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## ASX ANNOUNCEMENT

**17 OCTOBER 2024**

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### BELL POTTER CONFERENCE PRESENTATION

GDI<sup>1</sup> 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](mailto:stephen@gdi.com.au)

David Williams  
Chief Financial Officer  
+61 2 9223 4222

[david@gdi.com.au](mailto:david@gdi.com.au)

*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).

The image shows a modern architectural interior. A large, multi-paned glass skylight at the top allows natural light to filter in, creating a bright, airy atmosphere. The structure is supported by a network of dark, angular metal beams. Below the skylight, a glass-walled entrance area is visible, featuring a revolving door and a sign that reads "WS2". The interior is lit with warm, yellow light, contrasting with the cool blue tones of the skylight and the dark structural elements. The floor is made of large, dark tiles.

# GDI Presentation For Bell Potter Foundations Property Conference 2024





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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.



### **GDI represents**

- > Office building total return specialist
- > Perth exposure - Core CBD
- > Syndication funds business origins
- > Co-living JV and car parks and car yards exposure

### **Our point of difference**

- > Small team (c. 1 person per \$26m of market cap)
- > Active with key skills in leasing, development, acquisition, divestment and asset management
- > Boutique office space in core locations:
  - o Timber and adaptive re-use
  - o Lower breakeven rent advantage
  - o Curating tenant amenity and providing space in a more dynamic office environment
  - o Partnership approach with 'best in class' capabilities
- > Run towards leasing risk with a strategy to extract risk adjusted returns
- > Opportunistically recycle assets and paying a consistent distribution, with through cycle funding
- > Do what we say we will do and execute on strategy - Underpins GDI culture

# 01

## Introduction



**\$0.67**  
**SHARE PRICE**

**c. \$360m**  
**MARKET CAP**

**33%**

**GEARING**

- > Well within policy of sub 40%
- > LVR of 40.6% (covenant of 50%) and ICR of 2.0X (covenant 1.5X) on the syndicated facility
- > High levels of interest rate protection, but ability to participate in any interest rate reductions

**\$1.19**  
**PER SECURITY**

**NTA**

- > All assets were independently valued during FY24
- > Weighted average capitalisation rate of 6.6%
- > Average rate/sqm of NLA of \$8,019<sup>1</sup>

**5.00c**

**PER SECURITY**

**DISTRIBUTION**

- > FY24 distribution of 5.0 cents per security
- > Objective of holding 5.0 cents through cycle

**5.52c**  
**PER SECURITY**

**FFO**

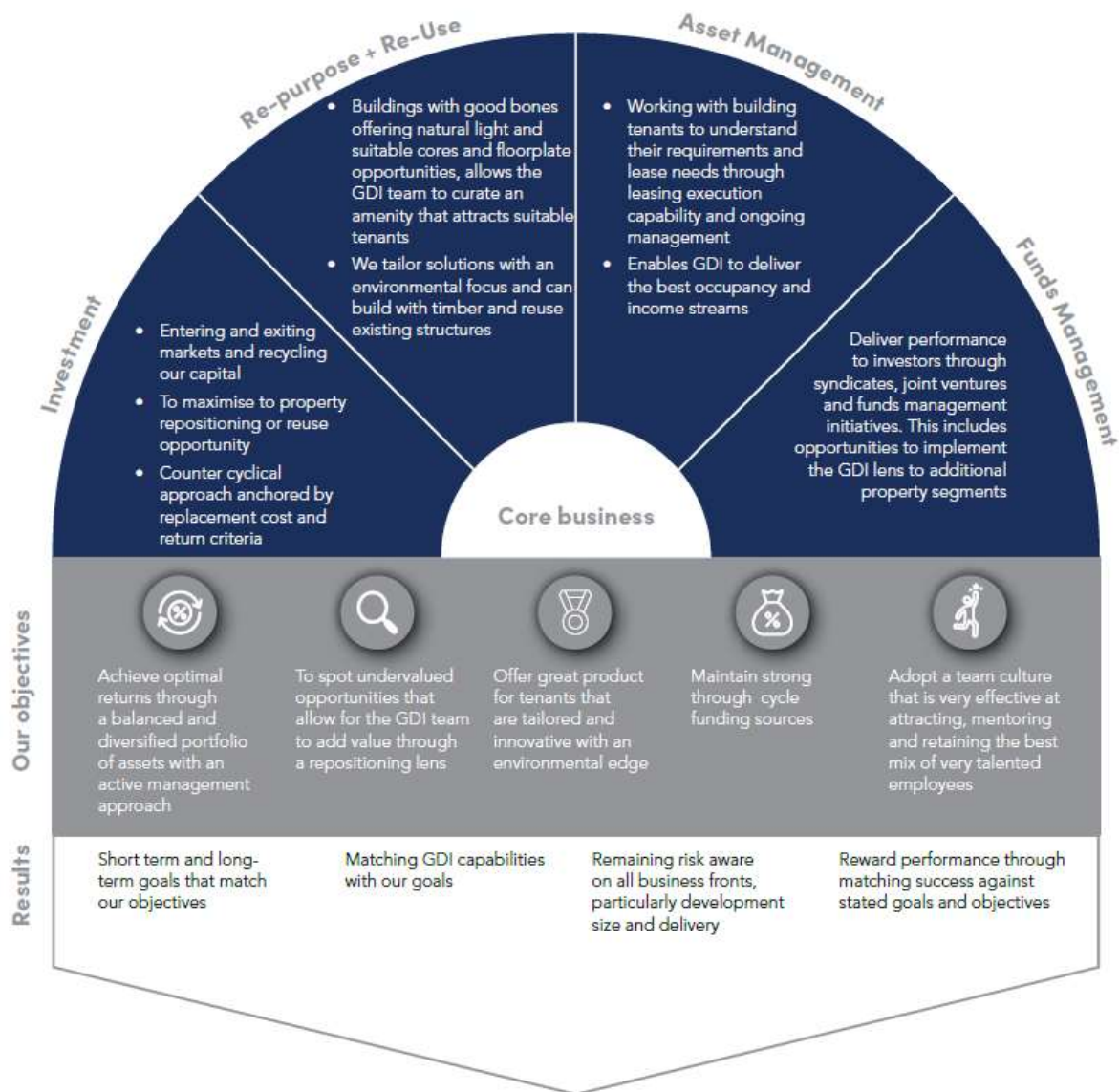
- > Growing FFO per security indicative of strong leasing outcomes and full year contribution from the Co-living JV, notwithstanding higher interest expense

**44%**

**DISCOUNT TO  
NTA**

1. After deducting \$1,000/sqm from the valuation of Westralia Square for the public carpark, comprising 357 car bays operated by Wilsons





# 03

## How We Create Value The GDI Business Model



Details	Independent valuation			Carrying Value		
	Date	\$m	Cap rate %	30/6/24 \$m	30/6/23 \$m	
141 St Georges Terrace, Perth (WS1)	31/12/23	379.0	6.00	385.2	371.0	↑
143 St Georges Terrace, Perth (WS2)	31/12/23	94.0	6.50	99.1	90.0	↑
197 St Georges Terrace, Perth	31/12/23	205.0	7.25	209.5	212.8	↓
5 Mill Street, Perth	31/12/23	54.0	7.25	53.9	58.1	↓
1 Mill Street, Perth	31/12/23	38.3	8.00	38.3	36.0	↑
235 Stanley Street, Townsville	02/04/24	43.5	8.00	43.5	51.4	↓
180 Hay Street, East Perth	31/12/23	18.8	8.00	18.8	20.5	↓
<b>Total office properties</b>		<b>832.6</b>		<b>848.3</b>	<b>839.8</b>	↓
Autoleague Portfolio, Perth	31/12/23	140.6	6.44 <sup>1</sup>	140.5	136.6	↑
419-431 Murray Street, Perth	31/12/23	42.9	6.00	43.1	42.6	↔
301-311 Wellington Street, Perth	31/12/23	24.4	6.00	24.5	32.2	↓
<b>Total carparks and car yards</b>		<b>207.9</b>		<b>208.1</b>	<b>211.4</b>	↓
<b>Total carrying value</b>				<b>1,056.3</b>	<b>1,051.2</b>	↑

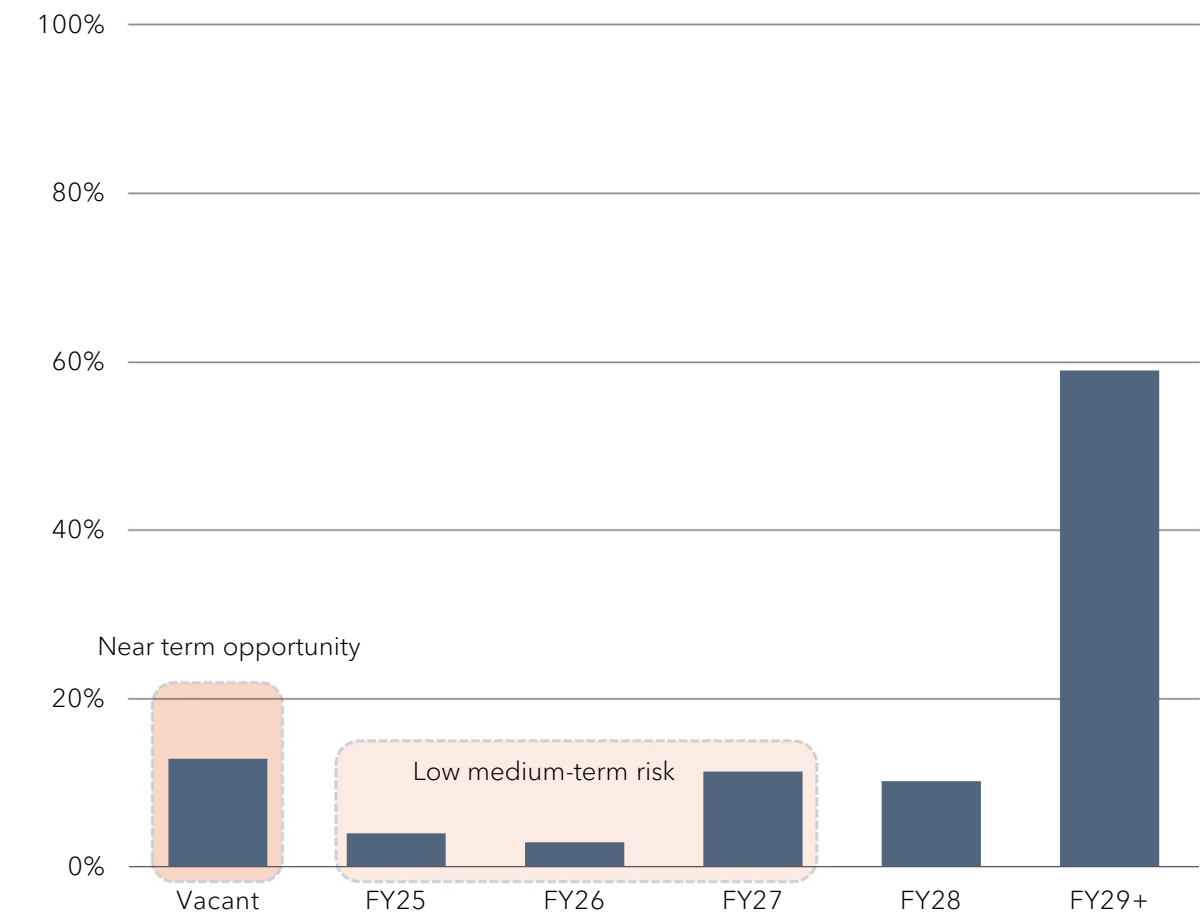
1. Relates to 17 car yards within Perth with a market yield range of 5.79% - 7.31% and an IRR range of 7.06% - 7.84%.

# 04

## Property Portfolio Overview



Weighted average lease expiry as at 30 June 2024<sup>1</sup>

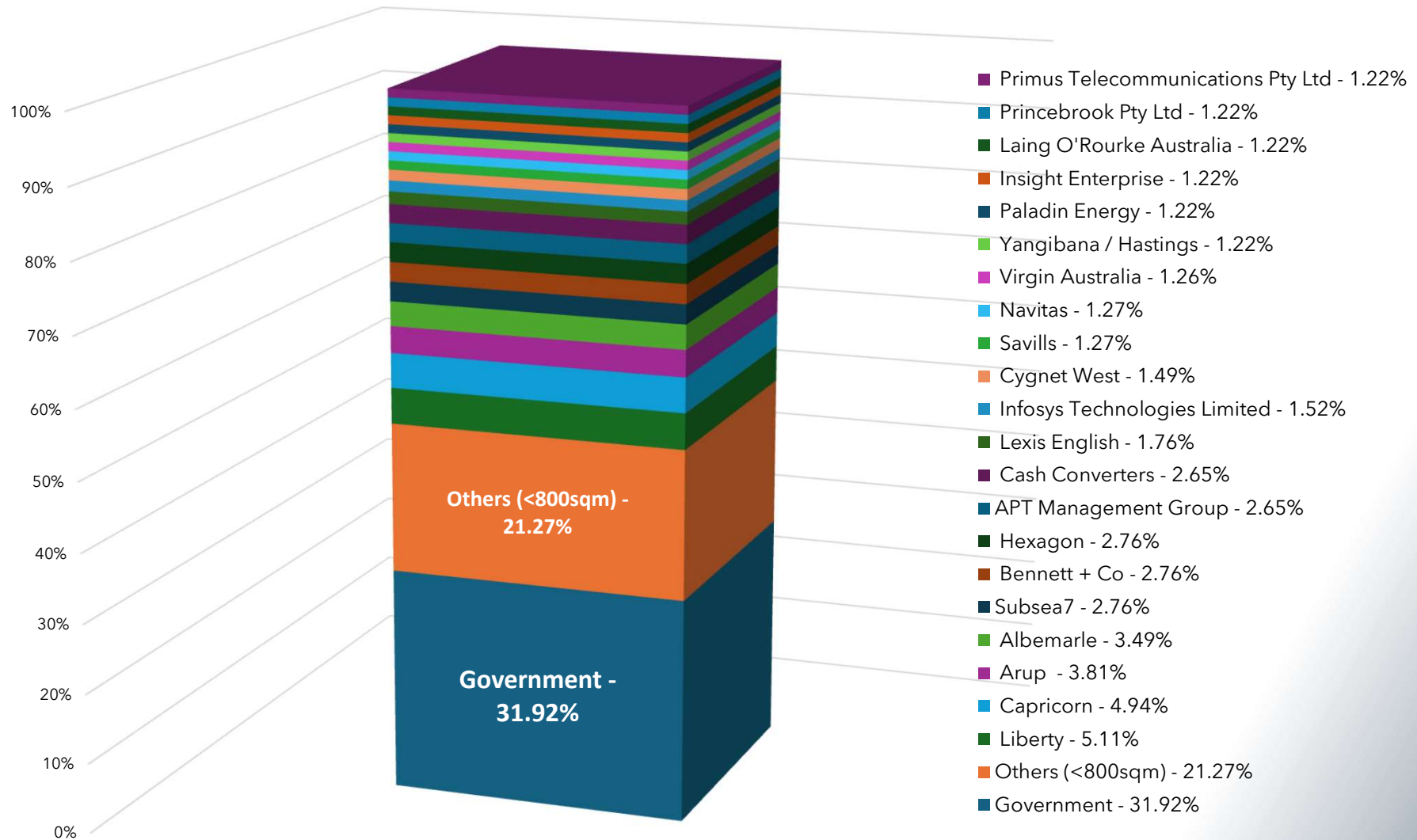


Key Statistics as at 30 June 2024

Occupancy <sup>1</sup>	87.2%
WALE <sup>1</sup>	5.39 years
Weighted average capitalisation rate <sup>2</sup>	6.63%
Average value psm <sup>3</sup>	\$8,019
Total NLA (sqm) <sup>2</sup>	126,840

1. Excludes 1 Mill Street but includes the showrooms in the Autoleague portfolio and the two Perth CBD carparks,
2. Includes 1 Mill Street
3. After deducting \$1,000/sqm from the valuation of Westralia Square for the public carpark, comprising 357 car bays operated by Wilsons

GDI Occupied Area (Wholly Owned) as at 30 June 2024



04

## Property Portfolio

Diversified Tenant Base, Underpinned by Government Covenant



Leasing	<ul style="list-style-type: none"> <li>&gt; Leased or renewed over 37,000sqm of office space, including all but filling both Westralia Square and WS2, most notably with a combined 16,347sqm lease and lease extension to the Minister of Works for over 10 years at Westralia Square</li> <li>&gt; Completed additional leasing in industrial and retail and segments</li> <li>&gt; Focus on remaining space and growth opportunities</li> </ul>	✓
Financial	<ul style="list-style-type: none"> <li>&gt; Exceeded all the financial objectives set for the year, including exceeding internal FFO budgets, maintaining the distribution and outperforming the MSCI Core Office Property Fund Index</li> <li>&gt; Target distribution of 5.00 cents full year guidance</li> </ul>	✓
Refinancing	<ul style="list-style-type: none"> <li>&gt; Introduced a second major funding partner to the Syndicated Facility (previously Principal Facility), extended the term to December 2026 and increased its size, initially by \$25.0 million and subsequently by another \$25.0 million, giving GDI timing flexibility on capital recycling initiatives</li> <li>&gt; c. \$50m unutilised, c. 33% gearing ICR 2.0 x (covenant 1.50 x)</li> </ul>	✓
Removal of Legacy Issues	<ul style="list-style-type: none"> <li>&gt; Restructured both the management team and our service providers, creating a more harmonious team that is able to work with best-in-class partners</li> </ul>	✓

# 05

## Delivering on Strategy Our Scorecard

Board Renewal	> Renewed the Board by appointing two new highly qualified Directors following the retirement of Gina Anderson in April 2024	
Co-Living JV	> Successfully navigated the first full year of operations of the Co-living JV, making a small additional acquisition and achieving our return expectations <ul style="list-style-type: none"> <li>&gt; 20% return on capital target (initial investment \$33m)</li> <li>&gt; \$6.8m FFO contribution for FY24</li> </ul>	
Asset Management	> Achieved significant headway in the asset management strategies of our unlisted funds	
Recycling	> Non-core assets > \$100m identified > Transactions commencing in an improving but muted environment	Underway
Positioned for Growth	> Timber and adaptive re-use focus > Target agreements for lease > Existing assets (DA approved) / Additional targets	Underway

# 05

**Delivering on Strategy**  
Our Scorecard



### Leasing Momentum Continues

- > Signed over 5,000m<sup>2</sup> of office leases and HOA's since year end
- > Signed HOA over industrial lease for over 10,000m<sup>2</sup>
- > Leasing momentum continues with active office enquiry and engagement across portfolio
- > Relentless focus on leasing outcomes

### Spec Fitout Strategy

- > Earlier lease commencement dates
- > Better terms

### Growth Initiatives and Recycling Underway

- > Staged plans for Mill Green
- > Fund leasing and divestments

#### Non-core divestments:

- > Sold a car yard asset for 2.3% premium to book value and listed another asset for auction
- > Recycling continues

### Co-living Joint Venture

- > Continued focus on operational led returns
- > Target >20% return on initial invested capital
- > Measured acquisition growth

# 05

## Delivering on Strategy

Subsequent to 30 June 2024



### Register Changes

- > Left the REIT 300 Index
- > Welcomed a number of new shareholders, in particular one large small cap investor with c. 7.4%
- > Turnover of various index and quant related funds, providing greater stability

### Board Changes Finalised

- > John Tuxworth retired and Patria Mann and Susan Hilliard joined during the year
- > Chairman changed earlier in the year
- > Board comprises four directors, including one non-independent

### Achievements

- > WS2 was awarded "The Best Innovation Award" by the PCA last week at the WA Property Awards 2024


### Distribution Guidance

- > No change to distribution guidance of 5.00c for FY25<sup>1</sup>

# 05


## Delivering on Strategy

Subsequent to 30 June 2024



**Best Innovation Award**

**WS2**  
GDI Property Group



  
**2024 WA Property Awards**

1. Subject to no material change in circumstances or unforeseen events.





- > Positive net absorption continues +12,000sqm Q2, 2024 and 2,860sqm Q3, 2024
- > Overall vacancy of 15.7%
- > Last twelve month A grade absorption of +74,000sqm compared to only 2,252sqm in Premium, reflecting shift in dynamic from 'flight to quality' to 'flight to value'
- > Leasing activity levels are good (expansionary activity, small sub-lease vacancy of 1.3%)
- > Tenants giving preference to fitted out space
- > The macro backdrop is underpinned by the strong Perth resources economy
- > Our strategy to fit out space and provide part floor lettings has enabled us to;
  - > Shorten LCDs
  - > Reduce incentives
  - > Strike better rents
  - > Offer varying price points amongst our cluster of properties
- > Consensus cap rate softening of 0.25% over the year
- > No transactions of size in the office markets for Perth
- > Modest short-term supply outlook

# 06

## Perth Market Key Trends





1.8%

**GSP Growth**  
GROSS STATE PRODUCT  
AVG. OVER 4 YEARS

Gross State Product (GSP) growth forecast to average 1.8% over the next four years.



46%

**Exports**  
% OF AUSTRALIAN EXPORTS

Exports from WA represent 46% of all Australian merchandise exports.



+ 213K

**Employment Growth**  
TO 2031

Total employment to increase by 213,000 people from 2023 to 2031.



11% to 3.2m

**Population Growth**  
PROJECTED TO 2031

Total population to increase by 11% to 3.2 million people through 2031.



\$207.1Bn

**Infrastructure Spend**  
OVER NEXT 5 YEARS

Record infrastructure spending of AUD 207.1 billion (50% of WA GSP) over the next five years.



\$2.6Bn

**Operating Surplus**  
PROJECTED FOR 24-25

AUD 2.6 billion operating surplus projected for 2024-25, with the Budget forecast to remain in surplus over the next four years.

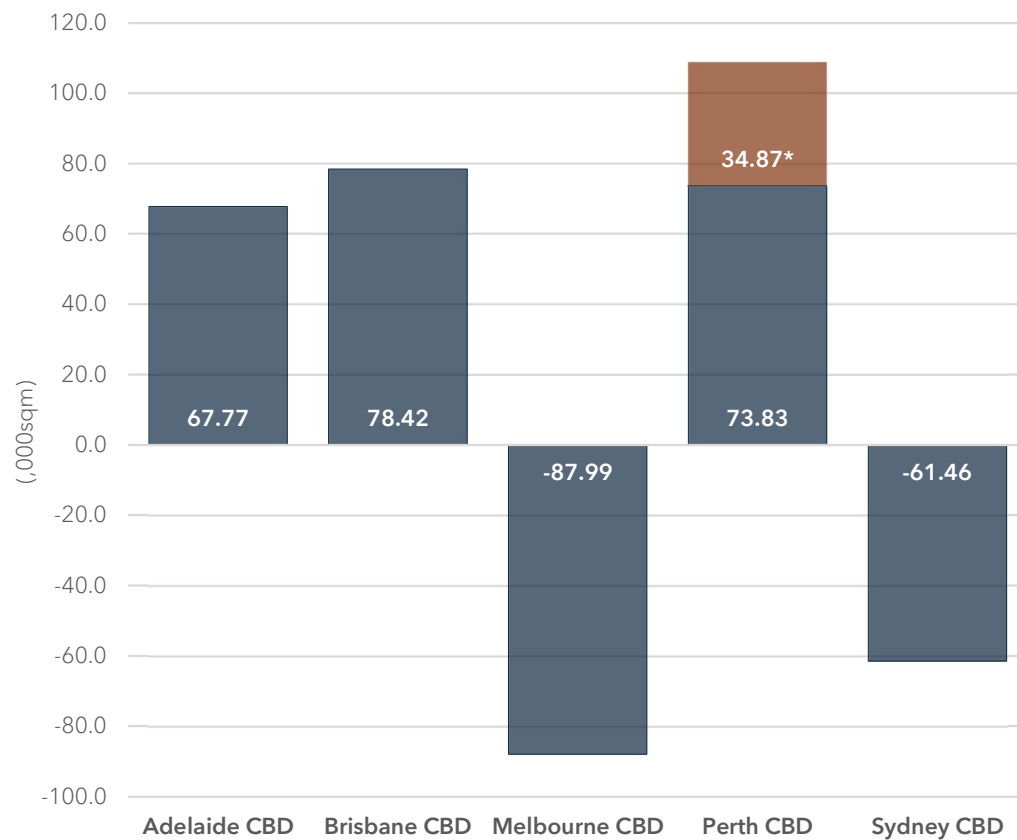
06

**Perth Market**  
WA Economy





The Perth market has been the strongest performing office market over the last two years to 30 June 2024



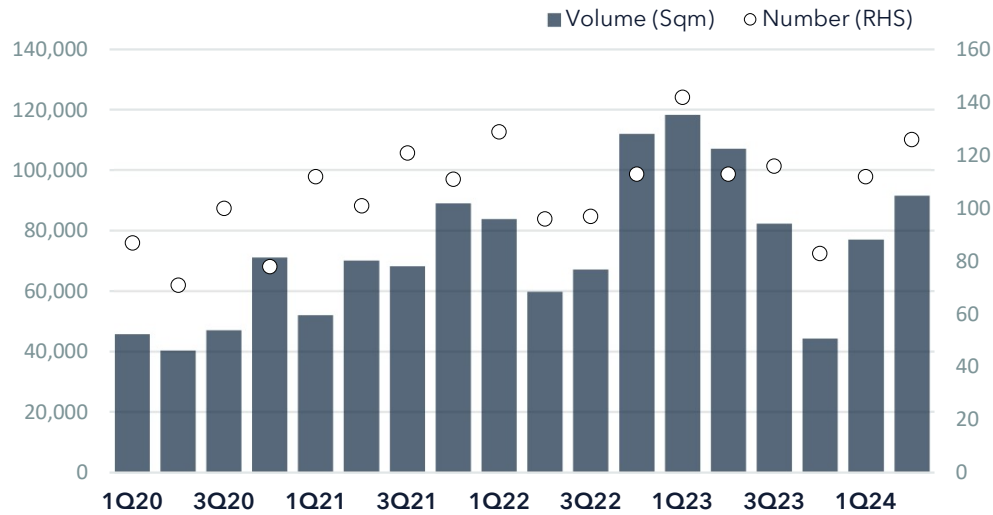
\*Net absorption for Perth CBD would have been 108,700 sqm over the last 24 months if not for the boundary change

Source: JLL Research

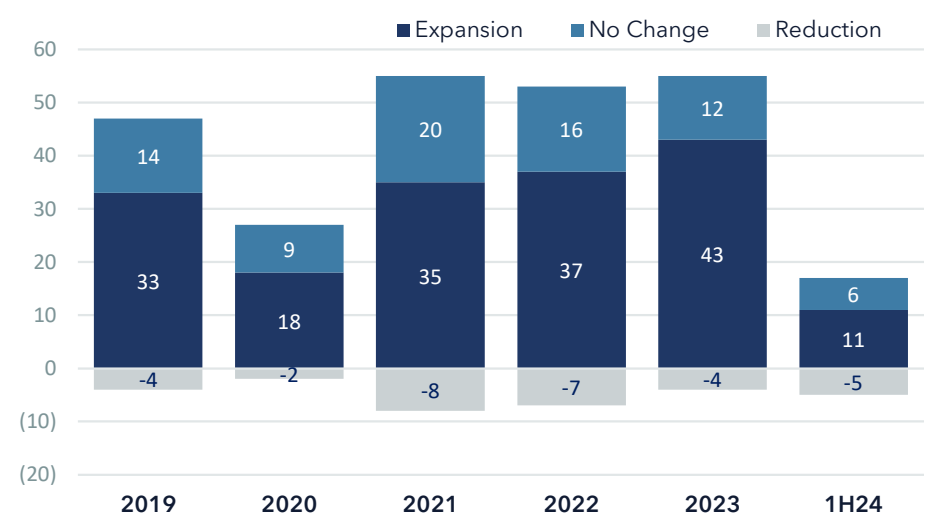
06

Perth Market  
Net Absorption

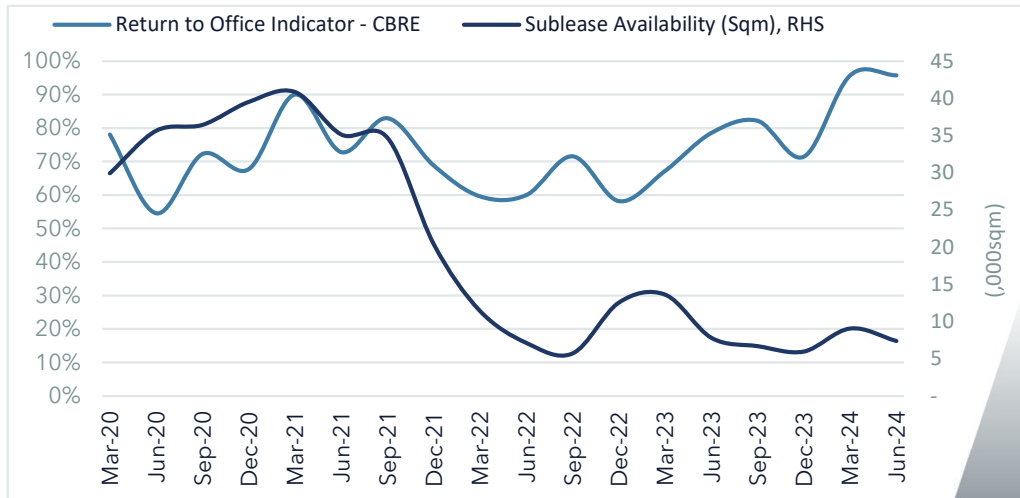
## Perth CBD Enquiry Volume



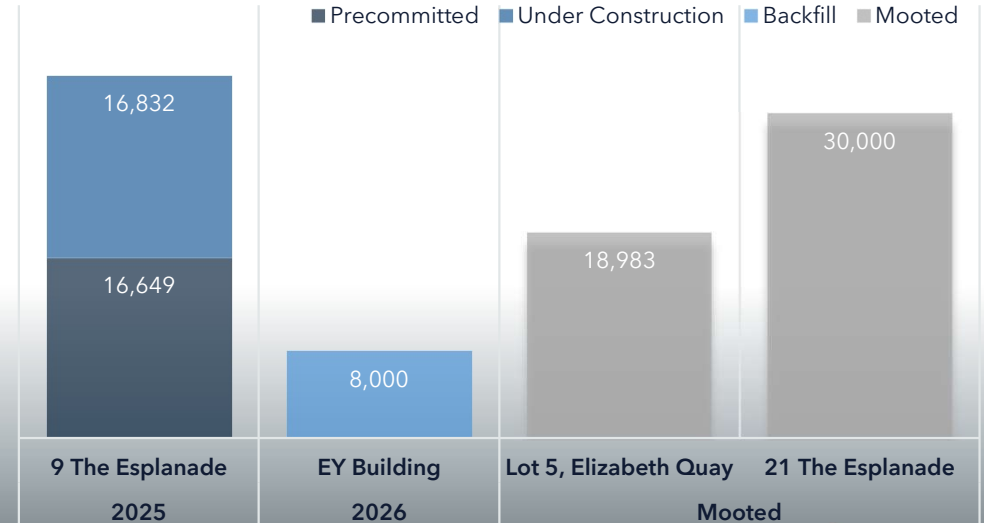
## Perth CBD 500+ sqm Deals - Size Change



## Perth CBD Physical Office Utilisation(%) vs Sublease (sqm)



## Supply Gap Appearing Post 2025



06



## Property Division FFO<sup>1</sup> higher than previous corresponding period

- > FFO contribution from Westralia Square and WS2 of \$23.7 million, up from \$18.1 million from the prior year
  - > Contribution from both assets will continue to grow as leases commence at WS2
- > At Mill Green, FFO contribution was lower at \$14.0 million (vs \$15.4m), largely due to the lower average occupancy at 197 St Georges Terrace
  - > With occupancy increasing to 78%, FY25 property income is forecast to begin to rebound
- > Full year contribution from the carparks of \$4.0 million consistent with prior year performance (FY23 of \$4.2m)
- > FFO contribution from the Co-living JV of \$6.8 million, in excess of our 20% return on our initial invested capital
- > Funds Management FFO contribution of \$6.6 million (FY23 of \$6.8m), due to slightly lower distributions from consolidated funds
- > Net interest expense significantly higher at \$15.8 million (up from \$9.2m from the prior year)
  - > Interest on the debt drawn to fund the construction of WS2 is capitalised until occupiable (FY24 \$2.9 million)
- > Corporate and administration expenses higher due to some one-off items (reversals) in FY23
- > Lower maintenance capex due to capital accretive nature of expenditure now being invested into 197 St Georges Terrace
- > Incentives and leasing fees paid remain high due to continued leasing successes

	Jun-24	Jun-23
	\$'000	\$'000
Property FFO <sup>1</sup>	41,622	37,124
Funds Business FFO <sup>1</sup>	6,592	6,810
Co-living JV	6,806	1,149
Other	(41)	97
<b>Total</b>	<b>54,980</b>	<b>45,180</b>
Less:		
Net interest expense	(15,839)	(9,184)
Corporate and administration expenses	(9,102)	(7,618)
Other	(487)	(257)
<b>Total FFO</b>	<b>29,552</b>	<b>28,121</b>
Maintenance capex	(1,812)	(7,296)
Incentives and leasing fees paid	(13,856)	(11,643)
Income tax expense / (benefit)	(178)	188
<b>Total AFFO</b>	<b>13,706</b>	<b>9,370</b>

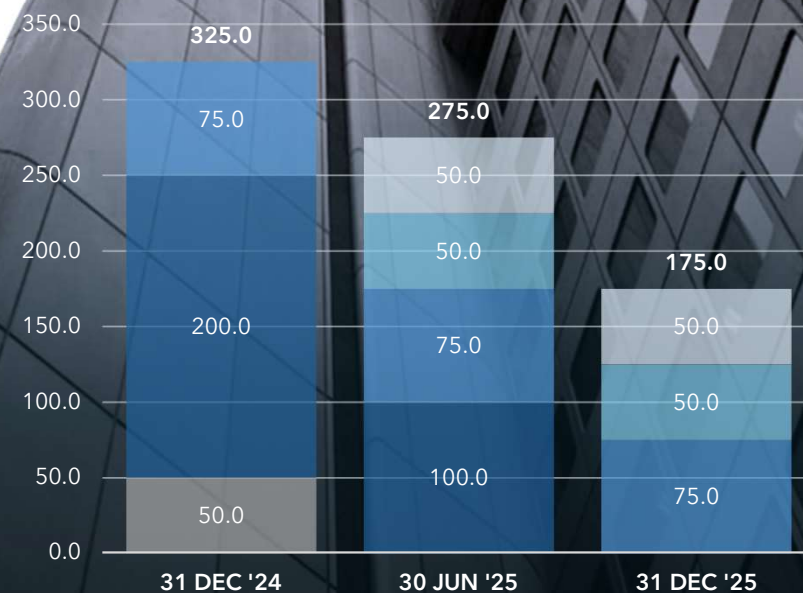
1. Property FFO and Funds Business FFO are the contribution to total FFO from the Property Division and Funds Business pre corporate and administration expenses, and net interest

As at 30 June 2024, **Principal Facility** drawn to \$347.3 million with undrawn debt of \$49.1 million

			30 June 2024		
	Secured	Maturity Date	Facility \$'000	Utilised \$'000	Unutilised \$'000
<b>Syndicated Facility</b>					
Tranche A	Yes	December 2026	346,500	322,331	24,169
Tranche B	Yes	December 2026	50,000	25,000	25,000
<b>Total Principal Facility</b>			<b>396,500</b>	<b>347,331</b>	<b>49,169</b>
<b>Consolidated unlisted funds</b>					
GDI No. 42 Office Trust	Yes	August 2024	11,500	10,000	1,500
GDI No. 46 Property Trust	Yes	February 2025	30,000	30,000	-
<b>Total consolidated unlisted funds</b>			<b>41,500</b>	<b>40,000</b>	<b>1,500</b>
<b>TOTAL DEBT</b>			<b>438,000</b>	<b>387,331</b>	<b>50,669</b>

Post balance date, facility for GDI No. 42 Office Trust was extended for two years to August 2026 and the facility for GDI No. 46 Property Trust extended for one year to February 2026, subject to settlement of the sale of 10 Lancaster Road, Wangara.

A combination of interest rate caps and swaps protects from rising rates but allows GDI to benefit from lower interest rates



- BBSY@ 3.00% CAP
- BBSY@4.25% CAP
- BBSY@4.55% SWAP
- BBSY@3.55% CALLABLE SWAP
- BBSY@3.62% CALLABLE SWAP

A





	Westralia Square, Perth	WS2, Perth	197 St Georges Tce, Perth	5 Mill Street, Perth
<b>Valuation Date</b>	31 December 2023	31 December 2023	31 December 2023	31 December 2023
<b>Valuation (\$m)</b>	379.0	94.0	205.0	54.0
<b>Carrying Value (\$m)</b>	385.2	99.1	209.5	53.9
<b>NLA (sqm)</b>	32,618.7	9,472.6	26,126	7,148
<b>Value (\$/sqm)</b>	10,619 <sup>3</sup>	9,923.4	7,846.5	7,554.9
<b>Discount Rate (%)</b>	6.75	6.75	7.25	7.50
<b>Capitalisation rate (%)</b>	6.00	6.50	7.25	7.25
<b>Occupancy<sup>1</sup> (of NLA) (%)</b>	97.6	81.7	77.9	90.1
<b>WALE<sup>2</sup> (years)</b>	7.7 / 7.5	8.5 / 6.9	3.9 / 3.0	1.6 / 1.5
<b>Major Tenants (sqm/expiry)</b>	MOW 1,833 / FY27 16,347 / FY34	Arup 2,598 / FY32	Albemarle 2,381 / FY28	Knightcorp 741 / FY25

1. Including signed Heads of Agreement to 31 July 2024

2. By occupied area / total NLA

3. After deducting \$1,000/sqm for the public carpark, comprising 357 car bays operating by Wilsons, in addition to the 179 tenant bays



	1 Mill Street, Perth	180 Hay Street, Perth	Murray Street, Perth	301-311 Wellington Street, Perth <sup>3</sup>
<b>Valuation Date</b>	31 December 2023	31 December 2023	31 December 2023	31 December 2023
<b>Valuation (\$m)</b>	38.3	18.8	42.9	24.4
<b>Carrying Value (\$m)</b>	38.3	18.8	43.1	24.4
<b>NLA (sqm)</b>	6,648	4,927	-	-
<b>Value (\$/sqm)</b>	5,761	3,805	-	-
<b>Discount Rate (%)</b>	9.00	8.75	6.50	6.50
<b>Capitalisation rate (%)</b>	8.00	8.00	6.00	6.00
<b>Occupancy<sup>1</sup> (of NLA) (%)</b>	-	-	n/a	n/a
<b>WALE <sup>2</sup> (years)</b>	-	-	n/a	n/a
<b>Major Tenants (sqm/expiry)</b>	-	-	Wilson's (under management agreement)	Wilson's (under management agreement)

1. Including signed Heads of Agreement to 31 July 2024

2. By occupied area / total NLA

3. Architectural Render

A





	Autoleague WA	Stanley Place, Townsville
<b>Valuation Date</b>	31 December 2023	2 April 2024
<b>Valuation (\$m)</b>	140.57	43.50
<b>Carrying Value (\$m)</b>	140.50	43.50
<b>NLA (sqm)</b>	n/a	12,820
<b>Value (\$/sqm)</b>	-	3,393
<b>Discount Rate (%)</b>	7.26 <sup>3</sup>	8.50
<b>Capitalisation rate (%)</b>	6.44 <sup>3</sup>	8.00
<b>Occupancy<sup>1</sup> (of NLA) (%)</b>	100.0	88.0
<b>WALE<sup>2</sup> (years)</b>	6.4/6.4	2.59/2.29
<b>Major Tenants (sqm/expiry)</b>	Autoleague 25,250 / FY31	Dept. of Human Resources 4,644 / FY27

1. Including signed Heads of Agreement to 31 July 2024
2. By occupied area / total NLA
3. Portfolio weighted average

# A

## Appendix Property Portfolio





### IKEA

#### GDI No. 43 Property Trust

Council approval to remove both the road easement and the fixed term right of use provides IKEA with the opportunity for long-term tenure and building improvements



### 1 Adelaide Terrace

#### GDI No. 36 Perth CBD Office Trust

Lease transactions with existing tenants has reduced short-term expiry risks

Capital support from our financier to improve the property's amenities and to invest in tenant led initiatives



### UGL Portfolio

#### GDI No. 38 Diversified Property Trust

UGL exercised the first of its two 5-year options of Broadmeadow and agreed to a new 5-year lease at Bassendean

Continued all of Government interest in rezoning of Broadmeadow



### 10 Market Street

#### GDI No. 33 Brisbane Office Trust

All strata suites are now contracted for sale with anticipated settlements during the remainder of CY24



### Autoleague Portfolio

#### GDI No. 46 Property Trust

Post balance date, sold one of the 17 assets for a 2.3% premium to valuation



### Stanley Place

#### GDI No. 42 Office Trust

Recent valuation impacted by regional nature of the asset and its short WALE

Opportunity to recapture value through active leasing program

# A

## Appendix Fund Business Highlights



