has not yet fully embraced and understood GDI Property Group since listing, we are determined to make GDI Property Group a leader in the AREIT sector. GDI Property Group is just not a rent collector; we buy buildings and reposition, release, rezone, reimagine and renovate to realise full value for our assets. The recently announced sale of 233 Castlereagh St, Sydney for \$156 million is a prime example. This building was brought into the listing at a valuation of \$121m. Since listing we have investigated its full potential, working with Council and tenants to take advantage of the recent substantial uptick in CBD residential demand.

In the first six months from listing our results were slightly ahead of the Offer Document forecasts and we have confirmed our FY 2015 forecasts of Funds From Operation (FFO) of 8.2 cents per security, and a distribution of 7.5 cents per security. The recently acquired 66 Goulburn St, Sydney asset, which we purchased for \$2 million less than the independent valuation, is receiving strong levels of leasing enquiry. Our other assets are also well positioned for growth and we are working hard to reposition leverage each of them.

In past two months we have seen leasing enquiry and deal flow strengthen, particularly in Sydney and Adelaide. We are also on track to achieve our results in Brisbane, and whilst the market perceives Perth to be challenging, we have fully leased 197 St Georges Terrace and are on track to fully lease 5 Mill St by FY 2015. There has been good recent enquiry for 1 Mill St and we are working on our objectives to fully lease this building along with other asset management initiatives. Both the Adelaide and Perth assets will be independently revalued for the half year ending 31 December 2014, and we do expect some positive revaluations from these two assets.

During the first six months we successfully raised \$43.8 million for GDI No. 38 Diversified Property Trust in under three weeks, demonstrating the strong support for our funds from our investor base. We have been pursuing opportunities for a fund to launch in the first six months of this financial year, however a potential \$90m acquisition did not complete, as after careful consideration and due diligence, it failed our valuation, investment and acquisition criteria. We have already identified a number of potential acquisitions and intend to launch a large fund in early calendar 2015. We are also repositioning a number of our syndicate investments for an uptick in valuation and potential realisation.

I would like to thank the staff of GDI Property Group for their hard work and dedication. The team is working extremely diligently and we are well positioned for growth as business confidence and leasing markets improve. Although some core asset pricing does seem in front of the fundamentals, GDI Property Group sees great potential in investment markets and will continue to buy properties for well below replacement cost which offer opportunity through value added growth.



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