
ASX ANNOUNCEMENT

18 August 2017

Acquisition of Ikea Retail Store – 6 Sunray Drive, Innaloo, Perth WA

GDI Property Group¹ is pleased to announce it has exchanged a conditional contract² to acquire IKEA's retail store at 6 Sunray Drive, Innaloo, Perth for \$143.5 million. The 27,077 square metre IKEA store was purpose-built in 2008 and incorporates two floors of retail space including showrooms, office accommodation and facilities for co-workers, child-minding facilities, a 400 seat restaurant and café, a Swedish food store, and high clearance warehousing. There is a further 2,933 square metres of accommodation over four peripheral retail units leased to multiple tenants. There is onsite parking for approximately 1,000 cars.

6 Sunray Drive, Innaloo (the Property) has been purchased on a passing yield of 7.8%p.a. The Property has a weighted average lease expiry of over 5 years, with the IKEA retail store lease expiring in February 2023, with IKEA having three five year options. The IKEA retail store lease has both CPI and market reviews, both of which are subject to a ratchet clause.

GDI Property Group intends to fund the acquisition through a new unlisted unregistered managed investment scheme, GDI No. 43 Property Trust (the Trust). The Trust is forecast to have a commencing yield of 8%p.a.³, with conservative gearing of 41%⁴. GDI Property Group is expected to launch the approximately \$96 million public raising for the Trust⁵ as soon as the conditions in the contract have been satisfied. GDI Property Group intends to co-invest in the Trust.

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1. GDI Property Group comprises the stapled entities GDI Property Group Limited (ACN 166 479 189) and GDI Property Trust (ARSN 166 598 161)
2. The contract is conditional on the Vendor obtaining a) unitholder approval to sell the Property; b) confirmation that the tenant, Cebas Pty Ltd, wholly owned by IKEA Pty Limited, will not exercise its First Right of Refusal under the Lease to purchase The Property; c) and third party approvals, if required, under the leases or other agreements, such as the transfer of land on title being approved by the City of Stirling and the Western Australian Planning Commission, within the specified time under the Contract of Sale, prior to Settlement.
3. The expected yield is based on certain assumptions and may not be achieved.
4. Gearing is defined as the loan divided by the independent value of the Property.
5. This announcement does not constitute an offer to any person. The offer under the Information Memorandum will only be made to persons who are wholesale clients for the purposes of section 761G or section 761GA of the Corporations Act. The trustee of the Trust is GDI No. 43 Pty Limited ACN 620 089 849 (the Trustee), which does not hold an Australian financial services licence. Accordingly, no offer will be made to any person other than an offer by GDI Funds Management Limited ACN 107 354 003 AFSL 253 142 (GDIFM) to arrange the issue of units, under an agreement between the Trustee and GDIFM in accordance with section 911A(2)(b) of the Corporations Act. The information in this announcement has been prepared without taking into account the investment objectives, financial situation or needs of any person. Before making an investment decision, you should read the Information Memorandum (when released) and consider whether the investment is appropriate for you in light of your particular investment needs, objectives and financial circumstances. We recommend you seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest in the Trust. No GDI Property Group entity guarantees any particular rate of return, the performance of any investment in the Trust or the repayment of capital from the Trust. Investments are subject to investment and other risks. This could involve delays in repayment and loss of income or capital invested.