



GDI PROPERTY GROUP

FY15 Annual Results presentation

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INTRODUCTION

We delivered in FY15

- FFO¹ of \$46.42 million versus guidance of \$46.27 million
- FFO of 8.22 cents per security² versus guidance of 8.20 cents per security
 - FFO per security growth of 13%³
- Paid our distribution of 7.5 cents per stapled security
 - Payout ratio of 90% of FFO and 110% of AFFO
- NTA⁴ per security of \$0.99, up \$0.03 from 31 December 2014 and \$0.06 from 30 June 2014
 - 66 Goulburn Street (+\$19.0 million) and 307 Queen Street, Brisbane (+\$1.5 million) revalued at 30 June 2015
- Absolute total return⁵ of 14.5% for the year
 - Total securityholder return of 4.4% for the year
 - Security price performance remains a major disappointment
- Strength of balance sheet provided the opportunity for capital management initiatives
 - Acquired over 25 million securities at an average cost of \$0.9172

1. 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. GDI Property Group also adjusts funds management performance fees charged that remain unpaid from its calculation of FFO.

2. Calculated using weighted average securities on issue.

3. Based on the 3.91 cents per security for the period ended 30 June 2014 annualised to 7.26 cents per security.

4. GDI Property Group excludes derivative financial instruments from its calculation of NTA.

5. Defined as movement in NTA + distributions.

We delivered in FY15

- Acquired 66 Goulburn Street, Sydney for \$136 million (\$5,868/sqm), now valued at \$157 million (\$6,817/sqm)
 - Acquired with approximately 5,700sqm vacant, now fully leased
 - Rates achieved were higher than budgeted with less incentive
- Conditionally sold and subsequent to 30 June 2015 call option exercised to sell 233 Castlereagh St, Sydney for \$156 million
 - Settlement expected to occur on or around 30 September 2015
- Portfolio occupancy^{1,2} 89% as at 30 June 2015 (30 June 2014: 89%)
 - Positive momentum leading into FY16
- 30,578 sqm of leases signed, renewed, extended or subject to executed Heads of Agreement during FY15
- Weighted average lease expiry^{1,2} (WALE) at 30 June 2015 of 3.8 years (30 June 2014: 3.3 years)
- Established GDI No. 40 Office Trust, GDI Property Group's first Parramatta acquisition
 - Raised \$27.8 million to acquire 80 George Street, Parramatta

1. Excluding 233 Castlereagh Street, Sydney.

2. By Net Lettable Area (NLA). Including guarantees and signed Heads of Agreement as at 30 June 2015.

Well positioned for FY16

- Property portfolio¹ (Portfolio) well positioned
 - Occupancy² as at 30 June 2015 of 89%
 - WALE² as at 30 June 2015 (by NLA) of 3.8 years
 - Only 8% of the Portfolio's NLA is subject to expiries in FY16
- Substantial upside potential remains in the Portfolio with limited downside risks
 - Mill Green extremely well positioned given the forecast improvement in the Perth market through CY16 and the 7% passing yield on the current valuation
 - 197 St Georges Terrace 99% occupied, 5.3 year WALE, no lease expiries until May 2017, and the largest tenant (28% of NLA) is in occupation until FY23
 - 5 Mill Street, Perth has no expiries in FY16 and continues to attract interest at rental and incentive levels in line with or better than valuation
 - 1 Mill Street, Perth is attracting interest from a number of potential occupiers and has significant upside potential for alternate use
 - Valuation still well below replacement cost
 - 307 Queen Street, Brisbane is a multi-tenanted, well positioned property that is not exposed to any one tenant
 - Occupancy of 73% (excluding the guarantee) provides valuation and FFO upside as the Brisbane office market continues to improve

1. Excluding 233 Castlereagh Street, Sydney.

2. Including guarantees and signed Heads of Agreement as at 30 June 2015.

Well positioned for FY16 (continued)

- Substantial upside potential remains in the Portfolio with limited downside risks (continued)
 - 66 Goulburn Street, Sydney is now 100% leased with no expiry in FY16
 - Approximately \$1.9 million of the guarantee will be available to support any downtime resulting from the FY17 expiries
 - Significant interest in the Consolidated Media Holdings Limited space if it vacates
 - 50% of 25 Grenfell Street, Adelaide's tenancies don't expire until FY23 at the earliest
 - Opportunity to refurbish and reposition the Department of Water space (4,176sqm) with positive reletting spreads

Well positioned for FY16 (continued)

- Contract for sale of 233 Castlereagh Street, Sydney now exchanged, settlement expected to occur on or around 30 September 2015
- Balance sheet in a strong position
 - Pro forma gearing reduces to 25% on settlement of 233 Castlereagh Street, Sydney
 - Credit approved terms for an amended and extended facility to coincide with settlement of 233 Castlereagh Street, Sydney
 - Three year facility expiring September 2018
 - Undrawn capacity of approximately \$65 million
 - Potential to debt fund a circa \$100 million asset and still be below the Board's gearing policy of less than 40% LVR
- Funds Business positioned for growth
 - Supportive investor base of 1,000 HNW investors
 - Aim to build Funds Business back up to pre-IPO levels
 - Constrained by current opportunities and will remain disciplined when reviewing opportunities



FINANCIAL RESULTS

Profit and Loss

	Year ended 30 June 2015 \$'000
Revenue from ordinary activities	
Property income	77,178
Funds management income	2,908
Interest revenue	233
Total revenue from ordinary activities	80,320
Net fair value gain of investment property	46,068
Total income	126,388
Expenses	
Property expenses	19,438
Finance costs	14,725
Net fair value loss on interest rate swaps	2,450
Corporate and administration expenses	5,895
Acquisition expenses	7,634
Initial public offer costs	949
Total expenses	51,091
Profit before tax	75,297
Income tax benefit	643
Net profit for the period	75,940
Earnings per security (cents)	13.5
Diluted earnings per security (cents)	13.4

- AIFRS net property income for the year totalled \$57.7 million, a passing yield of 6.6% on the independent value of GDI Property Group's portfolio
 - Cash received from the guarantees is not included in AIFRS property income
 - 66 Goulburn Street was not owned for the full year
- Funds management income includes transactional fees relating to the establishment of GDI No. 40 Office Trust (\$850,000)
- The net fair value gain of investment properties includes the revaluation of 233 Castlereagh Street, Sydney, to its sale price
 - Accordingly, GDI Property Group will not be recognising a gain on sale when the property settles on or around 30 September 2015
- Finance costs increased during the year due to the increase in borrowings to fund the acquisition of 66 Goulburn Street, Sydney and the on-market buyback
- Corporate and administration expenses includes \$0.6 million expensed for STI and LTI performance plans for FY14 and FY15
- IPO costs include amounts expensed for the retention rights as disclosed in the IPO Offer Document. The costs of these will be expensed over the three year vesting period

NPAT to AFFO

	Year ended 30 June 2015
	\$'000
Total comprehensive income for the period	75,940
Portfolio acquisition and other transaction costs	8,583
Cash received from guarantees	6,762
Straightlining adjustments	(2,274)
Amortisation of debt and incentives	2,329
Fair value adjustments	(43,618)
Other FFO adjustments	(1,299)
FFO	46,424
Maintenance capex	(541)
Incentives paid	(8,503)
Income tax benefit	(643)
Reverse other FFO adjustments	1,299
AFFO	38,036
FFO per security (cents)	8.22
AFFO per security (cents)	6.74

- GDI Property Group does not include any transactional profits in its FFO or FFO guidance
 - 233 Castlereagh St, Sydney was revalued to its sale price with the revaluation reversed for FFO purposes
- As was the case in FY15, GDI Property Group expects distributions to be in excess of AFFO as a typical value add strategy is addressing vacancy / reletting risk
- GDI Property Group does not expect to have a large maintenance capital expense as assets are not intended to be held through a number of capex cycles
- In relation to FFO and AFFO for FY15:
 - Portfolio acquisition and other transaction costs includes \$7.6 million of costs relating to the acquisition of 66 Goulburn Street, Sydney and \$0.9 million of IPO transaction costs
 - Cash received from the guarantees is not accounted for as property revenue
 - Other FFO adjustments relate to a lease surrender at 307 Queen Street, Brisbane
 - 66% of the incentives paid relate to new leases at Mill Green
 - Income tax (expense)/benefit is included in FFO, but has been reversed for AFFO purposes

Balance sheet in a strong position

	As at 30 June 2015 \$'000
Total current assets	164,706
Investment properties	730,334
Other non-current assets	1,284
Intangible assets	18,110
Total assets	914,434
Total current liabilities	30,886
Borrowings	322,154
Derivative financial instruments	4,678
Other non-current liabilities	460
Total liabilities	358,178
Net assets	556,256
Equity	
Contributed equity	530,319
Reserves	(1,282)
Retained profits	27,272
Total equity	556,256
NTA per security (\$)	0.99
Loan to value ratio	36%

- GDI Property Group's balance sheet is in a sound position, with an LVR of 36% (bank covenant LVR 37%)
- During the year GDI Property Group's NTA/security¹ increased \$0.06 cents to \$0.99
- The primary reasons for the increase in the NTA/security was from the independent revaluation of GDI Property Group's portfolio and the sale of 233 Castlereagh Street, Sydney
 - All GDI Property Group's investment properties were independently valued during the year
- In relation to the balance sheet as at 30 June 2015:
 - Current assets include 233 Castlereagh Street, Sydney which was transferred from investment property to a non-current asset held for sale on execution of the option deed on 6 November 2014
 - Current liabilities includes the provision for the distribution for the period ended 30 June 2015 of \$20.4 million
 - During the year, GDI Property Group acquired and cancelled 22.6 million securities, reducing contributed equity by same

Debt profile

- Drawn debt of \$323 million, split between 5 year (Tranche A) and 3 year (Tranche B) maturities
- Credit approved terms for amended facility on settlement of 233 Castlereagh Street, Sydney
 - Flexibility to undertake further capital management initiatives

Current facilities				
	Facility size \$'000	Drawn \$'000	Undrawn \$'000	Expiry
Tranche A	85,000	85,000	-	Dec 18
Tranche B	248,000	233,000	15,000	Dec 16
Tranche C	30,000	5,000	25,000	Dec 16
TOTAL	363,000	323,000	40,000	
Tranche D (BG)	5,000	-	-	Dec 16
Key covenants	Maximum Covenant LVR ¹ ratio 50% vs actual 37%			
	Covenant ICR ² 2.0X vs actual of 3.9X			

Credit approved terms ³				
	Facility size \$'000	Proforma drawn \$'000	Proforma undrawn \$'000	Expiry
	-	-	-	-
	195,000	185,000	10,000	Sept 18
	55,000	-	55,000	Sept 18
	250,000	185,000	65,000	
	5,000	-	-	Sept 18
Key covenants	Maximum Covenant LVR ¹ ratio 50%			
	Covenant ICR ² 2.0X			

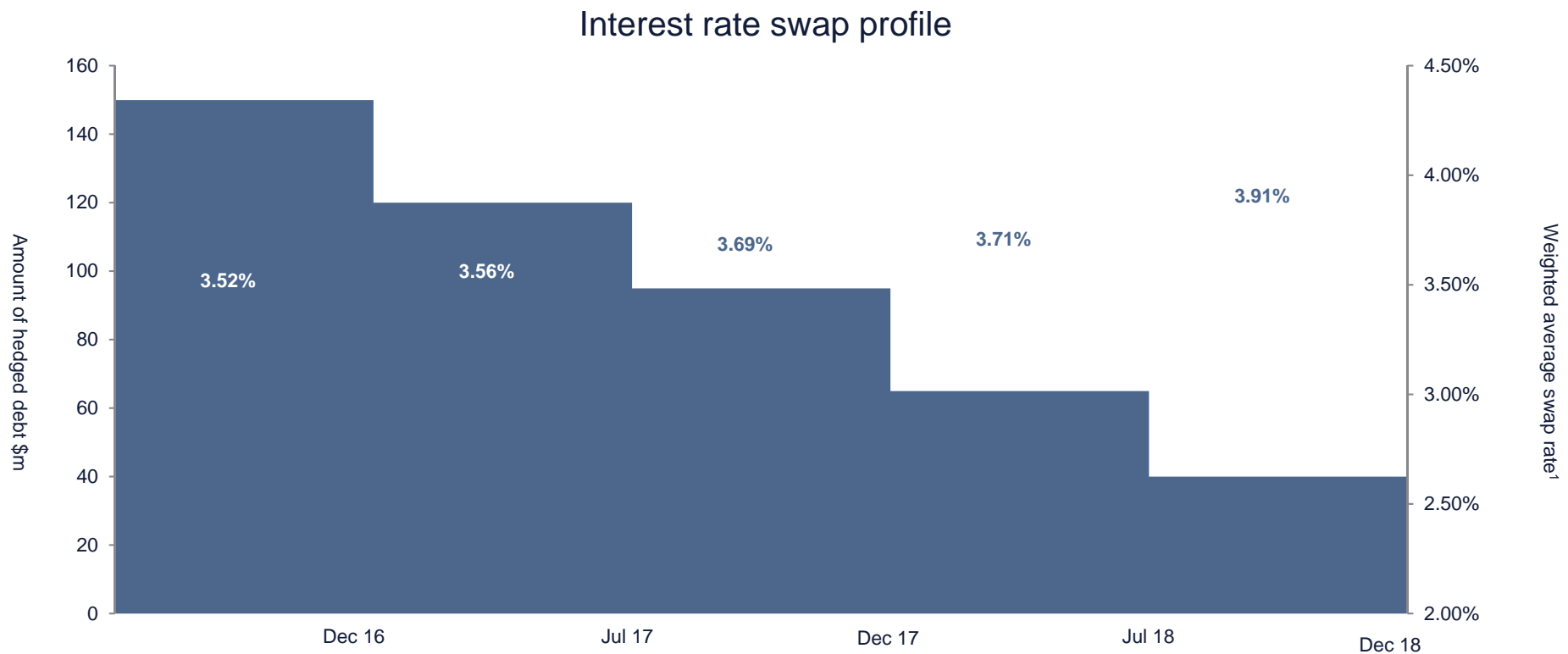
1. Covenant LVR is calculated as total debt including net derivative exposures divided by the value of the properties

2. Covenant ICR is calculated as EBIT for the previous 12 month period divided by interest expense for the previous 12 month period. Acquisition and IPO expenses have been excluded from EBIT in calculating the Covenant ICR

3. Subject to documentation and settlement of 233 Castlereagh Street, Sydney

Interest rate hedging

- Board hedging policy of at least 50% of drawn debt hedged
 - Currently 46% hedged given upcoming settlement of 233 Castlereagh Street, Sydney
- All in cost of drawn debt for the period of 4.66% (inclusive of line fees on undrawn facilities, but excluding amortisation of establishment fees)
- Opportunity to review hedge book on settlement of 233 Castlereagh Street, Sydney



1. Excluding margin and line fees



THE PROPERTY PORTFOLIO

Portfolio overview

Mill Green Complex

VALUATION
\$334 MILLION

TOTAL NLA
40,387 SQM

WALE
4.0 YEARS

OCCUPANCY
80%

VALUE PER SQM
\$8,270



25 Grenfell Street

VALUATION
\$109 MILLION

TOTAL NLA
25,387 SQM

WALE
5.3 YEARS

OCCUPANCY
95%

VALUE PER SQM
\$4,294

307 Queen Street

VALUATION
\$123 MILLION

TOTAL NLA
19,568 SQM

WALE
2.5 YEARS

OCCUPANCY
89%

VALUE PER SQM
\$6,297

66 Goulburn Street

VALUATION
\$157 MILLION

TOTAL NLA
23,032 SQM

WALE
2.9 YEARS

OCCUPANCY
100%

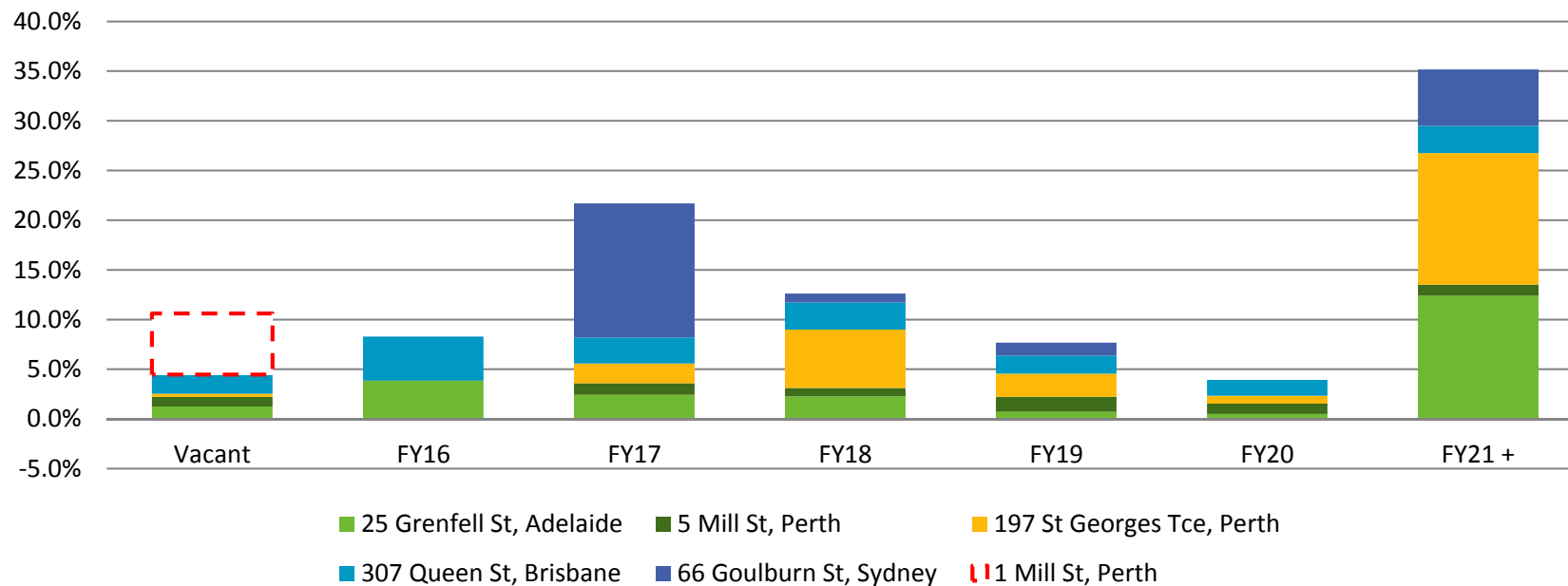
VALUE PER SQM
\$6,817

Notes:
Current as at 30 June 2015
Valuations base on last independent valuation and all figures include Guarantees and signed heads of agreement.
WALE is by total NLA

Portfolio overview

Portfolio snapshot¹

- Total NLA of 108,374sqm
- Portfolio occupancy² of 89%
- WALE² (by NLA) of 3.8 years
- Weighted average capitalisation rate (WACR) of 7.7%
- 30,578 sqm of leases executed, renewed, extended or subject to signed Heads of Agreement in FY15
- FY16 lease expiries of 8%
 - No FY16 expiries in Mill Green



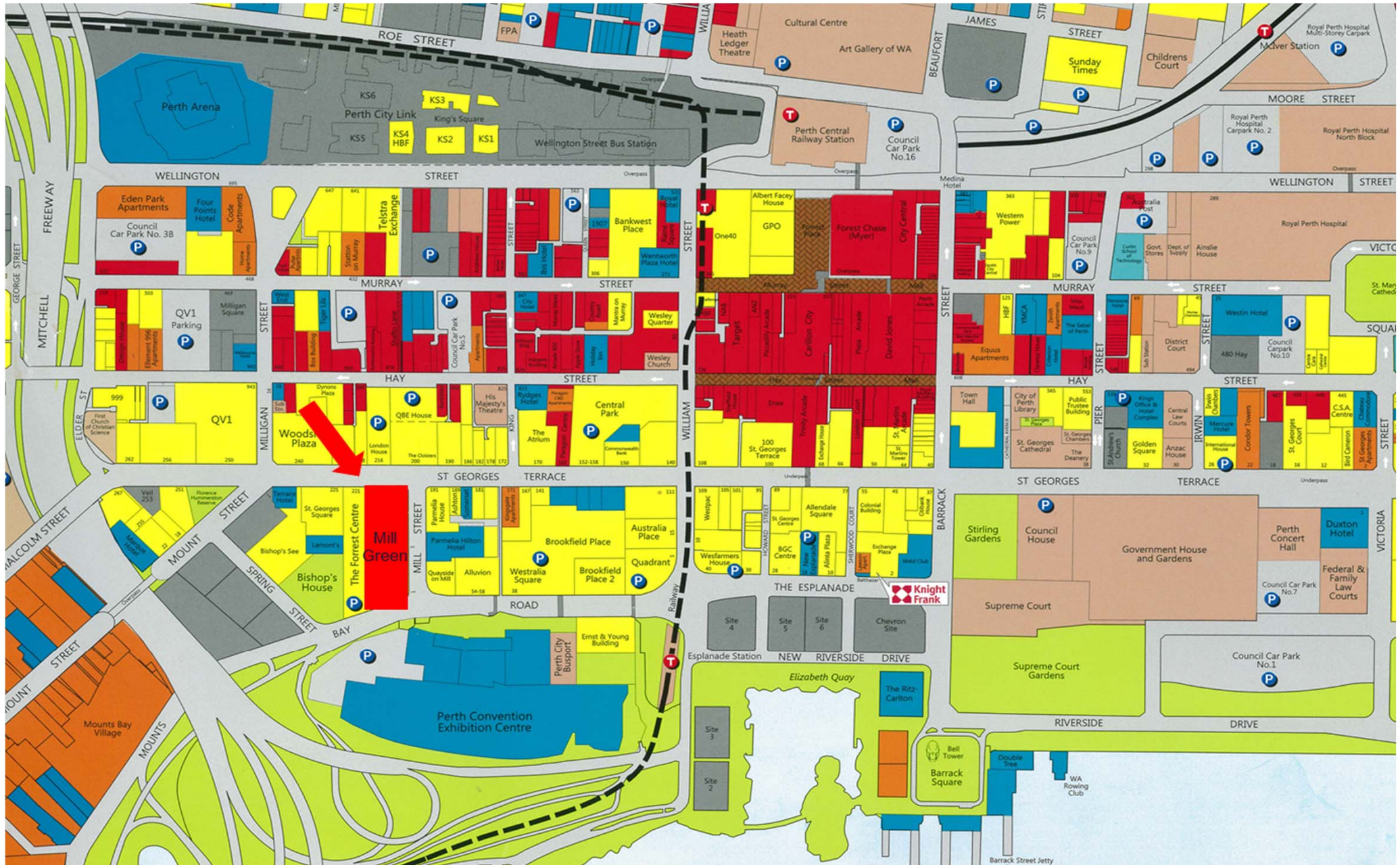
1. Excluding 233 Castlereagh Street, Sydney

2. Including signed Heads of Agreement and guarantees as at 30 June 2015

Mill Green Complex



Mill Green Complex



Mill Green Complex

- 197 St Georges Terrace near full occupancy
 - A full floor tenant negotiated an early release, but the half floor sub tenant remains in occupation
 - Only marginally over-rented, although executed Heads of Agreement for rents higher than the valuation assumptions
 - No expiry until May 2017
 - Solid income growth through fixed rent reviews
- 5 Mill Street is continuing to lease up well, albeit at a slower pace than was originally anticipated
 - No expiry in FY16
- 1 Mill Street remains vacant, but there are a number of lease requirements in the market which suit
- At the current valuation and including all vacancy, passing yield is 7%
- Alternative use proposal for 1 Mill Street progressing
 - Significant amount of resources spent to date, but GDI Property Group unlikely to lodge any DA
- GDI continues to actively manage the asset strategy of Mill Green and is positioned to take advantage of any change in market conditions

Key metrics as at:	Jun-15	Jun-14
Independent valuation date	31 December 14	1 October 13
Independent valuation (\$M)	334.00	332.00
Independent valuation /NLA (\$)	8,270	8,206
Carrying value (\$M)	339.73	334.13
Capitalisation rate	8.25%	8.25%
Discount rate	8.75%	9.25%
NLA (sqm)	40,387	40,457
Car parks	281	281
Occupancy	80.02%	80.69%
WALE (years)	4.00	4.66
Net income (\$M)	23.49	
FFO (\$M)	22.88	

Perth Market overview

- Current market vacancy rate of 16.6%, up from 14.8% in January 2015
 - Expect vacancy to peak at +/- 20% in late 2015, early 2016 as new supply completed
 - With little new supply post this cycle, expect vacancy to stabilise and during the second half of CY16 predict positive net absorption
 - Expect effective rents to follow trend
- As the vacancy rates stabilise and effective rents trend upwards, anticipate the capitalisation rate spread to the eastern states will decrease
 - The current (June 2015) mid-point (7.38%) of the Perth prime grade yield range is 138 basis points higher than the Sydney CBD prime midpoint yield (6.00%)¹
 - Over the past 10 years, prime grade yields in Perth CBD have been an average 114 basis points higher than prime grade Sydney CBD yields¹
 - Transactional evidence suggests the Sydney CBD prime midpoint yield has tightened further since June 2015

1. Source: JLL Research

197 St Georges Terrace, Perth

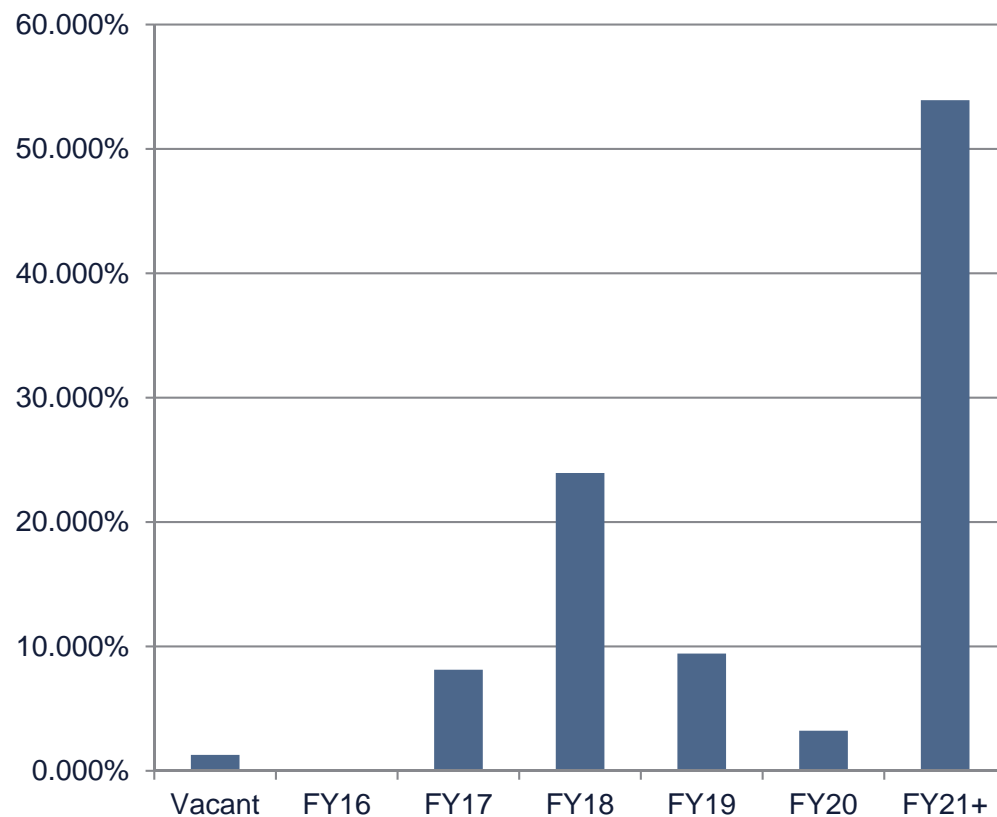


Actual view from Level 10



Refurbished foyer

197 St Georges Terrace, Perth



Key metrics as at:	Jun-15	Jun-14
Independent valuation date	31 December 14	1 October 13
Independent valuation (\$M)	239.00	233.50
Independent valuation /NLA (\$)	9,001	8,780
Carrying value (\$M)	243.57	234.21
Capitalisation rate	8.00%	8.25%
Discount rate	8.75%	9.25%
NLA (sqm)	26,554	26,595
Typical floor plate (sqm)	855	855
Car parks	181	181
Occupancy	98.70%	100.00%
WALE (years)	5.3	6.3

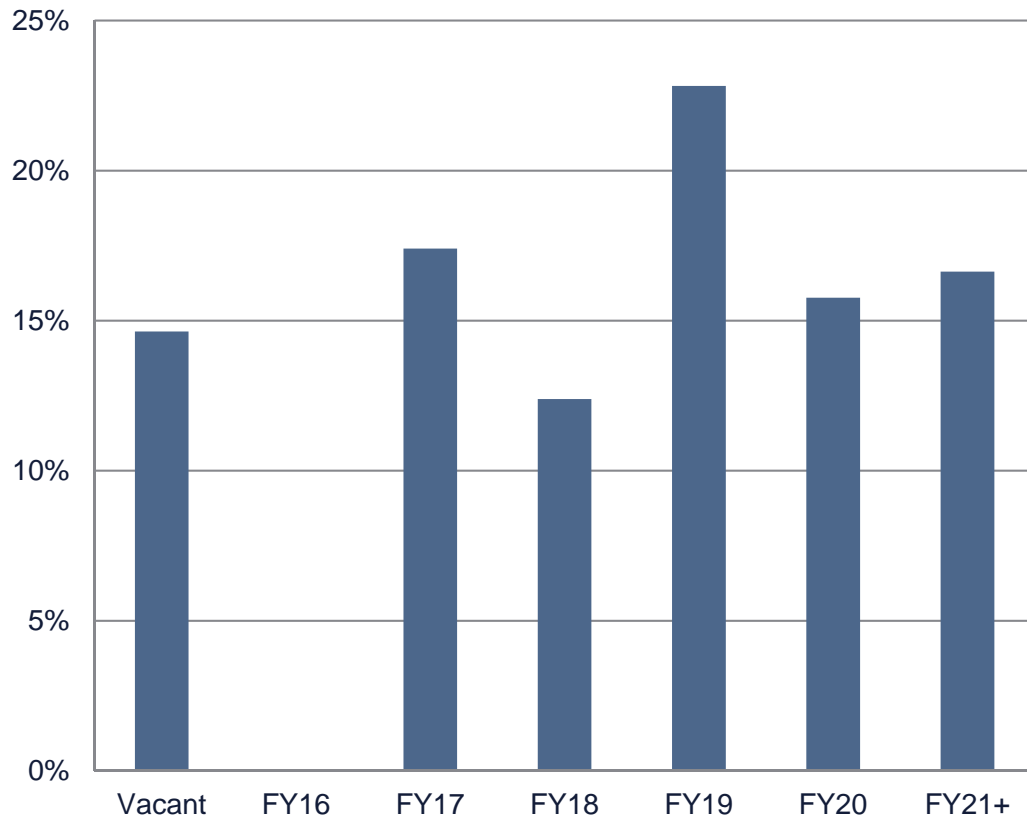
Tenant name	NLA		Rent review		
	sqm	% total	Type	% p.a.	Lease expiry
Amec Minproc Limited	7,341	28%	Fixed	4%	FY23
Chevron Australia Pty Ltd	4,643	17%	Fixed	4.5%	FY18
CBI Construction Pty Ltd	2,505	9%	Fixed	4%	FY19
Clough Projects Pty Ltd	1,670	6%	Fixed	4.5%	FY17

5 Mill Street, Perth



Mill Green

5 Mill Street, Perth



Key metrics as at:	Jun-15	Jun-14
Independent valuation date	31 December 14	1 October 13
Independent valuation (\$M)	54.00	52.50
Independent valuation /NLA (\$)	7,515	7,278
Carrying value (\$M)	54.65	53.88
Capitalisation rate	8.25%	8.50%
Discount rate	8.75%	9.25%
NLA (sqm)	7,185	7,214
Typical floor plate (sqm)	735	735
Car parks	56	56
Occupancy	85.36%	84.00%
WALE (years)	3.1	3.0

Tenant name	NLA		Rent review		Lease expiry
	sqm	% total	Type	% p.a.	
Wesfarmers General Insurance Ltd	741	10%	Fixed	4.0%	FY19
Environmental Resources Management Australia Ltd	737	10%	Fixed	3.5%	FY21
Accenture Australia Pty Ltd	603	8%	Fixed	3.5%	FY20
Marubeni Itochu Tubulars Ocean	441	6%	Fixed	4.0%	FY17

1 Mill Street, Perth



Key metrics as at:	Jun-15	Jun-14
Independent valuation date	31 December 14	1 October 13
Independent valuation (\$M)	41.00	46.00
Independent valuation /NLA (\$)	6,167	6,919
Carrying value (\$M)	41.51	46.04
Capitalisation rate	8.25%	8.50%
Discount rate	8.75%	9.25%
NLA (sqm)	6,648	6,648
Typical floor plate (sqm)	1,900	1,900
Car parks	44	44
Occupancy	0.00%	0.00%
WALE (years)	-	-

1 Mill Street Development



1 Mill Street, Perth – Concept residential tower

- A significant amount of resources spent preparing alternate use plans for 1 Mill Street, Perth
- Comparable residential pricing remains supportive of a higher alternate use value than as an office building
- GDI Property Group unlikely to lodge a development application (DA) during FY16
 - Would impact ability to lease 1 Mill Street, Perth and remaining vacancy at 5 Mill Street, Perth
 - Planning risk is considered low and GDI Property Group does not think an approved DA would add meaningful value
- Although GDI Property Group will always consider sensible offers for either 1 Mill Street Perth or 50% or all of Mill Green, we will not launch a formal sales campaign given the current sentiment to Perth

307 Queen Street, Brisbane

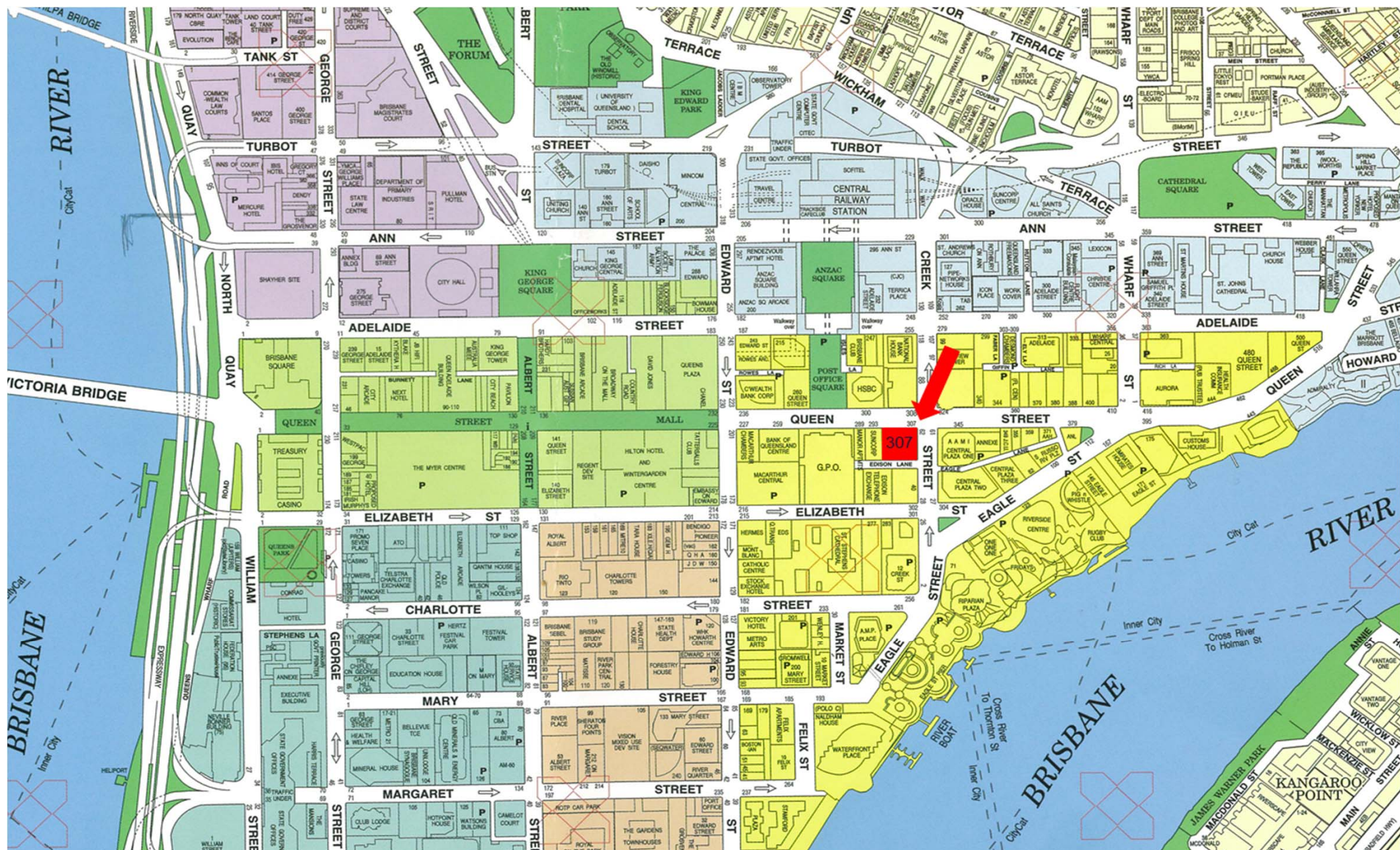


Refurbished foyer



Refurbished tenant lobby

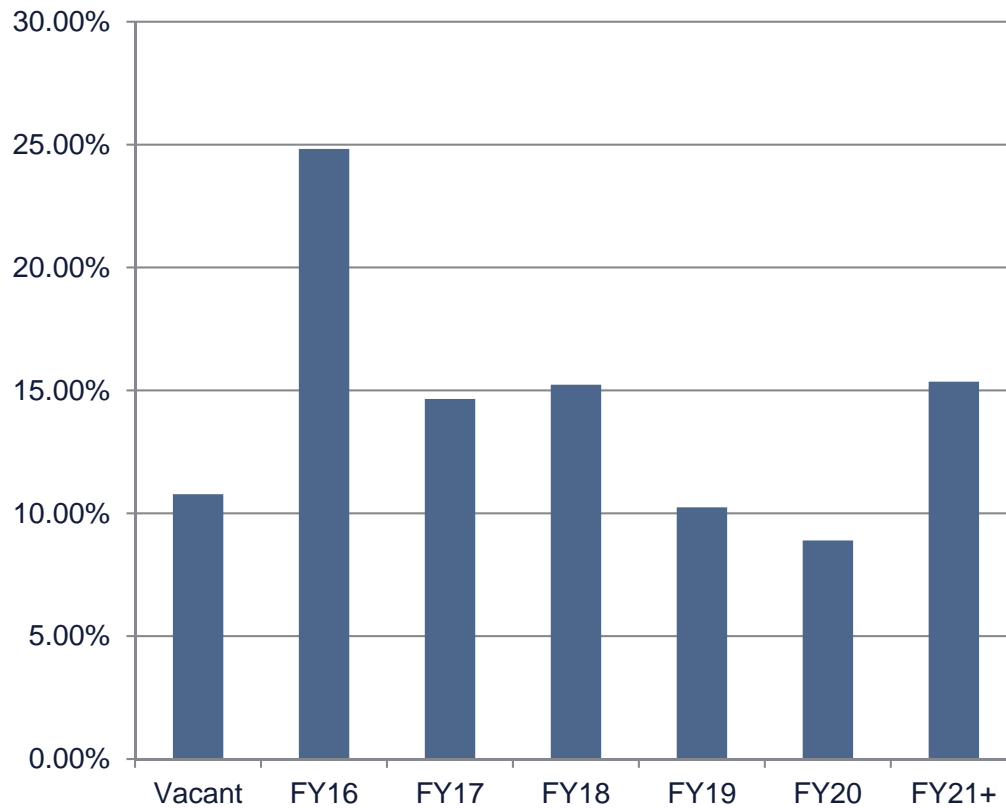
307 Queen Street, Brisbane



307 Queen Street, Brisbane

- Although the Brisbane CBD office market saw two positive quarters of net absorption, leasing conditions remain challenging
- Significant amount of tenant enquiry, but:
 - Incentives remain elevated
 - Tenants have a lot of options and all tenants are represented
 - In GDI Property Group's view, some competition is chasing occupancy at the expense of value
- Occupancy excluding the guarantee at 30 June 2015 was 73%
 - Including a subsequent Heads of Agreement for 1,400sqm of space (+ve) and a FY16 departure (-ve), occupancy has increased to 78%
 - Including the guarantee and post 30 June 2015 movements, occupancy at 94%
 - Guarantee (3,157sqm of space) expires 16 December 2016
- During the year GDI Property Group accepted a surrender of 1,395sqm of space which had an expiry of February 2017
 - 100% of the surrender payment recognised as income, but that part of the settlement that relates to FY16 (\$805,000) and FY17 (\$494,000) have not been included in FFO
 - Adjustment made to AFFO to reflect full cash receipt
 - Treatment is different to half year results where full payment recognised as FFO

307 Queen Street, Brisbane



Key metrics as at:	Jun-15	Jun-14
Independent valuation date	30 June 15	30 June 14
Independent valuation (\$M)	122.50	121.00
Independent valuation /NLA (\$)	6,260	6,196
Carrying value (\$M)	122.50	121.00
Capitalisation rate	7.50%	8.00%
Discount rate	8.25%	9.00%
NLA (sqm)	19,568	19,529
Typical floor plate (sqm)	800	800
Car parks	95	95
Occupancy ¹	89.22%	91.00%
WALE (years)	2.5	2.9
Net income (\$M)	9.10	
FFO (\$M)	10.27	

1. Including guarantees and signed Heads of Agreement as at 30 June 2015

Tenant name	NLA		Rent review		
	sqm	% total	Type	% p.a.	Lease expiry
Hanrick Curran Administration Pty Ltd	1,592	8%	Fixed	3.75%	FY18
Chandler MacLeod Group Pty Ltd	1,028	5%	Fixed	4.50%	FY17
William Buck (Qld)	822	4%	Fixed	3.00%	FY22
Glencore Australia Holdings	796	4%	Fixed	4.00%	FY20

25 Grenfell Street, Adelaide



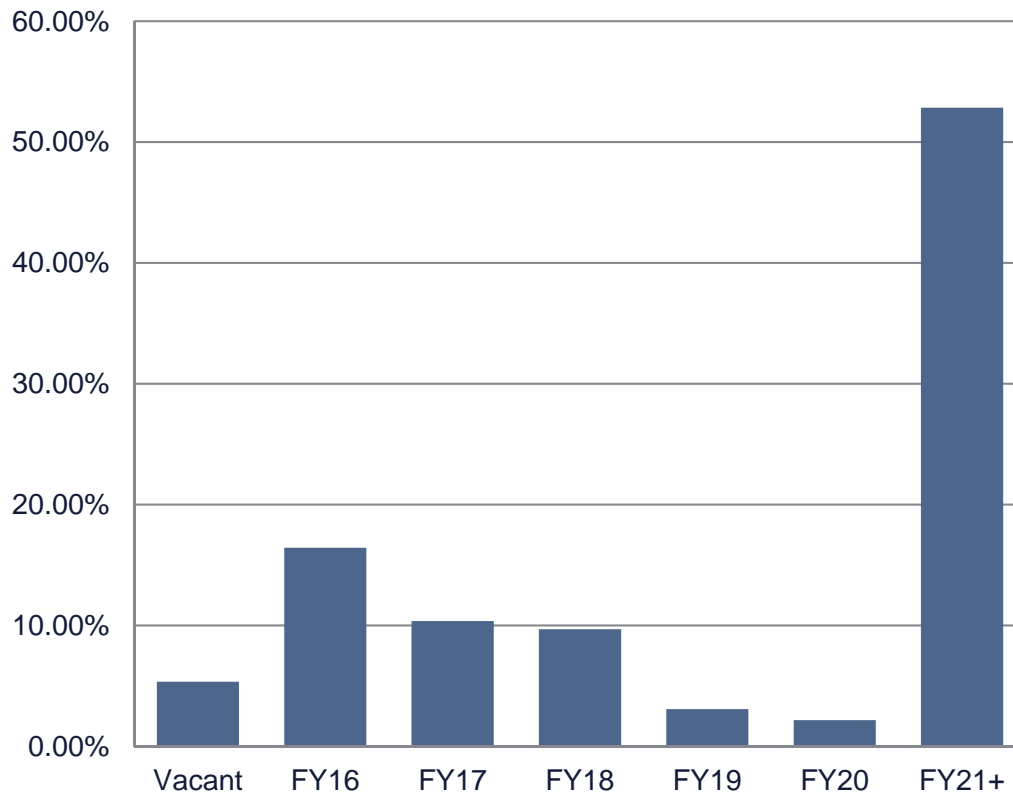
25 Grenfell Street, Adelaide



25 Grenfell Street, Adelaide

- New 8 year lease executed with PIRSA commencing February 2016 for 5,885 sqm (previously 5,408)
 - Term reduced from 12 years in Heads of Agreement to 8 years, all other terms substantially the same
- Department of Water lease extended for six months to March 2016
 - Likely that Department of Water will depart (4,176sqm)
 - +\$50/sqm reversionary rent on expiry
- Only one full floor (contiguous with Department of Water space) and a 200sqm suite available for lease in the building
 - Currently negotiating with existing tenants on extension and expansion opportunities
- End of trip facilities to be added during FY16

25 Grenfell Street, Adelaide



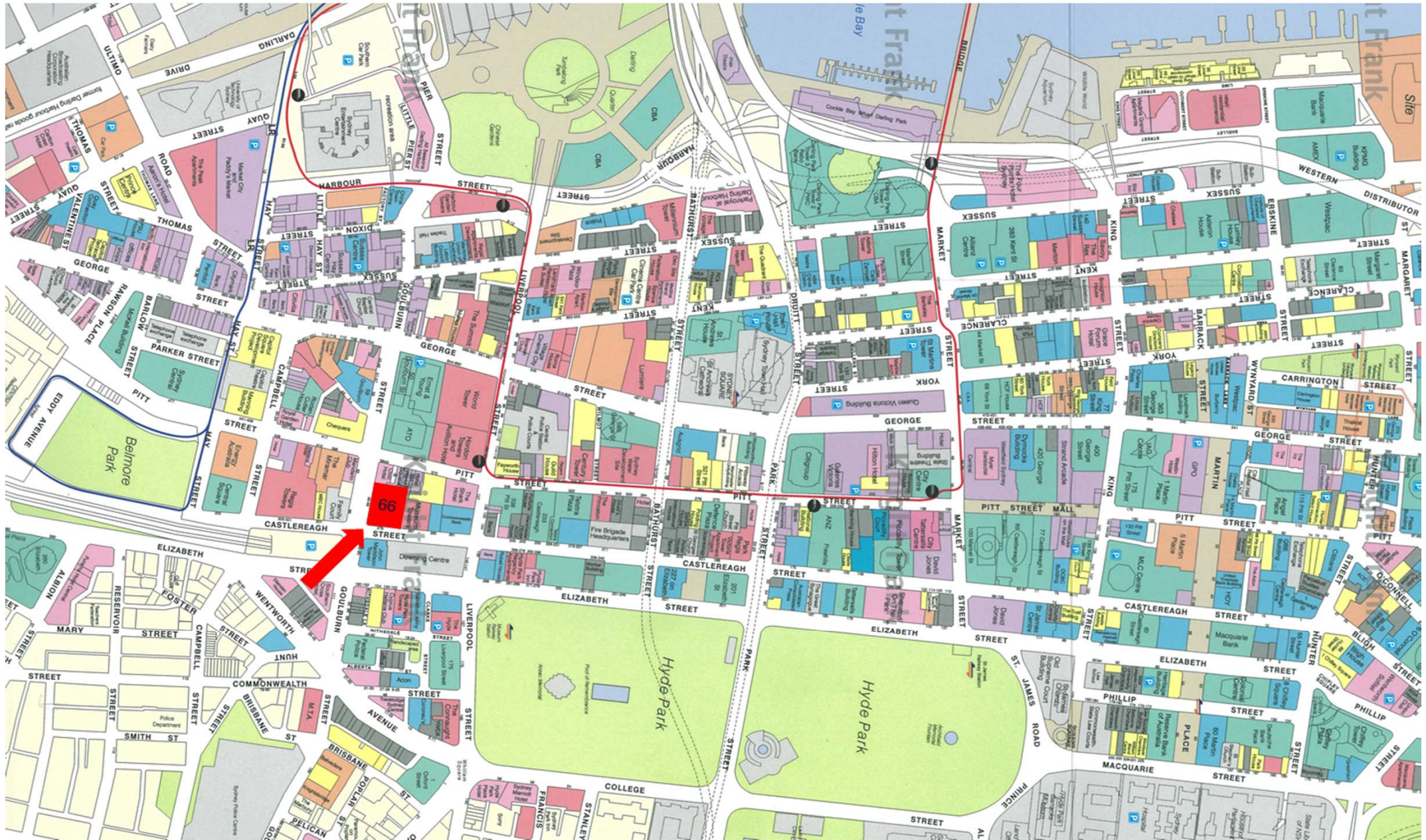
Key metrics as at :	Jun-15	Jun-14
Independent valuation date	31 December 14	1 October 13
Independent valuation (\$M)	109.00	109.00
Independent valuation /NLA (\$)	4,294	4,299
Carrying value (\$M)	111.14	110.23
Capitalisation rate	8.25%	8.50%
Discount rate	9.00%	9.50%
NLA (sqm)	25,387	25,352
Typical floor plate (sqm)	1,040	1,040
Car parks	30	30
Occupancy	94.64%	89.00%
WALE (years)	5.3	3.2
Net income (\$M)	8.83	
FFO (\$M)	8.84	

Tenant name	NLA		Rent review		
	sqm	% total	Type	% p.a.	Lease expiry
Minister for Administrative Services (PIRSA)	5,885	23%	Fixed	3.00%	FY24
Minter Ellison	5,229	21%	Fixed	3.75%	FY23
Minister for Administrative Services (Department of Water)	4,176	16%	Fixed	3.00%	FY16
Regus Serviced Offices	1,078	4%	Fixed	3.75%	FY25

66 Goulburn Street, Sydney



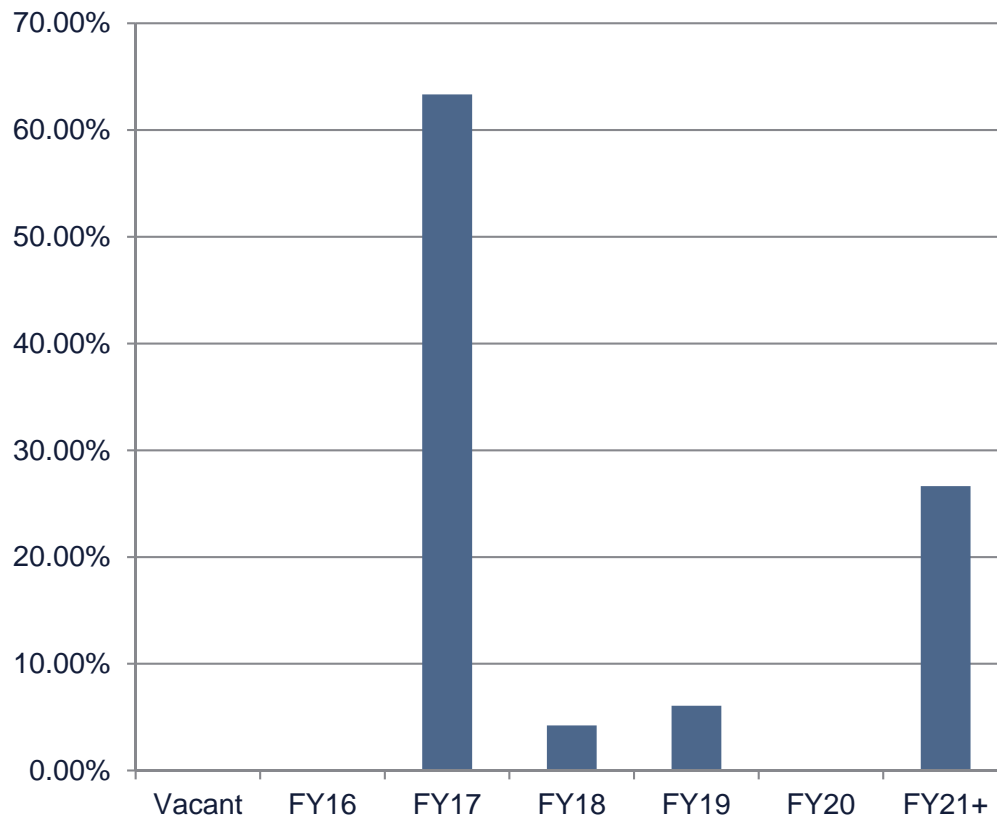
66 Goulburn Street, Sydney



66 Goulburn Street, Sydney

- Strong leasing activity over vacant space, in excess of management's forecasts
 - All vacant space now leased to 8 separate tenants, well ahead of management's expectations
 - Includes an additional 975sqm leased to an existing 1,500sqm tenant that has extended an FY18 expiry to FY23
 - Rates achieved in excess of budget and with lower incentives
- Approximately \$1.9 million of the guarantee will remain undrawn once all leases executed commence
 - Can be applied to any vacancy (or incentive) until July 2019 (5 years from acquisition)
- In discussion with Consolidated Media Holdings Limited (CMH) on its FY17 (Sept 16) expiry
 - Strong interest in the space if CMH depart, noting that three floors are currently available for sub-lease
 - +\$100/sqm reversionary rent on expiry
- Prepared to be patient as expect incentives to continue to contract
- Foyer and lift lobbies upgrades of previously vacant floors completed

66 Goulburn Street, Sydney



Key metrics as at :	Jun-15	Jun-14
Independent valuation date	30 June 15	26 April 14
Independent valuation (\$M)	157.00	138.00
Independent valuation /NLA (\$)	6,817	5,954
Carrying value (\$M)	157.00	n/a
Capitalisation rate	7.00%	7.50%
Discount rate	8.65%	9.00%
NLA (sqm)	23,032	23,176
Typical floor plate (sqm)	950	950
Car parks	54	54
Occupancy ¹	100.00%	100.00%
WALE (years)	2.9	2.3
Net income (\$M)	8.60	
FFO (\$M)	11.31	

1. Including the guarantee and signed Heads of Agreement as at 30June 2015

Tenant name	NLA		Rent review		Lease expiry
	sqm	% total	Type	% p.a.	
Consolidated Media Holdings Limited	10,432	45%	Fixed	4%	FY17
Prudential Investment Company of Australia Pty Limited	2,475	11%	Fixed	4%	FY23
William Buck Services (NSW) Pty Limited	1,950	8%	Fixed	4%	FY17

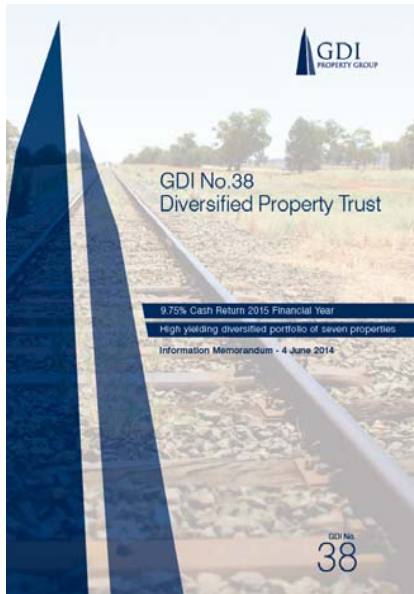


FUNDS BUSINESS

Funds Business overview

- GDI Property Group's Funds Business is built on a 22 year track record of delivering average IRRs in excess of 20% over 18 funds that have been wound up
 - No single fund has delivered a negative return and only one fund a single digit IRR
- Over 1,000 high net worth investors, many with a history of repeat investment
 - Approximately 50% of the capital for each fund comes from direct contacts, the other from a select group of financial intermediaries
 - Approximately 75% of those entitled rolled in to the IPO
 - Over 20% of the register remains "Issuer Sponsored"
- Prior to the IPO FUM was approximately \$750 million
 - This reduced to \$184 million on IPO and now stands at \$285 million, although this will reduce if assets are sold
- GDI Property Group intends to grow the FUM in the Funds Business back up to approximately \$750 million
 - Greg Marr hired to run and grow the Funds Business
 - At these levels revenue would likely exceed \$10 million p.a., inclusive of transactional fees
 - Funds management revenue for FY15 of \$2.9 million, FFO contribution of \$3.6 million
- However, GDI Property Group will not chase FUM growth
 - Reviewed over 100 opportunities during FY15, submitted EOI (or the like) on 27, transacted on one

Funds Business case studies



- Settled a \$66.5 million portfolio of 6 industrial and 1 office asset on a sale and leaseback basis from UGL Limited in June 2014
 - Triple net leases, weighted average capitalisation rate of 9.34%
 - Running yield of 9.75% in FY15, growing to 10.25% in FY17
 - One of the industrial assets already sold (acquisition price of \$7.75 million, sold for \$10.625 million)
 - Three more industrial assets and the office building will be put to market during FY16
 - Co-operation clauses in lease with UGL to value add at the remaining two industrial properties



- Settled the acquisition of 80 George Street, Parramatta in June 2015 for \$38.7 million in an off market transaction
 - Undrawn debt facilities of \$6 million to fund planned capex and future incentives if required
 - Immediately commenced the capex program, with the building's exterior façade already painted and the foyer refurbishment near completion
 - Reversionary rental opportunities and currently negotiating new leasing arrangements on over 50% of the property's NLA, including some FY18 expiries

Funds Business as at 30 June 2015

	Date established	AUM \$m	No. of properties	Sector / Location	Expected termination date (year)	Update
GDI No. 27	June 2007	14.0	2	Office / Canberra and Burnie	CY16	<ul style="list-style-type: none"> • Workout situation – aim to have both assets in a position for sale in FY17 • Unlikely to charge disposal fees
GDI No. 28	June 2007	14.0	1	Office / Toowoomba	CY17	<ul style="list-style-type: none"> • Actively manage the leasing
GDI No. 29	July 2008	9.2	1	Office / Perth	CY17	<ul style="list-style-type: none"> • A highly successful fund, but the balance of the strata units are difficult to move in the current market conditions • Seeking to lease on a short term basis existing vacant strata units to increase passing income
GDI No. 33	May 2010	40.0	1	Office / Brisbane	CY18	<ul style="list-style-type: none"> • Strata market in Brisbane is challenging, albeit there are early signs of an improvement • A likely strong performing fund once the strata market returns
GDI No. 36	October 2012	102.6	1	Office / Perth	CY15	<ul style="list-style-type: none"> • High yielding with a WALE of 5.7 years • Tested market but indicative pricing did not justify sale
GDI No. 38	June 2014	66.5	7	Industrial (6) / Diversified Office (1) / Pymble	CY20	<ul style="list-style-type: none"> • One asset already sold (37% profit before costs), settled in August • Capex program at Pymble complete and asset will be marketed for sale • Three more industrial assets to be sold in FY16
GDI No. 40	June 2015	38.7	1	Office / Parramatta	CY20	<ul style="list-style-type: none"> • Capex program already commenced with the façade painted and the foyer upgrade nearly complete
TOTAL AUM		285.0				



GUIDANCE

FY16 guidance

- GDI Property Group expects FFO per security of not less than 8.2 cents per security, based on an “as is” basis
 - GDI Property Group does not include profits on sale of assets in its calculation of FFO
 - GDI Property Group’s balance sheet will be noticeably smaller on settlement of 233 Castlereagh Street, Sydney
- Upside potential to guidance on an “as is” basis includes
 - Accretive benefits of extending the buyback
 - In relation to the Property Business:
 - an accretive acquisition, noting that GDI Property Group has acquisition capacity of approximately \$100 million and still be within the Boards gearing policy
 - a strata and sale of 1 Mill Street, Perth which would reduce GDI Property Group’s interest expense without reducing its income
 - increasing occupancy across the Portfolio
 - where FY16 expiries exist, renewing those expiries, as no renewals other than those already agreed have been included in “as is” FFO guidance
 - In relation to the Funds Business:
 - the sale of 1 Adelaide Terrace, Perth which would generate disposal and performance fees
 - the establishment of new funds, which is an objective of GDI Property Group. No new funds included in “as is” FFO guidance
- GDI Property Group forecasts a distribution per security of 7.75 cents, an increase of 0.25 cents per security from FY15

1. Subject to no material change in circumstances. “As is” is defined as all contracted rents or those subject to Heads of Agreement as at 18 August 2015, base management fees from the Funds Business and disposal fees where a sale of an asset is considered certain, budgeted FY16 expenses of \$6.3 million (including the issue of FY16 LTI performance rights) and on settlement of 233 Castlereagh Street, Sydney, execution of the amended and extended debt facility on terms consistent with the credit approved terms.

Increasing the on-market buyback to 10%

- GDI Property Group today announces that its Board has approved an increase in the on-market securities buy-back to 10% (from 5%)
- Should market conditions permit, GDI Property Group intends to undertake the buy-back of up to 10% of GDI Property Group securities over a 12 month period
- GDI Property Group will utilise undrawn debt facilities to fund the buy-back

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