



# GDI PROPERTY GROUP

Annual results presentation FY20

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# Significant progress in FY20

## Westralia Square leasing

- Leased 14,522sqm of lower level accommodation for 5 and 6 years to Minister for Works
  - 12,689sqm to WAPOL for 5 years<sup>1</sup> commencing 1 February 2021
  - 1,833sqm to Births, Deaths and Marriages for 6 years commencing 1 February 2021
- De-risked Westralia Square, with the upside to be delivered through leasing the upper levels in to a stronger market in CY21 and CY22



## Acquisition of 180 Hay Street, Perth

- Exchanged a contract to acquire 180 Hay Street, Perth, for \$12.6 million
  - Comprises 4,925sqm of net lettable area
  - Acquisition price of approximately \$2,500/sqm
  - Independently valued at \$15.0 million
  - Settled post balance date on 31 July 2020
  - 100% vacant on settlement
- Opportunity to add significant value through a refurbishment and releasing campaign



1. WAPOL has certain 12-month lease extension and termination rights on the giving of at least 18 months-notice, and in the case of termination, compensation to GDI

# Significant progress in FY20

## GDI No. 46 Property Trust

- Purchased a \$98.0 million portfolio of 17 metropolitan Perth properties (Portfolio) occupied by high profile car dealerships and service centres on major arterial roads
  - Portfolio is fully leased for a term of approximately 11 years, with the tenant having 5 x 5-year options
  - The leases have annual CPI<sup>1</sup> +1% rental increases, with market reviews in 2023 and 2028
- Established GDI No. 46 Property Trust
  - Raised approximately \$76.0 million, including a 47% co-investment by GDI
  - Forecast FY21 distribution yield of 8.0%<sup>2</sup> and conservative gearing of 31%



## Major Perth development opportunities

### WS2

- Increased size of planned development to 9,130sqm of NLA over 11 floors
- Seeking legal redress to enforce adjoining owners to execute the development application
- Practical completion window pre 2024 when Chevron's Elizabeth Quay project will complete, with no other major new commencements expected to compete for tenants

### 1 Mill Street

- Plans ready to lodge for 45,000sqm office tower
- Presenting development to a number of potential substantial occupiers



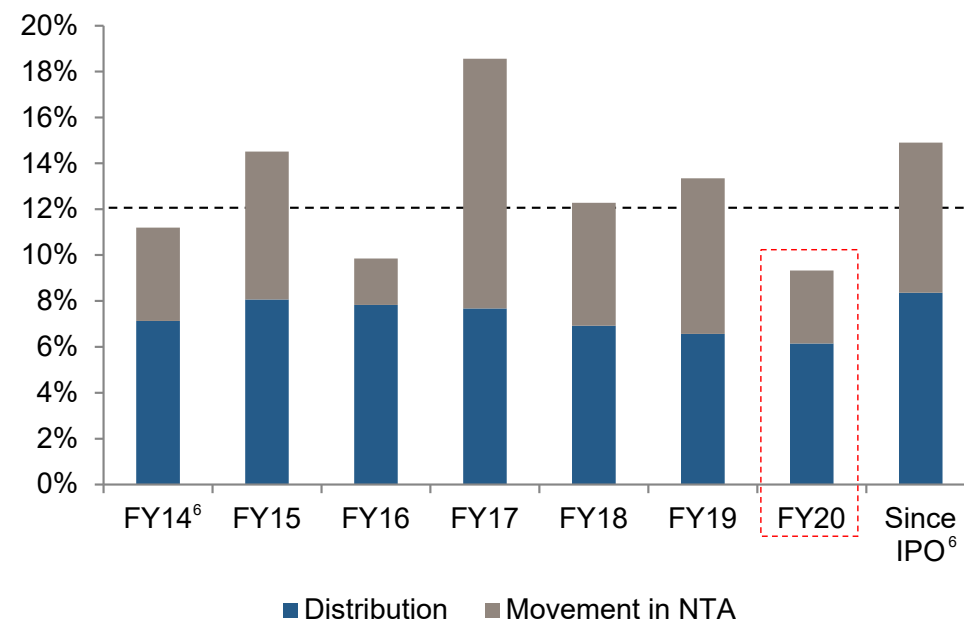
Westralia Square 2 - Architectural drawings only

1. CPI is Perth Capital City CPI and the market reviews have a 10% cap and a 5% collar  
2. Based on certain assumptions that may not be achieved

# FY20 a year of financial consolidation

- Having transitioned the portfolio to be heavily weighted to Perth and delevered the balance sheet, FY20 was a year of consolidation
  - Remained disciplined with our balance sheet
  - Assets are well positioned to capture the expected upside on releasing / development opportunities
- NTA<sup>1</sup> of \$1.30 per security
  - Increase of \$0.04 on 30 June 2019 NTA per security of \$1.26
  - Small decrease of \$0.02 on 31 December 2019 NTA of \$1.32
  - Write off of stamp duty for consolidated GDI No. 46 Property Trust
  - Revaluation of Westralia Square at 30 June 2020 did not capture full amount of capex, including incentives, spent in the six months
- FFO<sup>2,3</sup> of 8.22 cents per security
  - Payout ratio of 94.3% of FFO and 169.1% of AFFO
- Distribution of 7.75 cents per stapled security
  - In line with guidance
- Absolute total return<sup>4</sup> of 9.3% for FY20
  - Absolute total return since listing of 14.9 % p.a.
- Total securityholder return<sup>5</sup> of (13.9)% for FY20
  - Total securityholder return since listing of 9.4% p.a.

**Absolute total return**



1. Net tangible asset.  
 2. 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.  
 3. Calculated using weighted average securities on issue.

4. Defined as (movement in NTA + distributions)/opening NTA.  
 5. Based on 30 June 2019 and 30 June 2020 closing prices of \$1.385 and \$1.115 respectively, and the paid and declared distributions of \$0.0775.  
 6. Annualised

# A unique position heading in to FY21 and beyond

## Total return focused

- Delivered an annualised total return since listing in 2013 of 14.90% p.a.
- A track record of divesting and reinvesting
- Demonstrated discipline and restraint

## Financial flexibility

- Principal Facility gearing of only 16% LVR
- Provides financial flexibility to continue asset management initiatives

## Exposure to Perth

- As at 30 June 2020, 87% of the wholly owned portfolio, and 83% of all assets under management now located in Perth
- Very confident in the medium term outlook for Perth

## Assets with upside

- All assets under management have visible capital value upside potential through leasing and capex / development
- Asset management is the focus for FY21

## Ability to capitalise on any weakness

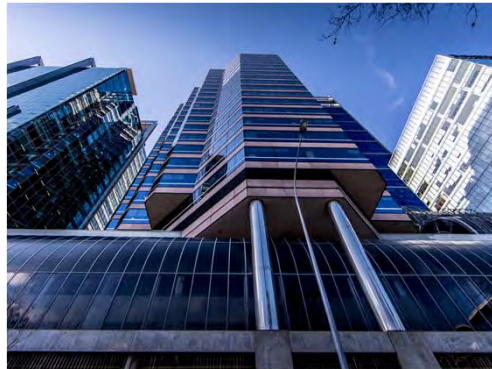
- Ability to raise large amounts of capital through the existing unlisted platform and use of lowly geared balance sheet

## Committed team

- Aligned management
- Small, stable, experienced team

# Leasing to deliver earnings upside

## PROPERTY DIVISION



Westralia Square

16,341 sqm to lease  
'As is' FY21 FFO of \$7.9 million  
Fully let FFO of \$26.3 million



180 Hay Street, Perth

4,925 sqm to lease  
'As is' FY21 FFO of \$(0.7) million  
Fully let FFO of \$2.2 million



Mill Green

4,613 sqm to lease  
'As is' FY21 FFO of \$18.6 million  
Fully let FFO of \$23.5 million

## FUNDS MANAGEMENT



1 Adelaide Terrace, Perth

9,959 sqm to lease



235 Stanley Place, Townsville

6,635 sqm to lease



# FINANCIAL RESULTS





# Contributors to FFO and AFFO

	June 20	June 19
	\$'000	\$'000
Property Division FFO	<b>49,146</b>	54,306
Funds Management FFO	<b>5,955</b>	4,848
Other	<b>358</b>	30
<b>Total</b>	<b>55,460</b>	59,184
Less:		
Net interest expense	<b>(2,137)</b>	(2,286)
Corporate and administration expenses	<b>(7,824)</b>	(8,111)
Other	<b>(983)</b>	(493)
<b>Total FFO</b>	<b>44,516</b>	48,294
Maintenance capex	<b>1,409</b>	(3,882)
Incentives and leasing fees paid	<b>(21,627)</b>	(6,538)
Income tax expense / (benefit)	<b>520</b>	8
<b>Total AFFO</b>	<b>24,817</b>	37,881

- Property Division FFO lower than FY19
  - At Westralia Square, contribution lower (\$22.5 million vs FY19 of \$27.1 million) due to departure of UGL and lower rents on MOW amended leases
  - Mill Green's contribution slightly lower (\$19.5 million vs FY19 of \$20.5 million) due to declining occupancy at 5 Mill Street
  - 50 Cavill Avenue marginally higher due to higher rents on renewals and reviews
  - Property Division FFO does not include any return from the assets held by GDI No. 42 Office Trust or GDI No. 46 Property Trust
- Funds Management FFO of \$6.0 million (FY19 \$4.8 million) includes:
  - Transactional fees relating to the establishment of GDI No. 46 Property Trust (\$1.2 million)
  - Distributions from GDI No. 42 Office Trust (\$1.7 million)
  - Distribution from GDI No. 46 Property Trust (\$0.7 million)
- Net interest expense lower than FY19 notwithstanding the increased amount of drawn debt due to significantly lower floating rates
- Corporate and administration expenses lower, principally due to lower KMP bonuses
  - Corporate and administration expenses includes a \$2.1 million expense for performance rights issued in FY17, FY18, and FY19 and to be issued for the year ended 30 June 2020
- Incentives and leasing fees paid mainly relate to Westralia Square, including approximately \$14.5 million paid to MFW on new leases to WAPOL and BDM commencing 1 February 2021

# Impact of COVID-19

- Rent relief provided to tenants in the wholly owned portfolio to the period ended 30 June 2020 is summarised below:

Rent relief provided	\$'000
Rent waived (by agreement or accordance with the Code)	518
Rent deferred (by agreement or in accordance with the Code)	149
Rent relief provided as incentives for new or extended leases	126
Restructured existing incentives (rebates)	238
Form of relief not yet agreed	503
<b>Total rent not collected due to COVID-19</b>	<b>1,534</b>

- Also provided rent relief to some tenants of three of the unlisted funds – GDI No. 33 Brisbane CBD Office Trust, GDI No. 43 Property Trust and GDI No. 46 Property Trust
  - The majority of the relief provided in dollars was by way of a rent deferral
  - As GDI No. 46 Property Trust is consolidated in to the accounts of GDI, the impact of rent relief provided (\$981,000) is included in the financial accounts of GDI, but not included in the table above
- At the time of release, expect total relief to be provided in FY21 to be less than FY20

# Balance sheet remains in a strong position

Pro forma for post balance sheet events	Jun-20 \$'000	Jun-19 \$'000
<b>Current assets</b>		
Cash and cash equivalents	10,100	18,775
Trade and other receivables	5,581	2,819
Non-current assets held for sale	102,240	-
Other assets	8,919	2,574
<b>Total current assets</b>	126,841	24,169
<b>Non-current assets</b>		
Investment properties	822,500	773,259
Other non-current assets	724	1,232
Intangible assets	18,110	18,110
<b>Total non-current assets</b>	841,685	792,601
<b>Total assets</b>	968,525	816,769
<b>Current liabilities</b>		
Trade and other payables	25,520	26,303
Other current liabilities	405	289
<b>Total current liabilities</b>	25,926	26,592
<b>Non-current liabilities</b>		
Borrowings	159,423	69,128
Derivative financial instruments	326	-
Other non-current liabilities	206	173
<b>Total non-current liabilities</b>	159,954	69,301
<b>Total liabilities</b>	185,880	95,893
<b>Net assets</b>	782,645	720,876
<b>Equity</b>		
Equity attributed to holders of stapled securities	721,403	696,218
Equity attributable to external non-controlling interest	61,242	24,658
<b>Total equity</b>	782,645	720,876

GDI No. 42 Office Trust (Stanley Place) \$53.5 million  
GDI No. 46 Property Trust (IDOM Portfolio) \$98.0 million

GDI No. 42 Office Trust \$10.0 million  
GDI No. 46 Property Trust \$30.0 million

GDI No. 42 Office Trust and GDI No. 46 Property Trust  
External Investors

# Debt profile and interest rate hedging

- As at 30 June 2020, drawn debt on the Principal Facility of \$120.0 million and undrawn debt of \$85.0 million
- Increase of drawn debt in Principal Facility to fund:
  - Capex, including incentives, at Westralia Square (\$16.5 million)
  - Stake in GDI No. 46 Property Trust (\$35.0 million)
  - Working capital requirements (\$9.1 million)
- Amended and extended the Principal Facility
  - Increased to \$210.0 million (including \$5.0 million guarantee)
  - Extended to 31 July 2022
- Board hedging policy gives management more flexibility around hedging, particularly when drawn debt is <\$100.0 million
- Entered in to two swaps during the period:
  - \$25.0 million 5 year swap expiring May 2025 (0.60%)
  - \$25.0 million 3 year swap expiring May 2023 (0.38%)
- Drawn debt of GDI No. 42 Office Trust and GDI No. 46 Property Trust remains unhedged

			30 June 2020		
Principal Facility	Secured	Maturity Date	Facility \$'000	Utilised \$'000	Unutilised \$'000
Tranche B, C	Yes	July 2022	205,000	120,000	85,000
Tranche D (BG)	Yes	July 2022	5,000	-	-
<b>Total Principal Facility</b>			<b>210,000</b>	<b>120,000</b>	<b>85,000</b>
<b>Consolidated unlisted funds</b>					
GDI No. 42 Office Trust	Yes	June 2022	11,500	10,000	1,500
GDI No. 46 Property Trust	Yes	February 2023	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>251,500</b>	<b>160,000</b>	<b>86,500</b>



# PROPERTY PORTFOLIO

# Perth market



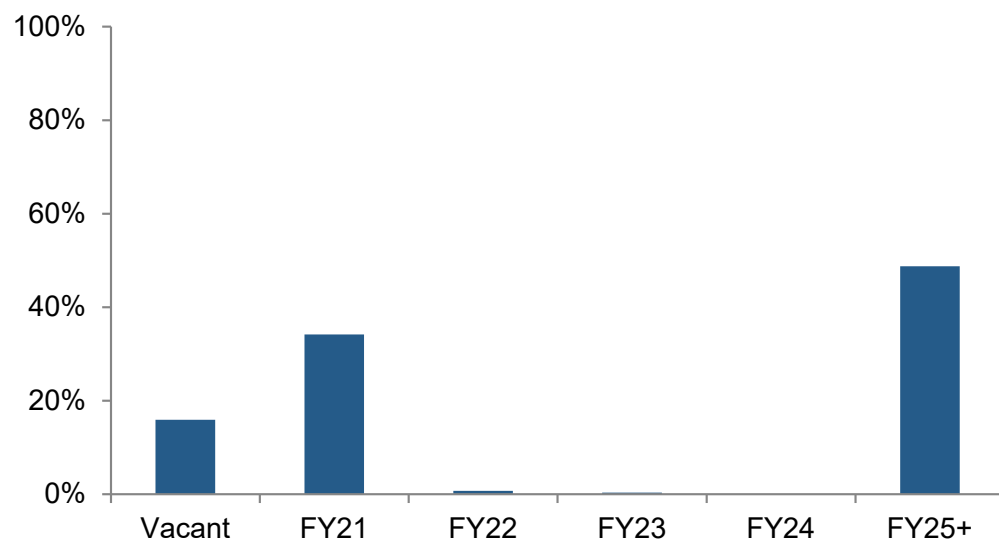
# Westralia Square



- Signed two leases with Minister for Works over 14,522sqm of the lower levels (1-5, 8,9 and 10)
  - 12,689sqm to WAPOL for 5 years<sup>1</sup> commencing 1 February 2021
  - 1,833sqm to Births, Deaths and Marriages for 6 years commencing 1 February 2021
  - Existing leases expiring February 2020 and April 2020 varied and extended to facilitate WAPOL's relocation within the building
- Upgrade of the end of trip facilities to complete in FY21 and upper floor refurbishments as they become available
- Seeking legal redress to enforce adjoining owners to execute a development application for the new development (9,130sqm of NLA) on excess land (Westralia Square 2)

Key metrics as at:	Jun-20	Jun-19
Independent valuation date	<b>Jun-20</b>	Jun-19
Independent valuation (\$M)	<b>327.50</b>	285.00
Independent valuation / NLA (\$)	<b>10,047</b>	8,743
Carrying value (\$M)	<b>327.50</b>	285.00
Capitalisation rate (%)	<b>6.75</b>	6.75
Discount rate (%)	<b>7.25</b>	7.50
NLA (sqm)	<b>32,598</b>	32,598
Typical floor plate (sqm)	<b>1,833</b>	1,833
Car parks	<b>537</b>	537
Occupancy (%)	<b>84.1</b>	93.7
WALE (years)	<b>2.9</b>	1.1

Lease expiry profile as at 30 June 2020



Tenant name	NLA		Lease expiry
	sqm	% total	
Minister for Works <sup>1,2</sup>	12,689	39	FY26
Minister for Works <sup>3</sup>	11,142	34	FY21
Minister for Works <sup>2</sup>	1,833	6	FY27
Hartleys Limited	1,379	4	FY27

1. WAPOL has certain 12-month lease extension and termination rights on the giving of at least 18 months-notice, and in the case of termination, compensation to GDI
2. Lease commences 1 February 2021
3. Only refers to the component of the current 25,664sqm of leases that have not been resigned

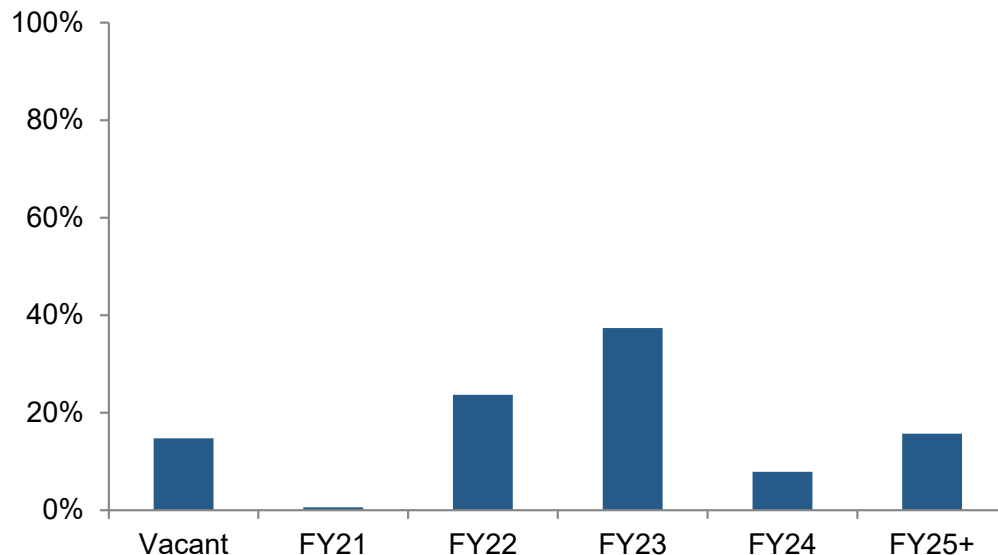
# 197 St Georges Terrace, Perth



- Post lock-down, some interest in the remaining vacant suites on levels 9 and 10
- Liberty Serviced Offices consolidated its Perth CBD operations in to the building, taking a second floor and extending its lease to 2031
- Limited near term expiry risk and limited near term capex

Key metrics as at:	Jun-20	Jun-19
Independent valuation date	<b>Dec-19</b>	Dec-18
Independent valuation (\$M)	<b>251.00</b>	241.00
Independent valuation / NLA (\$)	<b>9,574</b>	9,193
Carrying value (\$M)	<b>251.57</b>	243.06
Capitalisation rate (%)	<b>6.75</b>	7.00
Discount rate (%)	<b>7.00</b>	7.25
NLA (sqm)	<b>26,216</b>	26,216
Typical floor plate (sqm)	<b>855</b>	855
Car parks	<b>181</b>	181
Occupancy (%)	<b>85.3</b>	85.8
WALE (years)	<b>2.6</b>	3.5

Lease expiry profile as at 30 June 2020



Tenant name	NLA		Lease expiry
	sqm	% total	
Amec Minproc Limited	7,341	28%	FY23
Jacobs Group	3,442	13%	FY22
Clyde Services Australia Pty Ltd	1,718	7%	FY24



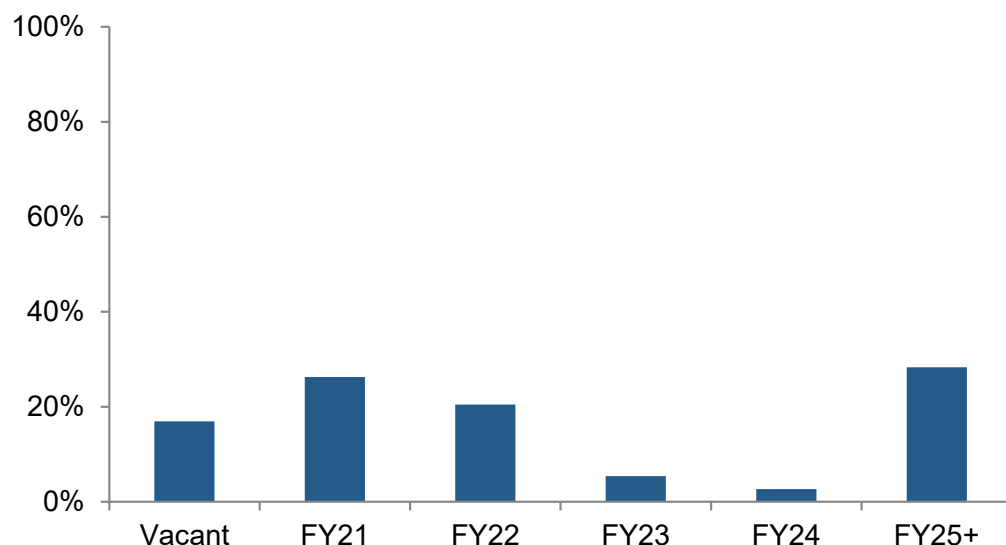
# 5 Mill Street, Perth



- Tenant departures largely a result of expansion that can't be accommodated, business contraction, or M&A
  - However, the market for small B grade fitted out suites has become more competitive
  - A further 10% of NLA will become available in October 2020
- In response, instigated new marketing and asset management initiatives that are having some early successes

Key metrics as at:	Jun-20	Jun-19
Independent valuation date	<b>Dec-19</b>	Dec-18
Independent valuation (\$M)	<b>58.50</b>	58.50
Independent valuation / NLA (\$)	<b>8,184</b>	8,181
Carrying value (\$M)	<b>58.44</b>	58.97
Capitalisation rate (%)	<b>7.00</b>	7.00
Discount rate (%)	<b>7.25</b>	7.25
NLA (sqm)	<b>7,148</b>	7,150
Typical floor plate (sqm)	<b>735</b>	735
Car parks	<b>56</b>	56
Occupancy (%)	<b>83.1</b>	89.5
WALE (years)	<b>2.0</b>	2.1

Lease expiry profile as at 30 June 2020



Tenant name	NLA		Lease expiry
	sqm	% total	
Knightcorp Holdings Pty Limited	1,044	15%	FY25
ERM Australia Ltd	737	10%	FY21

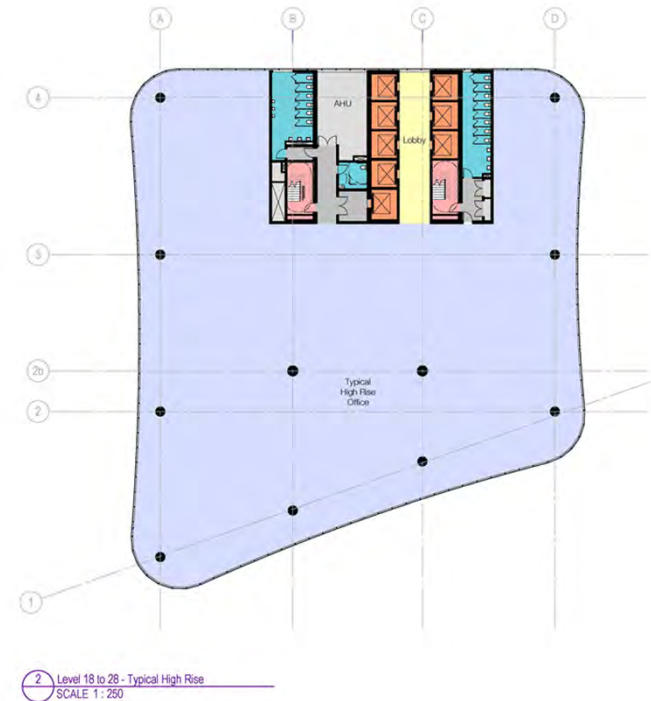
# 1 Mill Street, Perth



Architectural drawings only



- Development Application has been finalised and is now ready for submission to the local planning authority.
- The integrated development now includes;
  - 45,000m<sup>2</sup> prime office tower
  - Broader precinct works to 5 Mill Street including enclosed food and dining precinct and associated landscaping
  - Upgrade to the podium façade and covered passageway of 197 St Georges Terrace
- Design development has been advanced to further assist with engagement with a number of pre-commitment tenants
- The proposed development remains the most significant core CBD development site on St Georges Terrace



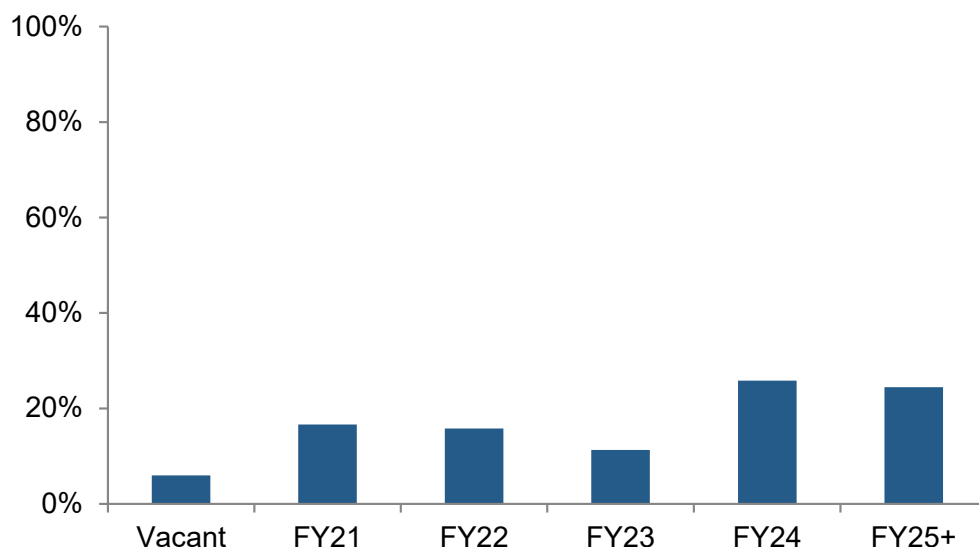
# 50 Cavill Avenue, Surfers Paradise



- Occupancy steady during 2020, although there has been some tenant turnover.
- Leasing momentum has gained post lockdown:
  - Regus and Randstad have signed five and three (3) year lease extensions respectively at higher face rents
  - Two existing tenants have signed heads of agreement to relocate to larger tenancies on seven year and five year terms occupying an additional 175sqm in total
  - Two additional heads of agreements have been issued for approximately 300sqm
- Reclassified as a non-current asset held for sale
  - COVID-19s impact on capital markets meant that the anticipated sale did not proceed
  - Still holding the asset as held for sale

Key metrics as at:	Jun-20	Jun-19
Independent valuation date	<b>Jun-20</b>	Dec-18
Independent valuation (\$M)	<b>101.00</b>	100.00
Independent valuation / NLA (\$)	<b>6,075</b>	6,015
Carrying value (\$M)	<b>101.00</b>	102.19
Capitalisation rate (%)	<b>7.00</b>	7.00
Discount rate (%)	<b>7.25</b>	8.00
NLA (sqm)	<b>16,625</b>	16,625
Typical floor plate (sqm)	<b>709</b>	709
Car parks	<b>447</b>	447
Occupancy (%)	<b>94.0</b>	94.4
WALE (years)	<b>2.8</b>	3.3

Lease expiry profile as at 30 June 2020



Tenant name	NLA		Lease expiry
	sqm	% total	
Mantra Group	2,771	17%	FY24
Ray White	1,129	7%	FY22
Regus Gold Coast Pty Ltd	709	4%	FY21

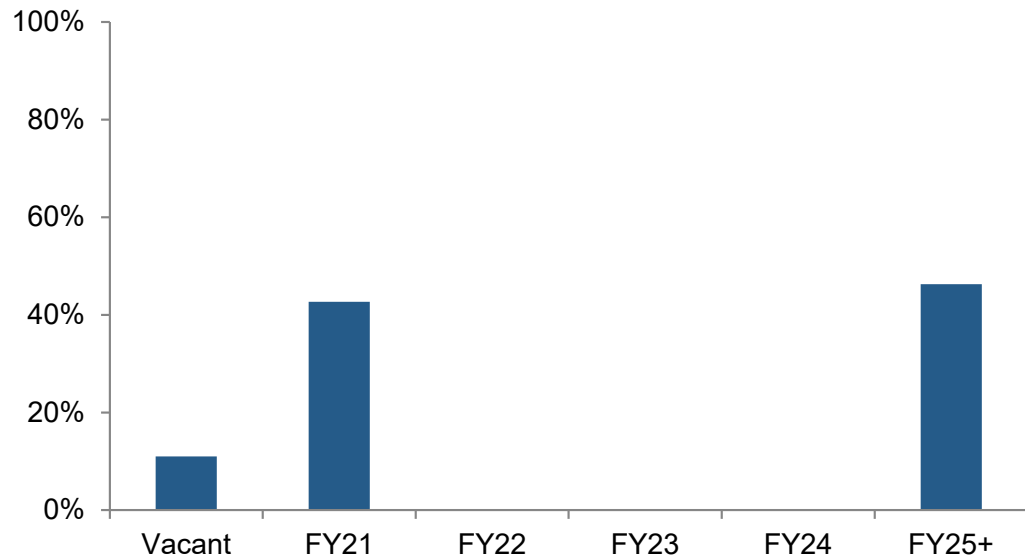
# 235 Stanley Street, Townsville



- ATO lease extended for six months to 31 August 2020
- DHS (Services Australia) signed a new six year lease commencing 1 March 2020 for 4,644 sqm, 2,322sqm of which it occupied under a direct lease and a further 2,322sqm it had occupied under a sub-lease with ATO
- Ongoing discussions with Services Australia and confident of minimal downtime of ATO lease expiry

Key metrics as at:	Jun-20	Jun-19
Independent valuation date	<b>Jun-19</b>	Jun-19
Independent valuation (\$M)	<b>53.50</b>	53.50
Independent valuation / NLA (\$)	<b>3,881</b>	3,881
Carrying value (\$M)	<b>53.84</b>	53.50
Capitalisation rate (%)	<b>8.00</b>	8.00
Discount rate (%)	<b>8.50</b>	8.50
NLA (sqm)	<b>13,786</b>	13,786
Typical floor plate (sqm)	<b>1,161</b>	1,161
Car parks	<b>88</b>	88
Occupancy (%)	<b>89.0</b>	89.0
WALE <sup>1</sup> (years)	<b>3.0</b>	3.7

Lease expiry profile as at 30 June 2020



Tenant name	NLA		Lease expiry
	sqm	% total	
Australian Taxation Office	5,118	37%	FY21
Department of Human Services	4,644	34%	FY26
National Disability Insurance Scheme	1,738	13%	FY27

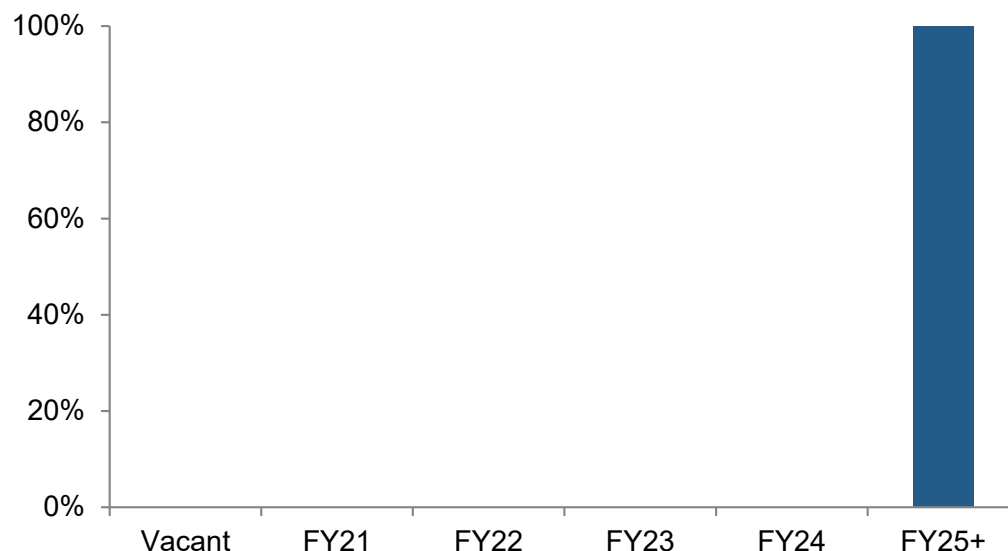
# IDOM Portfolio, Perth



- Settled the IDOM Portfolio in February 2020 on behalf of GDI No. 46 Property Trust
  - 17 metropolitan Perth properties occupied by high profile dealerships and service centres
- The Tenant<sup>1</sup> has made some early changes to manufacturers being sold at two of the locations
  - 166 Leach Highway is now a licensed Volkswagen used car dealership (previously Chrysler/Fiat); and
  - 161 Great Eastern Highway, Midland is now a Mitsubishi dealership (previously Holden)
- Although the Tenant sought and received some rent relief in Q4 of FY20, management has advised that its Perth business has improved sharply since its trough in April 2020

Key metrics as at:	Jun-20
Independent valuation date	<b>Sep-19</b>
Independent valuation (\$M)	<b>98.0</b>
Carrying value (\$M)	<b>98.0</b>
Average capitalisation rate (%)	<b>7.69</b>
Site area (sqm)	<b>95,779</b>
Site value / spm	<b>\$1,023</b>
Occupancy (%)	<b>100.0%</b>
WALE (years)	<b>10.4</b>

Lease expiry profile as at 30 June 2020



## Why car dealerships and this Portfolio?

- Metropolitan Perth exposure – would not have purchased if it was an East Coast portfolio
- Long leases with CPI<sup>2</sup> + 1% rental increases, with market reviews in 2023 and 2028
- In management’s opinion, purchased with a portfolio discount
- Possibility of significant cap rate compression, especially when benchmarking off similarly located petrol stations (with similar lease tenures)
- High underlying land value as a percent of the purchase price with the opportunity to value add through alternate uses (STCA) and site amalgamations

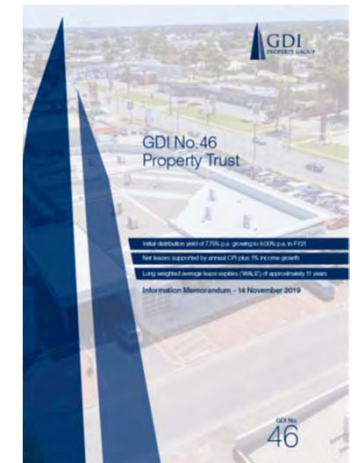
1. The tenant is either Buick Holdings Pty Limited (Buick), or subsidiaries of Buick. Buick is owned 67% by IDOM Automotive Group Pty Limited, a wholly owned subsidiary of IDOM Inc, an entity listed on the Tokyo Stock Exchange, and 33% by entities associated with the DiVirgilio family.  
 2. CPI is Perth Capital City CPI and the market reviews have a 10% cap and 5% collar.



# FUNDS MANAGEMENT

# Funds Management business

- Funds Management business FFO of \$6.0 million included
  - \$1.7 million from distributions received from GDI No. 42 Office Trust
  - \$0.7 million from distributions received from GDI No. 42 Property Trust
  - \$1.2 million relating to the establishment of GDI No. 46 Property Trust
- Highlight was the establishment of GDI No. 46 Property Trust
  - 17 metropolitan Perth properties (Portfolio) occupied by high profile car dealerships and service centres on major arterial roads
  - Portfolio is fully leased for a term of approximately 10.4 years, with the Tenant<sup>1</sup> having 5 x 5-year options
  - The leases have annual CPI<sup>2</sup> +1% rental increases, with market reviews in 2023 and 2028
  - Raised approximately \$76.0 million, including a 47% co-investment by GDI



1. The tenant is either Buick Holdings Pty Limited (Buick), or subsidiaries of Buick. Buick is owned 67% by IDOM Automotive Group Pty Limited, a wholly owned subsidiary of IDOM Inc, an entity listed on the Tokyo Stock Exchange, and 33% by entities associated with the DiVirgilio family.
2. CPI is Perth Capital City CPI and the market reviews have a 10% cap and 5% collar.

# Funds Management business



## **GDI No. 29 Office Trust**

- Originally a two asset fund, now only holding 12 strata suites in 251 Adelaide Terrace
- 100 of the 112 strata suites sold with investors receiving \$1.30 in capital back in addition to income distributions
- Looking for short term leasing of the remaining 12 suites as the Perth strata market reawakens



## **GDI No. 42 Office Trust**

- Originally a two asset fund with similar asset management plans
- Now only holding 235 Stanley Street, Townsville
- Opportunity to add significant value on releasing the vacancy that will be created on the departure of the ATO in August 2020
- GDI holds an ownership interest of 43.68%



## **GDI No. 33 Brisbane CBD Office Trust**

- Bought 10 Market Street, Brisbane in 2010 and decided to strata it in 2012
- Approximately 40% of NLA sold or in process of being sold
- Signs of improvement in the Brisbane strata market after a number of years of price pressure
- Anticipate an acceleration of sales at improved pricing levels



## **GDI No. 43 Property Trust**

- Owns 6 Sunray Drive, Innaloo, home to Perth's only IKEA store
- IKEA's lease expires in February 2023, with IKEA having 3 x 5 year options
- Annual CPI rent reviews, with market reviews at expiry and at each option date
- Strategically located site between Sterling Station and Westfield Innaloo
- Potentially significant upside on an alternate use basis



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

- Owns the iconic 1 Adelaide Terrace, Perth
- Investors had been receiving +10% distribution yield on their initial investment with units valued at \$1.11
- Levels 6 and 7 (and part Level 4) vacancy creates an opportunity to add value by releasing and extending the WALE



## **GDI No. 46 Property Trust**

- Owns 17 Perth metropolitan properties occupied by high profile car dealerships and service centres
- Long WALE of over 10 years, with the opportunity to add value through land amalgamations, capex and alternate uses (STCA)



## **GDI No. 38 Diversified Property Trust**

- Originally a seven asset portfolio purchased from UGL on a sale and leaseback basis with four of those asset now sold
- Investors have/are
  - received \$0.605 of their initial capital
  - receiving +15% distribution yield on their remaining \$0.395 of initial capital
  - a current unit value of \$0.79
- Significant upside in Broadmeadow site on an alternative use basis



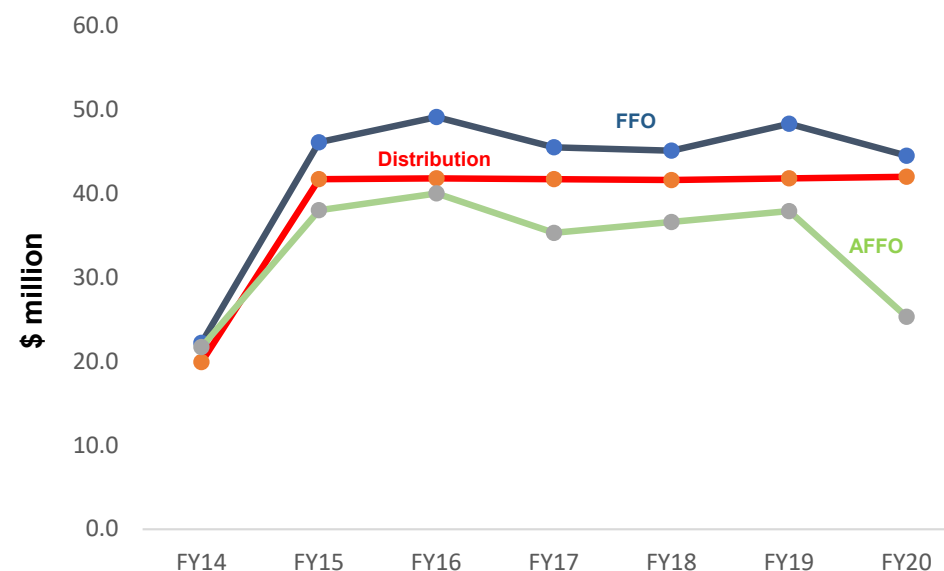


## OUTLOOK

# Distribution policy

- GDI aims to deliver a consistent 12.0+%p.a. total return, measured both annually and on a three year rolling basis
  - Total return is measured as NTA growth + distributions
  - In theory, the total return could be either all distribution or all NTA growth
- Distributions have been benchmarked off FFO, not AFFO
  - As GDI's business model includes buying buildings with leasing opportunities, it views incentives paid on such buildings as capex, although reports any incentives paid in its AFFO
  - In all but its first financial year, distributions have been in excess of AFFO, but not FFO
  - This resulting cash shortfall to pay the distribution has been funded from the proceeds of asset sales or funded out of capital through utilising GDI's conservative balance sheet
- Given the significant value of lease expiries in FY21, particularly at Westralia Square, there is a higher degree of uncertainty than usual in estimating GDI's FY21 FFO on an existing business basis
  - In the absence of any acquisitions GDI believes that FY21 FFO will be materially lower than its FY20 FFO
- However, given the strength of our balance sheet our intent is to pay a cash distribution of 7.75 cents per security for FY21, regardless of our level of FFO, subject to no material change in circumstances or unforeseen events<sup>1</sup>
  - No change from FY20
  - Likely that a proportion of any distribution will be paid out of capital

Distribution vs FFO vs AFFO



1. The ability to pay a capital distribution in excess of GDI's earnings will require compliance with the terms of its bank facility at the time of payment



# APPENDIX



# Profit or Loss

	GDI		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Revenue from ordinary activities</b>				
Property income	67,663	74,547	67,759	74,597
Funds management income	2,206	2,129	-	-
Interest revenue	163	204	152	194
Other income	263	928	200	928
<b>Total revenue from ordinary activities</b>	<b>70,294</b>	<b>77,807</b>	<b>68,111</b>	<b>75,718</b>
Net fair value gain/(loss) on interest rate swaps	(326)	377	(326)	377
Net fair value gain on investment property	32,862	36,011	32,862	36,011
Profit on sale of non-current asset	-	2,124	-	2,124
<b>Total income</b>	<b>102,831</b>	<b>116,319</b>	<b>100,647</b>	<b>114,230</b>
<b>Expenses</b>				
Property expenses	18,659	19,058	18,659	19,058
Finance costs	3,176	3,579	3,191	3,579
Corporate and administration expenses	7,824	8,111	5,352	6,355
Provision for impairment of debts	463	485	536	89
Acquisition expenses	5,448	7	7,408	-
<b>Total expenses</b>	<b>35,571</b>	<b>31,241</b>	<b>35,146</b>	<b>29,082</b>
<b>Profit before tax</b>	<b>67,260</b>	<b>85,078</b>	<b>65,501</b>	<b>85,148</b>
Income tax benefit/(expense)	(520)	(8)	-	-
<b>Net profit from continuing operations</b>	<b>66,740</b>	<b>85,070</b>	<b>65,501</b>	<b>85,148</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>66,740</b>	<b>85,070</b>	<b>65,501</b>	<b>85,148</b>
<b>Profit and total comprehensive income attributable to:</b>				
Company shareholders	1,239	(78)	-	-
Trust unitholders	65,864	81,692	65,501	81,692
Profit and total comprehensive income attributable to stapled securityholders	67,104	81,614	65,862	81,692
External non-controlling interests	(363)	3,456	(363)	3,456
<b>Profit after tax from continuing operations</b>	<b>66,740</b>	<b>85,070</b>	<b>65,501</b>	<b>85,148</b>

# NPAT to AFFO

	GDI	
	2020	2019
	\$'000	\$'000
Total comprehensive income for the year	66,740	85,070
Acquisition expenses and discontinued acquisition	5,448	7
Contribution resulting from consolidation of GDI No. 42 Office Trust	(4,772)	(6,594)
Distributions / funds management fees received from GDI No. 42 Office Trust	1,913	2,719
Contribution resulting from consolidation of GDI No. 46 Property Trust	(2,481)	-
Distributions / funds management fees received from GDI No. 46 Property Trust	1,836	-
Straight lining adjustments	1,032	330
Amortisation and depreciation	7,335	5,274
Net fair value gain on investment property	(32,862)	(36,011)
Net fair value gain on interest rate swaps	326	(377)
(Profit)/Loss on sale of non-current asset held for sale	-	(2,124)
<b>Funds From Operations</b>	<b>44,516</b>	<b>48,294</b>

# Property by property information

Property	FY21 "As is" <sup>1</sup>	FY20		FY19		FY20		
	\$m	\$m		\$m		\$m		
	FFO	IFRS NPI <sup>2</sup>	FFO	IFRS NPI <sup>2</sup>	FFO	Capex spent	Maintenance Capex spent	Incentives and Lease costs
1 Mill Street	(0.6)					-	-	-
5 Mill Street	2.8					0.5	0.2	1.3
197 St Georges Terrace	16.4					2.0	0.6	2.3
Mill Green, Perth	18.6	14.7	19.5	17.1	20.5	2.5	0.8	3.6
Westralia Square, Perth	7.9	21.0	22.5	26.6	27.1	0.3	0.2	16.7
50 Cavill Avenue, Surfers Paradise	6.1	5.5	7.1	5.4	6.7	3.3	0.4	0.9
180 Hay Street, Perth	(0.7)							
Distributions from consolidated funds	3.5	-	2.4	-	2.2			
Funds Management fees	2.2	2.2	3.6	2.1	2.7			

1. "As is" is defined as contracted revenues only and does not include any new leasing or lease renewals and is subject to no material change in circumstances or unforeseen events
2. IFRS NPI is the net property income of each asset prior to any revaluation adjustments

# Westralia Square – leases explained



