

A tall, modern skyscraper with a glass facade and a white structural core, viewed from a low angle looking up.

# GDI PROPERTY GROUP

Half yearly results presentation

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# INTRODUCTION

# Overview



NTA – \$1.07 per security



FFO of 4.73 cents per security



Distribution of 3.875 cents per security



Total securityholder return in period of 16.2%



Absolute Total Return in period of 9.8%



Achieved sales \$24.4 million above independent valuation

# Executing on strategy

- Asset sales crystallising NTA upside and providing firepower for future acquisitions
  - 25 Grenfell Street, Adelaide
    - +\$9.9 million premium above last independent valuation
    - settled 5 January 2017
  - 307 Queen Street, Brisbane
    - +\$14.5 million premium above last independent valuation
    - settled 31 January 2017
- FFO<sup>1</sup> of 4.73 cents per security
- AFFO<sup>2</sup> of 3.41 cents per security
- NTA<sup>3</sup> of \$1.07 per security, ↑ of \$0.06 per security from 30 June 2016
- Balance sheet in very strong position
  - Following settlement of sales, drawn debt of \$49.4 million, LVR of 8%
  - Undrawn debt of \$65.6 million to fund capex and other capital management initiatives
- Distribution of 3.875 cents per stapled security, 50% of stated minimum distribution for the year
  - Payout ratio of 82.00% of FFO and 113.60% of AFFO
  - FFO and AFFO does not include any profits from sale of investment properties
- Absolute total return<sup>4</sup> of 9.78% for the period
  - Total securityholder return<sup>5</sup> of 16.2% for the period

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1. Funds From Operations (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.

2. Adjusted Funds From Operations (AFFO) adjusts for FFO for incentives paid during the period and maintenance capex.

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3. Net tangible asset.

4. Defined as (movement in NTA + distributions)/opening NTA.

5. Based on 30 June 2016 and 31 December 2016 closing prices of \$0.885 and \$0.990 respectively, and the declared distribution for the period of \$0.03875.

# Executing on strategy

- Occupancy continuing to improve across the remaining portfolio

	Mill Green			66 Goulburn St	50 Cavill Ave	Stanley Place	Ashfield
	197 SGT	5 Mill St	1 Mill St				
August 2016 <sup>1</sup>	98.37%	87.26%	-	79.54%	65.75%	87.84%	100.00%
February 2017 <sup>1</sup>	100.00%	91.10%	-	93.33%	73.83%	87.84%	100.00%

- Valuation of remaining portfolio increased by \$18.5 million
  - Mill Green, Perth, ↓ \$6.0 million to \$320.0 million
  - 66 Goulburn Street, Sydney ↑ \$14.5 million to \$202.0 million
  - 50 Cavill Avenue, Surfers Paradise ↑ \$10.0 million to \$65.0 million
- Funds Business remains sub scale, but primary objective is making investors money
  - Sale of 80 George Street, Parramatta (GDI No. 40 Office Trust), resulted in investors receiving a +19% IRR
  - \$1.5 million performance and disposal fees paid to GDI Property Group in February 2017 not included in 31 December 2016 results

1. Includes signed heads of agreement.



# Guidance and buy-back

- Forecast FFO for FY17 of not less than 8.20 cents per security<sup>1</sup>
  - FFO for second half of not less than 3.47 cents per security
- Forecast distribution for FY17 of not less than 7.75 cents per security<sup>1</sup>
  - Distribution for the second half of not less than 3.875 cents per security
- Should market conditions permit, GDI Property Group intends to undertake a buy-back of up to 5% of GDI Property Group securities over a 12 month period
  - Will utilise undrawn debt facilities to fund the buy-back
- Focus for FY17
  - Growing the assets under management in the Funds Business as value add opportunities arise
    - Potential for more co-investment stakes
    - Reviewing alternate strategies and capital sources
  - Addressing the vacancy at 1 Mill Street, Perth
  - Releasing the two floors in 197 St Georges Terrace that become available in May
  - Continuing the leasing up of 50 Cavill Avenue, Surfers Paradise

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1. Subject to no material change in circumstances.



## FINANCIAL RESULTS



# Contributors to FFO and AFFO

	Dec 16 \$'000	Dec 15 \$'000
Property Division FFO	31,233	31,679
Funds Management FFO	2,786	2,317
Other	33	98
	34,052	34,094
Less:		
Net interest expense	(5,417)	(4,925)
Corporate and administration expenses	(3,762)	(3,155)
Other	588	-
	(8,591)	(8,080)
<b>Total FFO</b>	<b>25,461</b>	<b>26,013</b>
Maintenance capex	(198)	(105)
Incentives paid	(5,066)	(4,959)
Income tax expense / (benefit)	(588)	-
Other FFO adjustments	(1,229)	(403)
	(7,082)	(5,467)
<b>Total AFFO</b>	<b>18,379</b>	<b>20,546</b>

- Property division FFO slightly lower than previous corresponding period, primarily due to contribution from 233 Castlereagh Street, Sydney, in previous period:
- Included in FFO (but not AIFRS) is the final draw downs of the guarantee for 66 Goulburn Street, Sydney (\$2.4 million) and 307 Queen Street, Brisbane (\$1.7 million)
- Funds Management FFO higher primarily due to distributions received from GDI No. 42 Office Trust (\$1.3 million)
- Net interest expense is higher as previous corresponding period included \$0.8 million of interest charged to buyer of 233 Castlereagh Street, Sydney
- Corporate and administration expense includes a provision for bonuses (\$650,000)
  - Due to performance rights being expenses over four years, with all other expenses largely in line with previous year
  - Performance rights expense begins flat-lining once previous issues vest or lapse (beginning FY18)
- Other FFO adjustments includes a \$449,000 write off of a performance fee charged but neither received or recognised in FFO, with the balance relating to surrender payments at 307 Queen Street, Brisbane

# Strong balance sheet following settlements

	31 December 2016 \$'000	Settlements	Distribution	28 February 2017 \$'000
<b>Current assets</b>				
Cash and cash equivalents	11,577	24,408	(20,879)	15,106
Non-current assets held for sale	264,908	(264,908)		-
Other assets	9,440			9,440
<b>Total current assets</b>	<b>285,925</b>	<b>(240,500)</b>	<b>(20,879)</b>	<b>24,546</b>
<b>Non-current assets</b>				
Investment properties	677,591			677,591
Other non-current assets	1,615			1,615
Intangible assets	18,110			18,110
<b>Total non-current assets</b>	<b>697,316</b>	<b>-</b>	<b>-</b>	<b>697,316</b>
<b>Total assets</b>	<b>983,241</b>	<b>(240,500)</b>	<b>(20,879)</b>	<b>721,862</b>
<b>Current liabilities</b>				
Borrowings	210,000	(210,000)		-
Trade and other payables	29,160		(20,879)	8,281
Other current liabilities	1,460			1,460
<b>Total current liabilities</b>	<b>240,620</b>	<b>(210,000)</b>	<b>(20,879)</b>	<b>9,741</b>
<b>Non-current liabilities</b>				
Borrowings	110,250	(30,500)		79,750
Other non-current liabilities	2,125			2,125
<b>Total non-current liabilities</b>	<b>112,374</b>	<b>(30,500)</b>	<b>-</b>	<b>81,874</b>
<b>Total liabilities</b>	<b>352,994</b>	<b>(240,500)</b>	<b>(20,879)</b>	<b>91,615</b>
<b>Net assets</b>	<b>630,247</b>	<b>-</b>	<b>-</b>	<b>630,247</b>
<b>Equity</b>				
Equity attributed to holders of stapled securities	597,161			597,161
Equity attributable to external non-controlling interest	33,086			33,086
<b>Total equity</b>	<b>630,247</b>			<b>630,247</b>

GDI No. 42 Office  
Trust \$89.35 million

GDI No. 42 Office  
Trust \$30.7 million

GDI No. 42 Office  
Trust External  
Investors

# Debt profile

- Drawn debt on the primary facility of \$289.9 million as at 31 December 2016
- Following settlements, drawn debt of \$49.4 million
  - Undrawn debt of \$65.6 million to fund working capital requirements and capital management initiatives
- Debt provided to GDI No. 42 Office Trust, secured only by the assets in GDI No. 42 Office Trust, included in consolidated accounts

		31 December 2016				15 February 2017			
Primary facility	Secured	Maturity Date	Facility \$'000	Utilised \$'000	Unutilised \$'000	Maturity date	Facility \$'000	Utilised \$'000	Unutilised \$'000
Tranche B	Yes	January 2017	210,000	210,000	-				
Tranche B	Yes	October 2018	60,000	41,379	18,621	October 2018	60,000	10,879	49,121
Tranche C	Yes	October 2018	55,000	38,500	16,500	October 2018	55,000	38,500	16,500
Tranche D (BG)	Yes	October 2018	5,000			October 2018	5,000		
<b>Total Primary facility</b>			<b>330,000</b>	<b>289,879</b>	<b>35,121</b>		<b>120,000</b>	<b>49,379</b>	<b>65,621</b>
GDI No. 42 facility									
Term Loan	Yes	June 2019	30,975	30,975	-	June 2019	30,975	30,975	-
Commercial Equity Facility	Yes	June 2019	4,425	-	4,425	June 2019	4,425	-	4,425
<b>Total GDI No. 42 facility</b>			<b>35,400</b>	<b>30,975</b>	<b>4,425</b>		<b>35,400</b>	<b>30,975</b>	<b>4,425</b>
<b>TOTAL DEBT</b>			<b>365,400</b>	<b>320,854</b>	<b>39,546</b>				
						<b>155,400</b>	<b>80,354</b>	<b>70,046</b>	

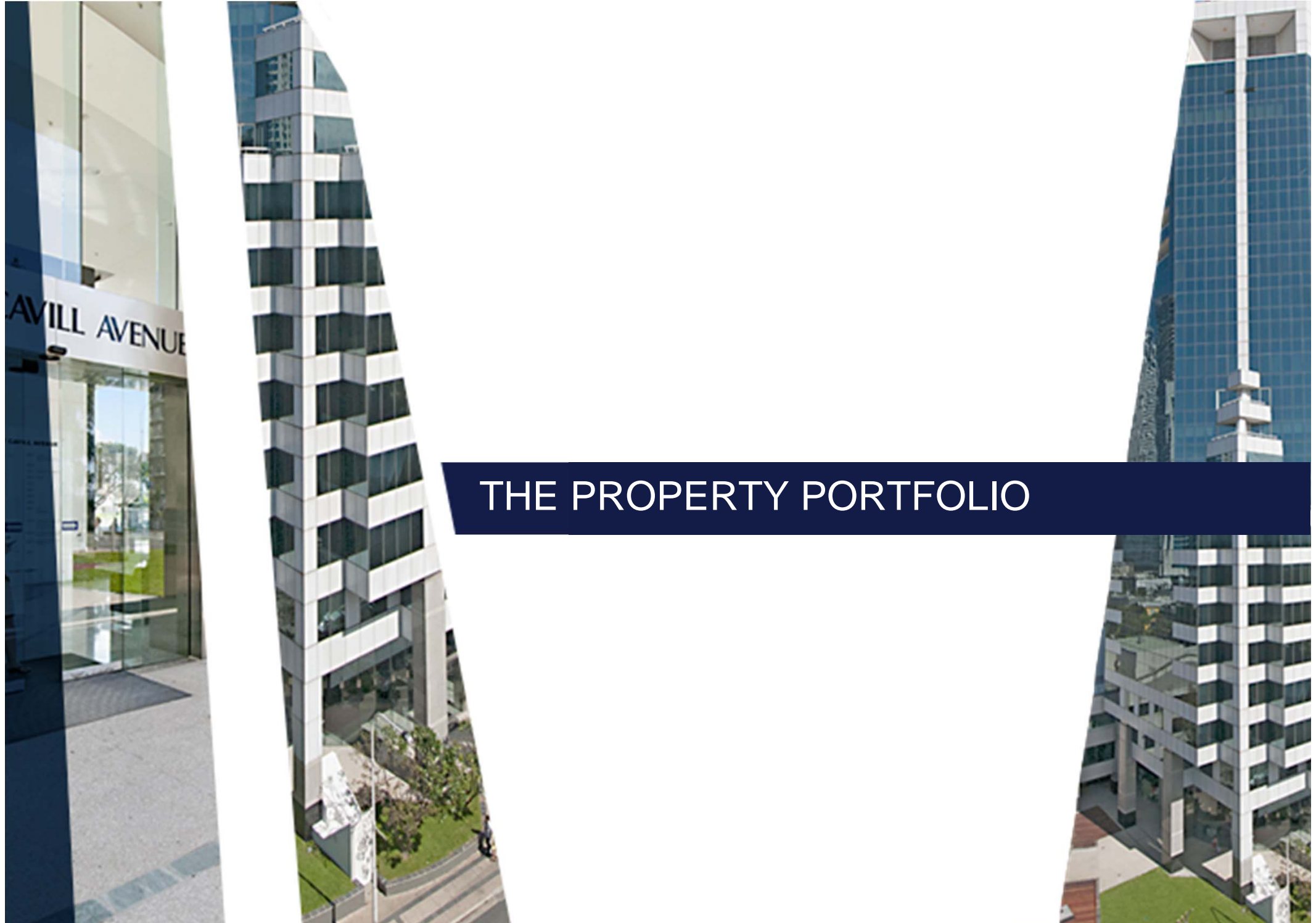
# Interest rate hedging

- Board hedging policy of at least 50% of drawn debt hedged
- Maintained hedging at the bottom of the range since IPO
- Have resisted restructuring or breaking any hedges until settlement of 307 Queen Street, Brisbane
  - Currently \$40 million of primary facility debt hedged (81%) with a fixed rate (pre margins) of 3.81%
  - Drawn debt of GDI No. 42 Office Trust unhedged

## Interest rate hedge profile at 30 June 2016

Face amount	Expiry	Rate	Comment	Cost to break
\$30.0 million	December 2016	3.35%	Expired	-
\$25.0 million	July 2017	3.09%	Paid out on settlement of 307 Queen Street, Brisbane	\$140,000
\$30.0 million	December 2017	3.64%	Paid out on settlement of 307 Queen Street, Brisbane	\$516,000
\$25.0 million	July 2018	3.39%	Paid out on settlement of 307 Queen Street, Brisbane	\$518,000
\$40.0 million	December 2018	3.81%		-
				\$1,174,000

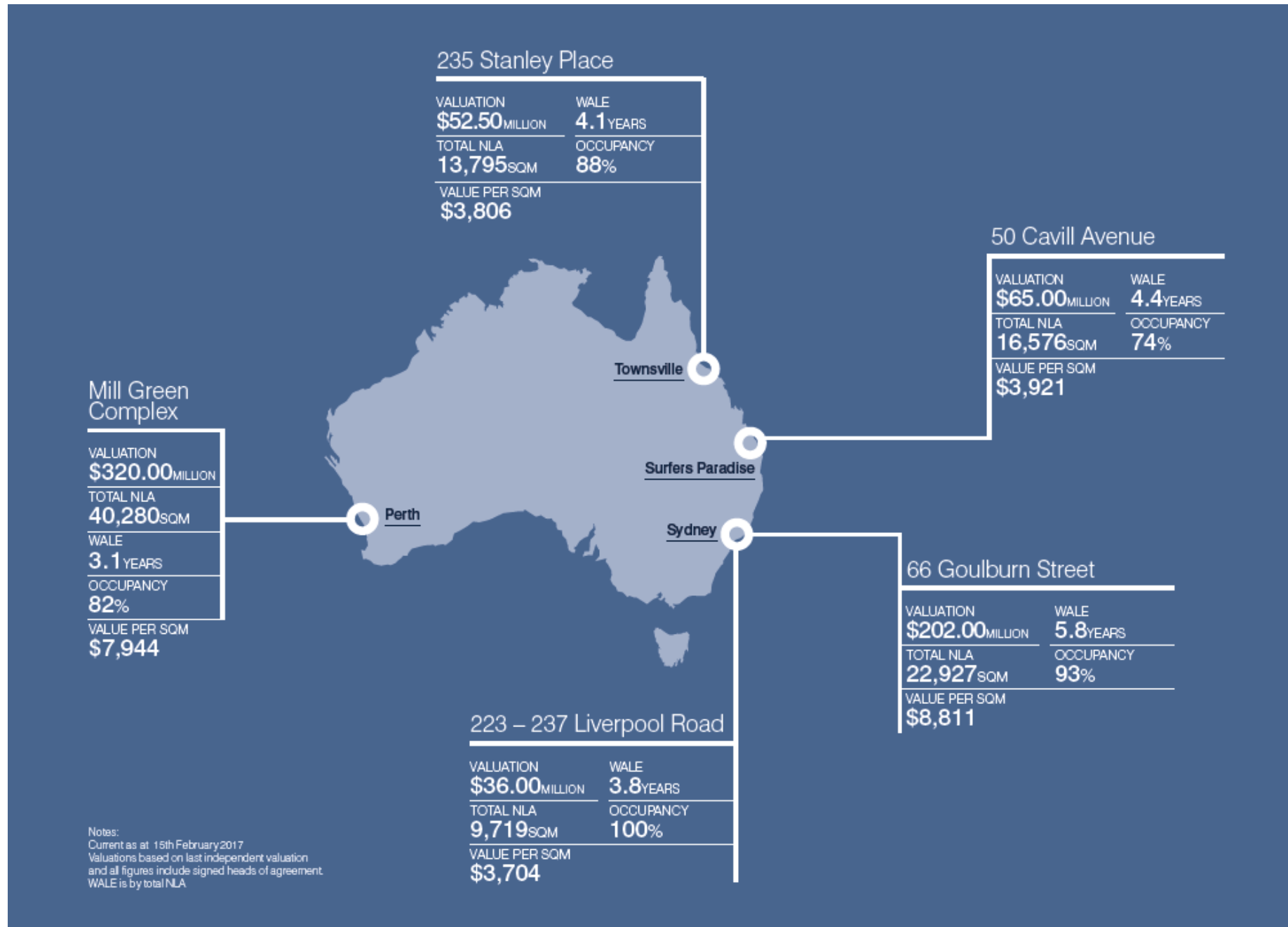
1. Excluding margin and line fees.



## THE PROPERTY PORTFOLIO

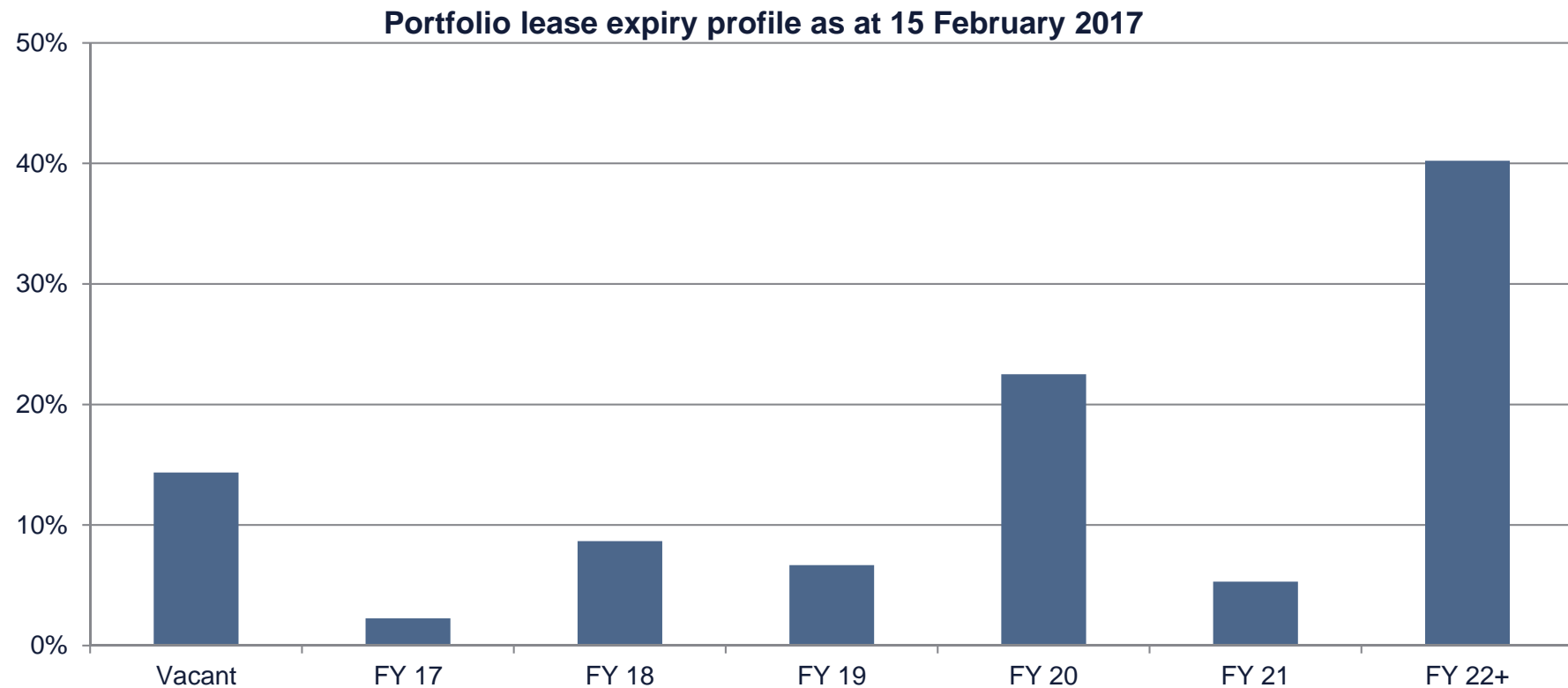


# Portfolio overview



# Portfolio overview

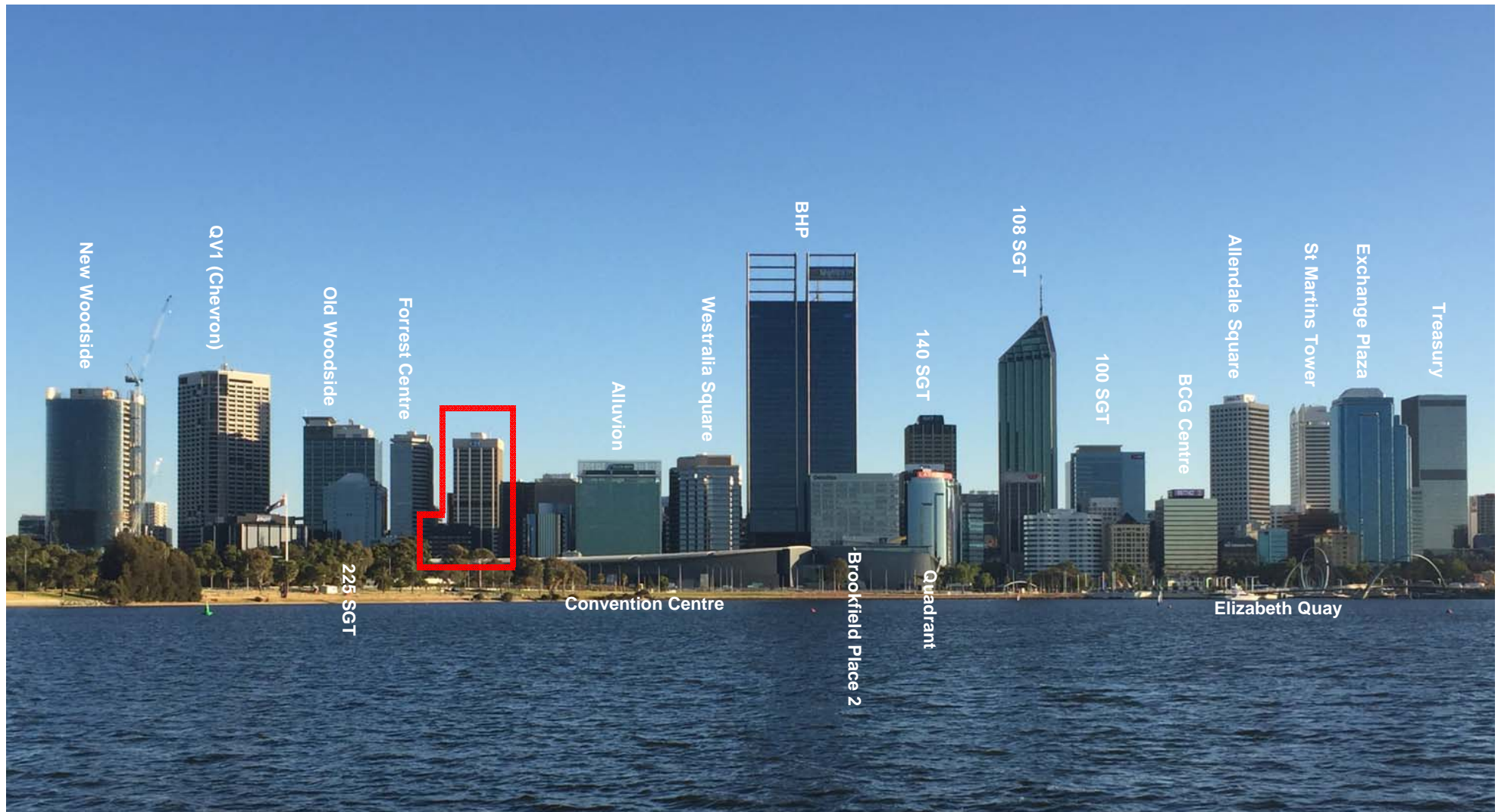
	Total NLA <sup>1</sup>	Portfolio occupancy <sup>1,2</sup>	WALE (by NLA) <sup>1,2</sup>	WACR <sup>1</sup>
15 February 2017	103,296	86%	4.1 years	7.3%
16 August 2016	148,357	81%	4.7 years	7.6%



1. Including the assets held by GDI No. 42 Office Trust.

2. Including signed heads of agreement.

# Mill Green Complex



# Mill Green Complex

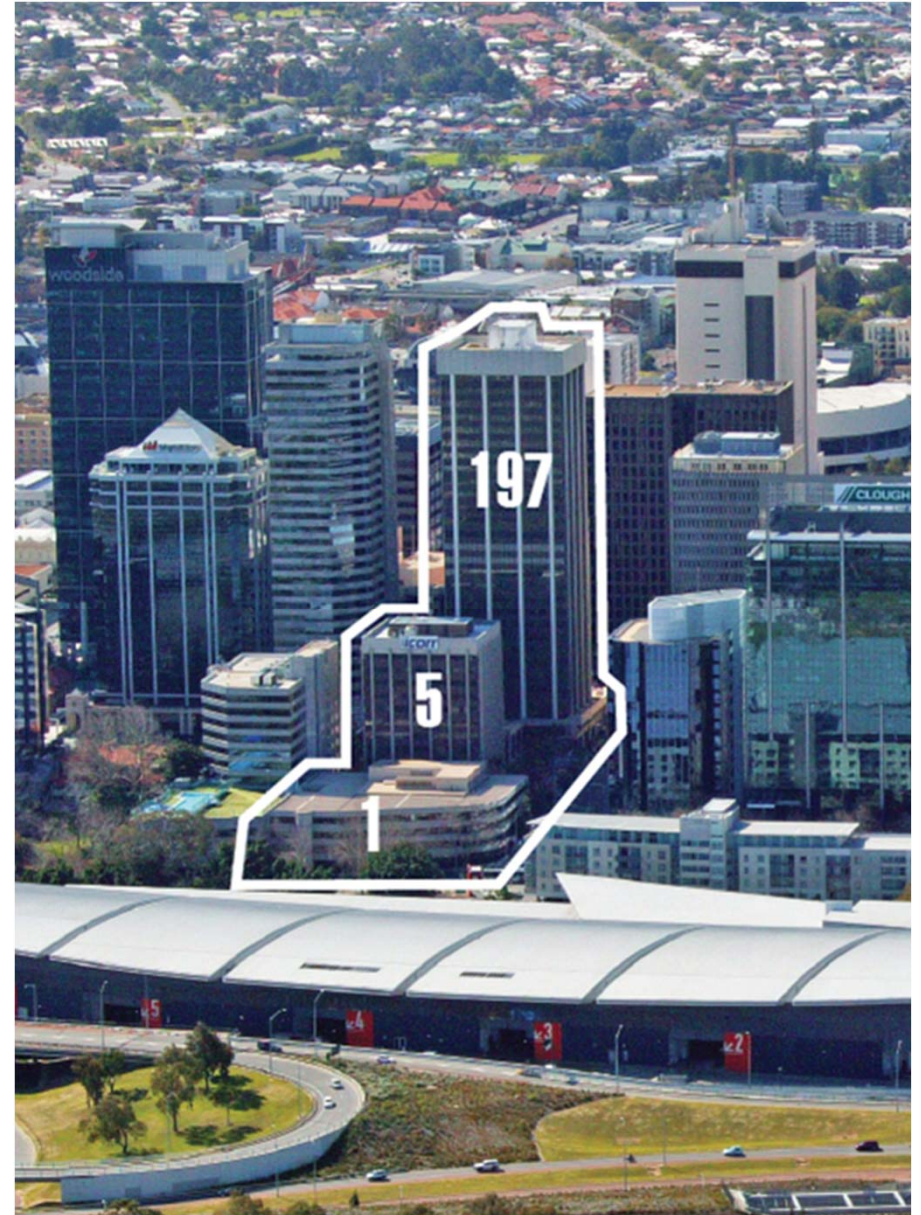
- Signs of improvement in Perth market
  - Limited new supply forecast for next 5+ years (new Woodside building adding 48,484sqm in CY18)
  - Anticipate effective rents to bottom during first half of 2017 and improve thereafter
- 197 St Georges Terrace awarded PCA WA Premium/A Grade ESD & Sustainability Award 2016
  - Finalist for National Award
- All office accommodation at 197 St Georges Terrace occupied
  - 2 X full floor tenancies extended
    - Clyde and Co extended +4 years to FY24
    - Liberty extended +2 years to FY27
  - 8 floors expiring in CY17, 2 x May, 6 x Sept
- Successful strategy of leasing small fitted out suites at 5 Mill Street
  - As at 15 February 2017, 4 suites totalling 640 sqm remain vacant<sup>1</sup>, with interest in all suites
- 1 Mill Street unsuccessful in two full building leasing proposals that it had been shortlisted for
  - A number of new briefs in the market that suit 1 Mill Street
- Small (<2%) decrease in valuation of Mill Green, with the impact of lower effective rents being offset by tighter cap rates

Key metrics as at:	Feb 2017	Dec 2016	Jun 2016
Independent valuation date		31 Dec 16	31 Dec 15
Independent valuation (\$M)		320.00	326.00
Independent valuation/NLA (\$)		7,944	8,093
Carrying value (\$M)		320.00	327.06
Capitalisation rate		7.21%	7.72%
NLA (sqm)		40,280	40,280
Car parks		281	281
Occupancy <sup>1</sup>	81.96%	← 81.75%	77.24%
WALE <sup>1</sup> (years)	3.1	3.2	3.3
Net income (\$M)		11.3	
FFO (\$M)		11.7	

1. Includes signed heads of agreement.



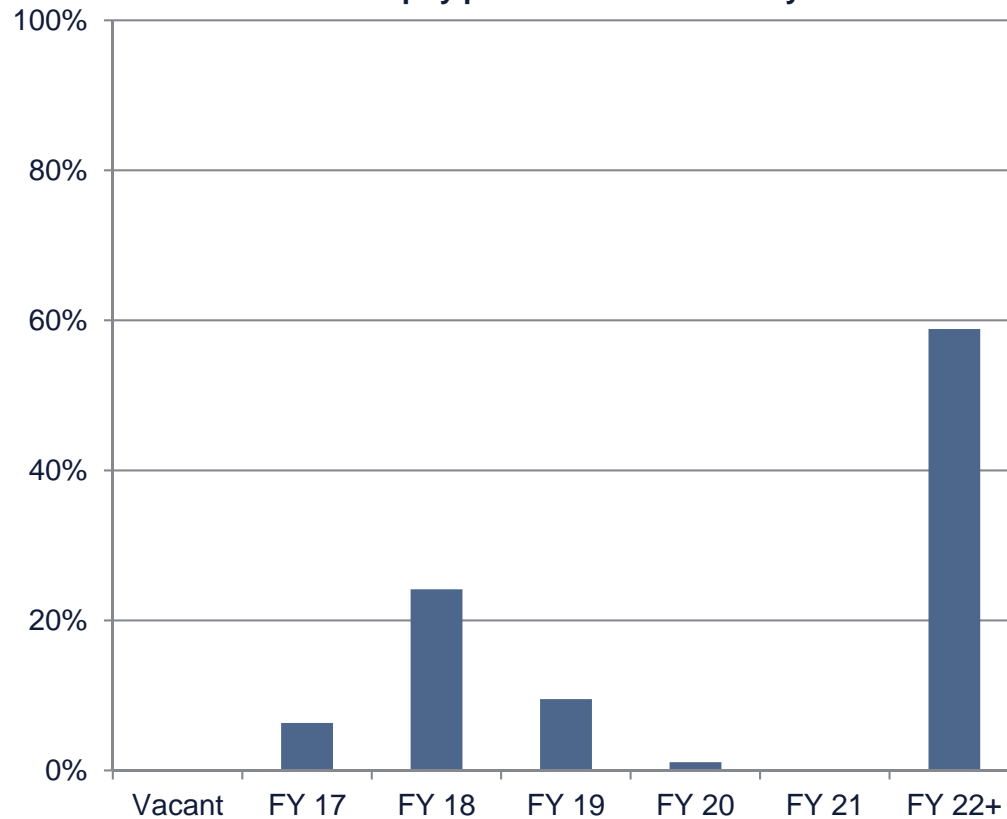
# 197 St Georges Terrace, Perth





# 197 St Georges Terrace, Perth

Lease expiry profile as at 15 February 2017



Key metrics as at:	Feb 2017	Dec 2016	Jun 2016
Independent valuation date		31 Dec 16	31 Dec 15
Independent valuation (\$M)		236.50	241.00
Independent valuation /NLA (\$)		8,942	9,076
Carrying value (\$M)		236.50	241.76
Capitalisation rate		7.00%	7.50%
Discount rate		7.50%	8.75%
NLA (sqm)		26,447	26,447
Typical floor plate (sqm)		855	855
Car parks		181	181
Occupancy	100.00%	100.00%	96.90%
WALE (years)	3.9	4.1	4.4

Tenant name	NLA		Rent review		
	sqm	% total	Type	% p.a.	Lease expiry
Amec Minproc Limited	7,341	28%	Fixed	4.00%	FY23
Chevron Australia Pty Ltd	4,643	18%	Fixed	4.50%	FY18
CBI Construction Pty Ltd	2,505	10%	Fixed	4.00%	FY19
Clough Projects Pty Ltd	1,670	6%	Fixed	4.50%	FY17

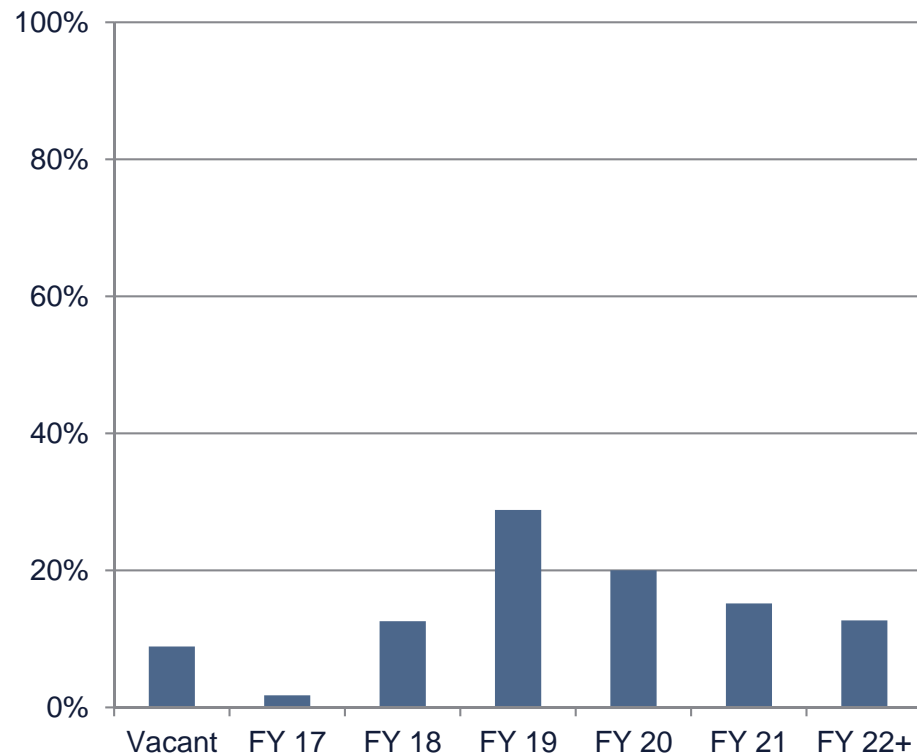
# 5 Mill Street, Perth



Mill Green

# 5 Mill Street, Perth

Lease expiry profile as at 15 February 2017<sup>1</sup>



Key metrics as at:	Feb 2017	Dec 2016	Jun 2016
Independent valuation date		31 Dec 16	31 Dec 15
Independent valuation (\$M)		53.50	53.00
Independent valuation /NLA (\$)		7,446	7,376
Carrying value (\$M)		53.50	53.24
Capitalisation rate		7.25%	8.00%
Discount rate		7.50%	8.50%
NLA (sqm)		7,185	7,185
Typical floor plate (sqm)		735	735
Car parks		56	56
Occupancy <sup>1</sup>	91.10% ←	89.94%	82.03%
WALE <sup>1</sup> (years)	2.6	2.7	2.2

Tenant name	sqm	NLA % total	Rent review		Lease expiry
			Type	% p.a.	
Wesfarmers General Insurance Ltd	741	10%	Fixed	4.00%	FY19
Environmental Resources Management Australia Ltd	737	10%	Fixed	3.50%	FY21
Accenture Australia Pty Ltd	603	8%	Fixed	3.50%	FY20
Marubeni Itochu Tubulars Ocean	441	6%	Fixed	3.25%	FY22

1. Includes signed heads of agreement.



# 1 Mill Street, Perth



Key metrics as at:	Feb 2017	Dec 2016	Jun 2016
Independent valuation date		31 Dec 16	31 Dec 15
Independent valuation (\$M)		30.00	32.00
Independent valuation / NLA (\$)		4,513	4,813
Carrying value (\$M)		30.00	32.06
Capitalisation rate		8.00%	8.25%
Discount rate		8.50%	9.50%
NLA (sqm)		6,648	6,648
Typical floor plate (sqm)		1,900	1,900
Car parks		44	44
Occupancy	0.00%	0.00%	0.00%
WALE (years)	-	-	-

# 66 Goulburn Street, Sydney

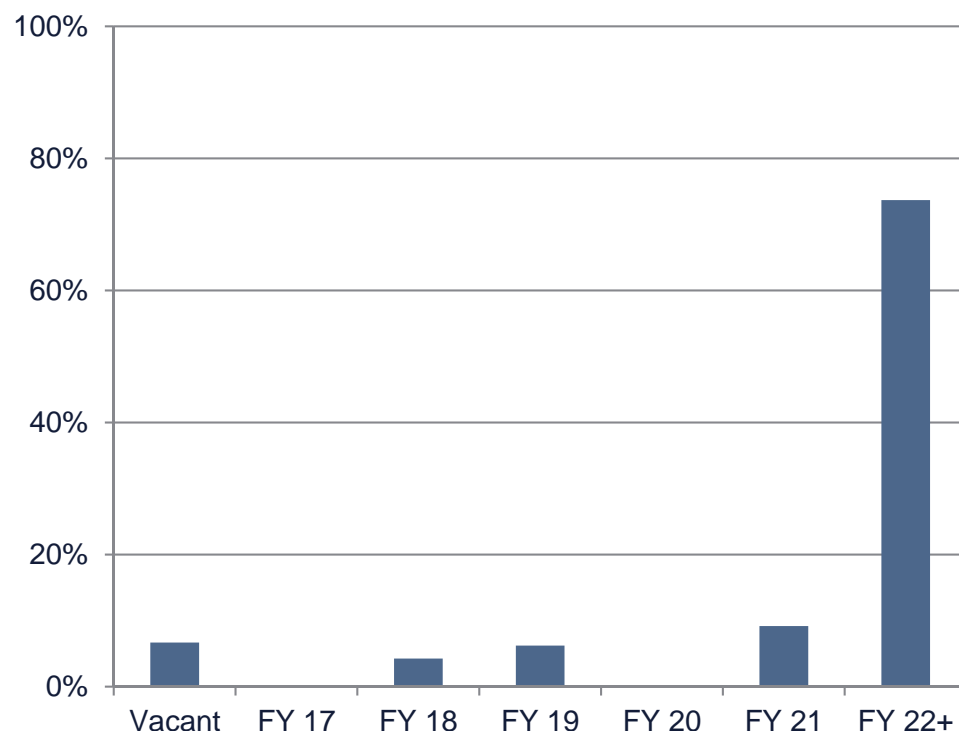


- Consolidated Media Holdings Limited (CMHL) vacated 10,432sqm (11 floors) in August 2016, with some floors surrendered early to facilitate new leasing activity
  - Eight full floors leased, two part floors leased to seven new tenants with lease commencement dates predominantly November / December 2016
  - Renewed
    - William Buck (2 x floors) for 10 years
    - Williams Roberts (1 x floor) for 5 years
    - Samuel Griffiths (1 x floor) for 10 years
- Undertook a global sales campaign in late 2016
  - Indicative pricing below levels at which GDI Property Group was willing to transact given expectations of:
    - medium term continuation of strength in the leasing market and upward pressure on effective rents
    - further withdrawals for residential conversion to continue to put pressure on available space
- Valuation increased to \$202.0 million (from \$187.5 million in June 2016)
  - Valuation increase a result of higher effective rents and occupancy with no change in the market cap rate of 6.375%



# 66 Goulburn Street, Sydney

Lease expiry profile as at 15 February 2017<sup>1</sup>



Key metrics as at:	Feb 2017	Dec 2016	Jun 2016
Independent valuation date		31 Dec 16	30 Jun 16
Independent valuation (\$M)		202.00	187.50
Independent valuation /NLA (\$)		8,811	8,141
Carrying value (\$M)		202.00	187.50
Capitalisation rate		6.38%	6.38%
Discount rate		7.50%	7.50%
NLA (sqm)		22,927	23,032
Typical floor plate (sqm)		950	950
Car parks		54	54
Occupancy <sup>1</sup>	93.33% ←	92.28%	54.72% <sup>2</sup>
WALE <sup>1</sup> (years)	5.8	6.0	2.6
Net income (\$M)		3.5	
FFO (\$M)		6.5	

Tenant name	NLA		Rent review		Lease expiry
	sqm	% total	Type	% p.a.	
Government Property NSW	4,730	21%	Fixed	4.00%	FY24
Prudential Investment Company of Australia Pty Limited	2,445	11%	Fixed	4.00%	FY23
William Buck Services (NSW) Pty Limited	1,950	9%	Fixed	4.00%	FY27
Copyright Agency Limited Pty Ltd	1,491	7%	Fixed	3.75%	FY23

1. Includes signed heads of agreement.

# 50 Cavill Avenue, Surfers Paradise



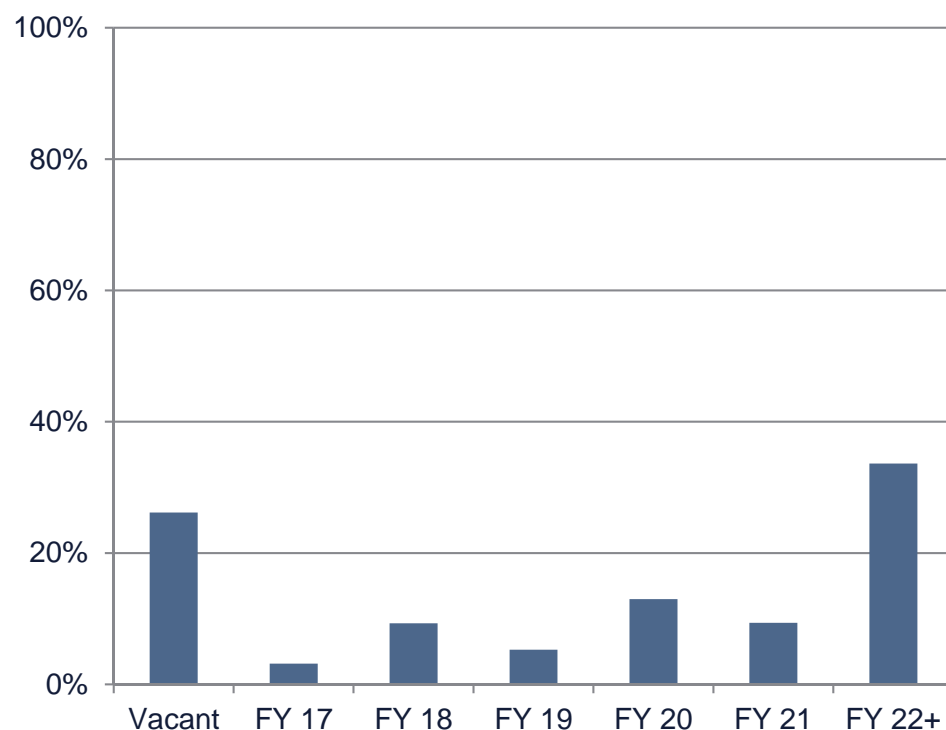
- Completed approximately 70% of planned refurbishment works
  - Timing and cost within original budget expectations
    - HVAC, end of trip and lift lobby upgrades and refurbishment of all vacant floors all but complete
- Work commenced on ground floor and landscaping improvements
  - Last major item, the upgrading of all seven lifts, expected to complete end FY18
- Significant leasing demand
  - Occupancy increased to 71.16%<sup>1</sup> as at 31 December 2016
  - Further heads of agreement have taken this to 73.83%
- Exploring options for the ground floor
- Valuation increased to \$65.0 million on the back of higher market rents, higher occupancy and a tighter cap rate.

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1. Includes signed heads of agreement.

# 50 Cavill Avenue, Surfers Paradise

Lease expiry profile as at 15 February 2017<sup>1</sup>



Key metrics as at:	Feb 2017	Dec 2016	Jun 2016
Independent valuation date		31 Dec 16	30 Jun 16
Independent valuation (\$M)		65.00	55.00
Independent valuation /NLA (\$)		3,921	3,318
Carrying value (\$M)		65.00	55.00
Capitalisation rate		8.50%	9.25%
Discount rate		9.50%	9.00%
NLA (sqm)		16,576	16,576
Typical floor plate (sqm)		709	709
Car parks		447	447
Occupancy <sup>1</sup> (%)	73.83% ←	71.16%	61.22%
WALE <sup>1</sup> (years)	4.4	4.5	4.6
Net income (\$M)		1.3	
FFO (\$M)		1.6	

Tenant name	NLA		Rent review		Lease expiry
	sqm	% total	Type	% p.a.	
Mantra Group	2,439	15%	Fixed	3.50%	FY24
Ray White	834	5%	Fixed	3.50%	FY22
Dental Partners	709	4%	Fixed	3.00%	FY20
Regus Gold Coast Pty Ltd	709	4%	Fixed	3.00%	FY20

1. Includes signed heads of agreement.

# 223 – 237 Liverpool Road, Ashfield



- Initial discussions with Government Property NSW in relation to a lease extension
- Commenced work on alternate use strategies
  - Market evidence of viable residential conversion

Key metrics as at:	Feb 2017	Dec 2016	Jun 2016
Independent valuation date		11 Feb 16	11 Feb 16
Independent valuation (\$M)		36.00	36.00
Independent valuation /NLA (\$)		3,704	3,704
Carrying value (\$M)		36.06	36.00
Capitalisation rate		8.40%	8.40%
Discount rate		8.75%	8.75%
NLA (sqm)		9,719	9,719
Typical floor plate (sqm)		1,440	1,440
Car parks		185	185
Occupancy(%)	100.00%	100.00%	100.00%
WALE (years)	3.83	4.0	4.5

Tenant name	sqm	NLA	Rent review		Lease expiry
		% total	Type	% p.a.	
Government Property NSW	9,694	100%	Fixed	3.0%	FY21



# 235 Stanley Street, Townsville



- New 10 year lease for 1,738sqm to NDIS, increasing occupancy to 88% from 79% at the time of settlement (June 2016)
- Discussing lease extensions with existing tenants, including Australian Tax Office and Department of Human Services
- Plan to broaden the property's appeal to the private as well as the public sector
  - A number of private sector tenants interested in the property
- Vacancy supported by a two year rental guarantee from settlement (June 2016)
- Minor capex requirements, namely a cosmetic upgrade of the lobby
- Townsville economy set to further benefit from Adani's commitment to the Carmichael Coal Mine and the construction of the new \$250 million stadium and entertainment precinct

Before



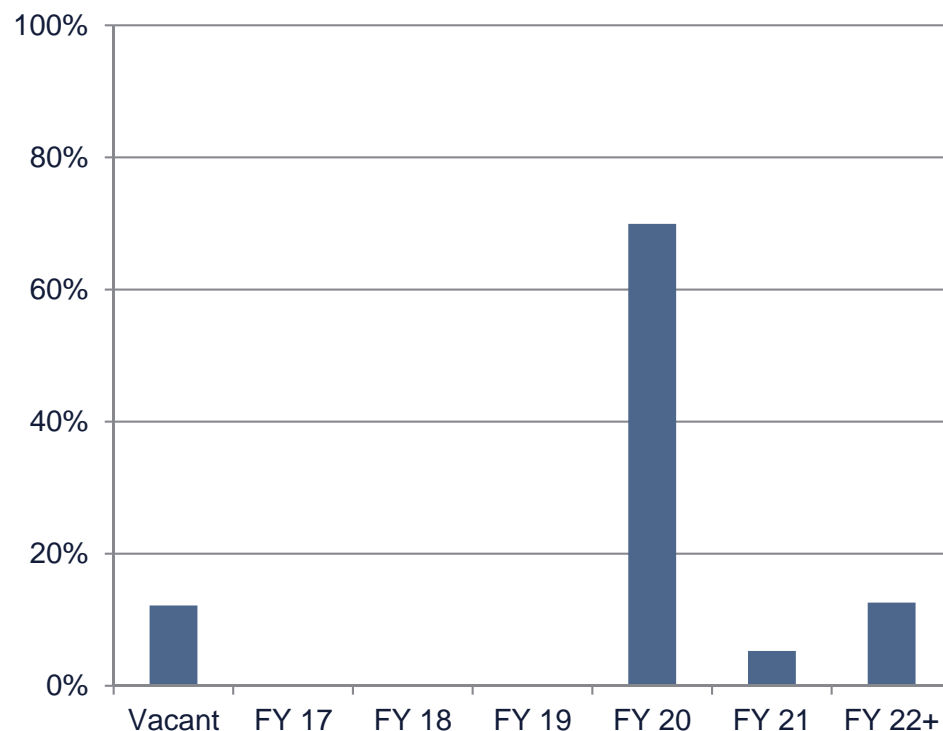
After





# 235 Stanley Place, Townsville

Lease expiry profile as at 15 February 2017<sup>1</sup>



Key metrics as at:	Feb 2017	Dec 2016	Jun 2016
Independent valuation date		1 Mar 16	1 Mar 16
Independent valuation (\$M)		52.50	52.50
Independent valuation /NLA (\$)		3,806	3,806
Carrying value (\$M)		53.29	52.50
Capitalisation rate		9.00%	9.00%
Discount rate		8.50%	8.50%
NLA (sqm)		13,795	13,795
Typical floor plate (sqm)		1,161	1,161
Car parks		88	88
Occupancy <sup>1</sup>	87.84%	87.84%	76.05%
WALE (years)	4.1	4.3	3.7

Tenant name	sqm	NLA % total	Rent review		Lease expiry
			Type	% p.a.	
Australian Taxation Office	7,288	53%	Fixed	3.50%	FY21
Department of Human Services	2,322	17%	Fixed	4.00%	FY21
National Disability Insurance Scheme of Australia (NDIS)	1,738	13%	Fixed	3.50%	FY26
Department of Social Services	729	5%	Fixed	4.00%	FY21

1. Does not include two year rental guarantee.



# FUNDS BUSINESS

# Funds Management business

- Funds Management business is sub-scale at <\$750.0 million FUM
- Growing FUM back towards pre-IPO levels has been and remains a priority
  - However, acquisition opportunities that GDI Property Group believes offers the right risk return profile have been limited
  - Will commence engagement with alternative capital providers (Industry Super, foreign mandates) in CY17 to position GDI Property Group for the next phase of the property cycle
- The highlight for the period was the sale (exchange) of 80 George Street, Parramatta, for \$51.88 million
  - Settlement occurred on 31 January 2017
  - \$1.5 million of disposal and performance fees recognised in the second half

## Case Study – GDI No. 40 Office Trust

- Acquired 80 George Street, Parramatta in June 2015 for \$38.7 million and immediately commenced a refurbishment program
- Renewed or released over 55% of the properties NLA at effective rents of between \$50 and \$100 psm higher
- Increased the properties WALE from 2.9 years at acquisition to 4.0 years at 30 June 2016
- Investor IRR of approximately 19%



Before



After





# APPENDIX



# Profit or Loss

	Group		Trust	
	2016	2015	2016	2015
Half year ended 31 December	\$'000	\$'000	\$'000	\$'000
<b>Revenue from ordinary activities</b>				
Property income	38,854	38,207	38,854	38,207
Funds management income	804	2,294	-	-
Interest income	97	985	88	1,073
Other income	7	-	7	-
<b>Total revenue from ordinary activities</b>	<b>39,761</b>	<b>41,486</b>	<b>38,949</b>	<b>39,280</b>
Net fair value gain on interest rate swaps	1,548	317	1,548	317
Net fair value gain on investment property	35,710	-	35,710	-
<b>Total income</b>	<b>77,019</b>	<b>41,803</b>	<b>76,207</b>	<b>39,597</b>
<b>Expenses</b>				
Property expenses	11,834	9,448	11,834	9,448
Finance costs	6,036	6,862	6,034	6,862
Corporate and administration expenses	3,762	3,155	1,027	1,005
Net fair value loss on investment property	-	3,778	-	3,778
Loss on sale of non-current asset	-	1,233	-	1,233
Acquisition expenses	58	90	58	90
Initial public offer costs	316	306	303	293
<b>Total expenses</b>	<b>22,006</b>	<b>24,871</b>	<b>19,256</b>	<b>22,708</b>
<b>Profit before tax</b>	<b>55,013</b>	<b>16,932</b>	<b>56,951</b>	<b>16,889</b>
Income tax (expense)/benefit	588	-	-	-
<b>Profit from continuing operations</b>	<b>55,601</b>	<b>16,932</b>	<b>56,951</b>	<b>16,889</b>
Profit from discontinued operations	-	105	-	-
<b>Net profit for the period</b>	<b>55,601</b>	<b>17,037</b>	<b>56,951</b>	<b>16,889</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>55,601</b>	<b>17,037</b>	<b>56,951</b>	<b>16,889</b>



# NPAT to AFFO

	Group	
	31 December 2016	31 December 2015
	\$'000	\$'000
Total comprehensive income for the year	55,601	17,037
Portfolio acquisition and other transaction costs	374	396
Contribution resulting from consolidation of GDI No. 42 Office Trust	(3,739)	-
Distributions and funds management fees received from GDI No. 42 Office Trust	1,533	-
Cash received from guarantees	4,090	1,665
Straight lining adjustments	(988)	(915)
Amortisation of incentives	4,165	1,618
Amortisation of Lease costs	289	148
Amortisation of debt and depreciation	167	968
Net fair value (gain) / loss on investment property	(35,710)	3,778
Net fair value (gain) / loss on interest rate swaps	(1,548)	(317)
Loss on non-current asset held for sale	-	1,233
Other FFO adjustments	1,229	403
Funds From Operation	25,461	26,013

# Property by property AIFRS NPI and FFO

	31 December 2016 \$m		31 December 2015 \$m		
	AIFRS NPI <sup>1</sup>	FFO	AIFRS NPI <sup>1</sup>	FFO	Commentary
Mill Green, Perth	11.29	11.70	12.78	12.15	<ul style="list-style-type: none"> <li>Like for like FFO lower notwithstanding higher occupancy due to: <ul style="list-style-type: none"> <li>One off outgoings charge (refund) from FY15 (+\$500,000)</li> <li>Lower tenant recharges (\$250,000)</li> <li>Lower rents at restructured / extended leases</li> </ul> </li> <li>Impact of incentive amortisation impacting AIFRS NPI</li> </ul>
66 Goulburn St, Sydney	3.49	6.48	4.99	5.94	<ul style="list-style-type: none"> <li>Lower AIFRS due to CMHL's departure in August 2016, with majority of new leases commencing either 1 December 2016 or 1 January 2017 (4 – 5 months downtime)</li> <li>Largely offset by the drawdown of the guarantee, which is not included in AIFRS</li> </ul>
307 Queen St, Brisbane	3.70	7.46	3.88	5.12	<ul style="list-style-type: none"> <li>Property consistently benefited from 'one-offs', including lease surrender payments and the initial guarantee <ul style="list-style-type: none"> <li>AIFRS and FFO treatment of such one-offs vary considerably<sup>2</sup></li> </ul> </li> <li>In this period GDI Property Group drawn down the balance of the guarantee relating to rebates in place at the time of acquisition (\$1.4 million)</li> </ul>
25 Grenfell St, Adelaide	3.09	3.98	4.31	4.57	<ul style="list-style-type: none"> <li>Lower AIFRS and FFO was largely due to the departure of the Dept. of Water</li> </ul>
50 Cavill Ave, Surfers Paradise	1.34	1.61	-	-	<ul style="list-style-type: none"> <li>Expect a stronger second half contribution following the full period benefit of recent leasing transactions</li> </ul>

1. AIFRS NPI is the net property income of each asset prior to any revaluation adjustments

2. For example: a) a surrender payment is recognised as income in the period received, but for FFO purposes, whilst the space surrendered remained vacant GDI Property Group smoothed such payments over the term of the lease surrendered; b) the guarantee payments were not recognised as income but were included in FFO

