



ACQUISITION OF GRADE A OFFICE BUILDING IN PYRMONT, SYDNEY

01 July 2019

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IMPRESSION

INVESTMENT OVERVIEW

Investment Overview – 21 Harris Street



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- Acquisition of **100% interest** in **21 Harris Street** for amount payable of **A\$297.0 mil**
- **Freehold Grade A office building** currently **under development** with approx. **203,400 sq ft of NLA**
- Acquisition expected to be **completed** in **1Q 2020** after practical completion
- **5.5% initial yield**, with **annual rent escalation of 3.0% - 4.0%**
- **91.2% pre-committed occupancy** with Publicis Groupe as anchor tenant
- **3 years rent guarantee** on **unlet office spaces**
- **Long WALE** of 10.2 years
- Development undertaken by vendor – Milligan Group



BENEFITS TO UNITHOLDERS

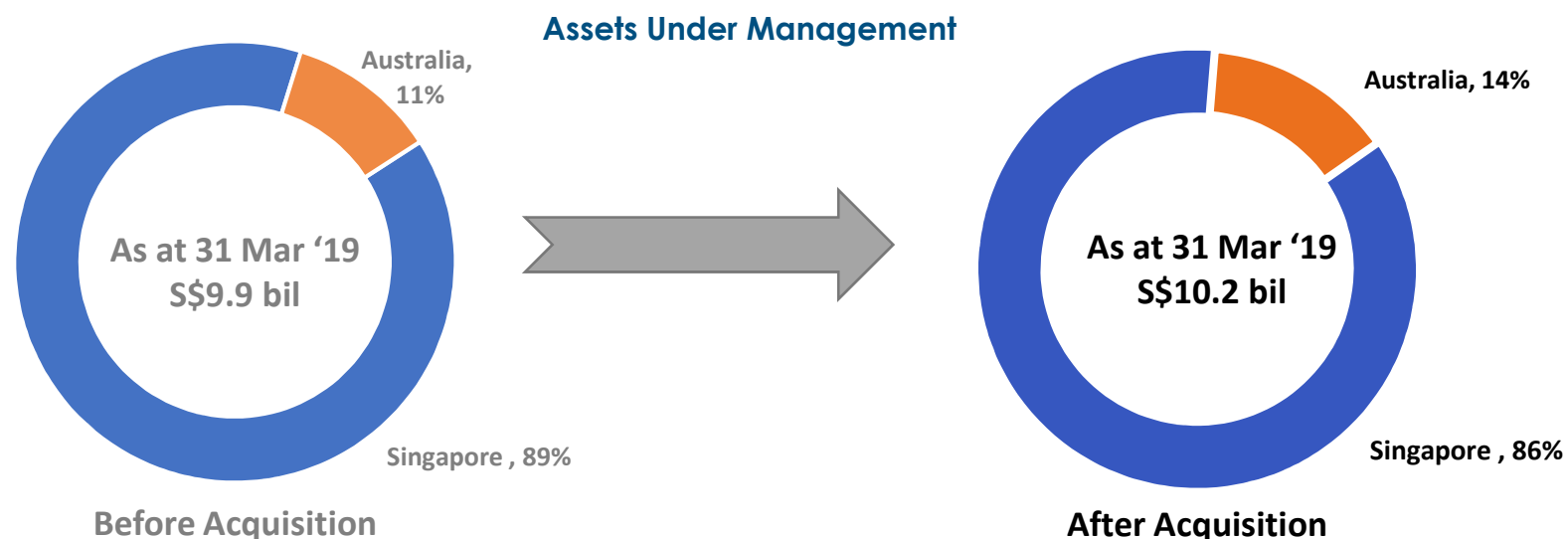
Benefits to Unitholders

- ✓ Acquisition of high quality, freehold, Grade A office building strategically located in Pyrmont, Sydney's fast growing office market

- ✓ DPU accretive: Improve earnings and distributions to unitholders

Initial NPI yield: **5.5%** DPU accretion (pro forma) : **+ 0.49%**^{1,2}

- ✓ Long WALE enhances income stability
- ✓ Income growth through annual rental escalations
- ✓ Deepen presence in existing market



Note:

¹ Based on 2018 DPU from operations

² Based on distributable income attributable to the property post-practical completion at an average AUD:SGD rate of 0.96



INVESTMENT RATIONALE

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Investment Rationale



Riding on Sydney's tight office market

Tight vacancy in CBD to trend lower due to **strong demand** and **lack of supply** resulting in **upward pressure on rents**

Pymont will continue to benefit from the combination of high rents and lack of suitable office space in Sydney CBD



Capitalise on fast growing Pymont submarket

Technology, Media and Entertainment hub with Google, The Star Entertainment Group and Paramount Pictures located in Pymont

Close proximity to CBD with good connectivity to rest of Sydney



Substantially pre-lease new Grade A office building

91.2% pre-committed with quality tenants (Publicis Groupe, Campfire) and a **long WALE of 10.2 years**

5.5% NPI yield compares favourably with ~4.5% yields for prime office buildings in Sydney CBD

Grade A office building that offers **high yield** and **stable returns**

Location – 2 km west of Sydney CBD

- Within **10 mins drive** or **15 - 20 mins walk** from Sydney's CBD
- Pyrmont – Technology, Media & Entertainment Hub:
 - **Location of choice** for companies such as Google, The Star Entertainment Group, Thomson Reuters, Paramount Pictures due to its **proximity to city centre**



Accessibility



- Next to **John Street Light Rail Station** (Connecting to **Central Train Station**)
- Close proximity to Ferry Wharf
- Dedicated cycleways leading to property
- **Pedestrian access to Sydney CBD** via Pyrmont Bridge

Financing & Timeline

- Amount payable of approx. **A\$297.0 mil** (approx. S\$285.1 mil)¹ funded/to be funded by combination of **Australian dollar bank borrowings** to provide a **natural currency hedge** and **equity**
- Upon acquisition, a **security deposit of A\$14.85 mil** has been **paid**
- **Remaining amount payable** will be paid after practical completion and settlement **in 1Q 2020**

Note:

¹ Based on average AUD:SGD rate of 0.96

Summary of Investment Merits



THANK YOU



Property Summary – 21 Harris Street



Address	21 Harris Street, Pyrmont, Sydney
Description	Nine-storey, campus style, Grade A office building with ancillary café, gymnasium, basement carpark and end-of-trip facility.
Completion	1Q 2020
Tenure	Freehold
Amount Payable	A\$297.0 mil or A\$1,460 psf
NPI yield	5.5%
Net Lettable Area (NLA)	Approx. 203,400 sq ft
- Office	Approx. 181,900 sq ft
- Retail	Approx. 21,500 sq ft
Committed Occupancy	91.2% pre-leased 3 years rent guarantee on unlet office space post practical completion
WALE (by NLA)	10.2 years
Typical Floor Plate	28,500 sq ft
Car Park Bays	Approx. 170
Clean Building Status (Target)	5-Star NABERS Energy Rating 6-Star Green Star Rating

Property Summary – 21 Harris Street

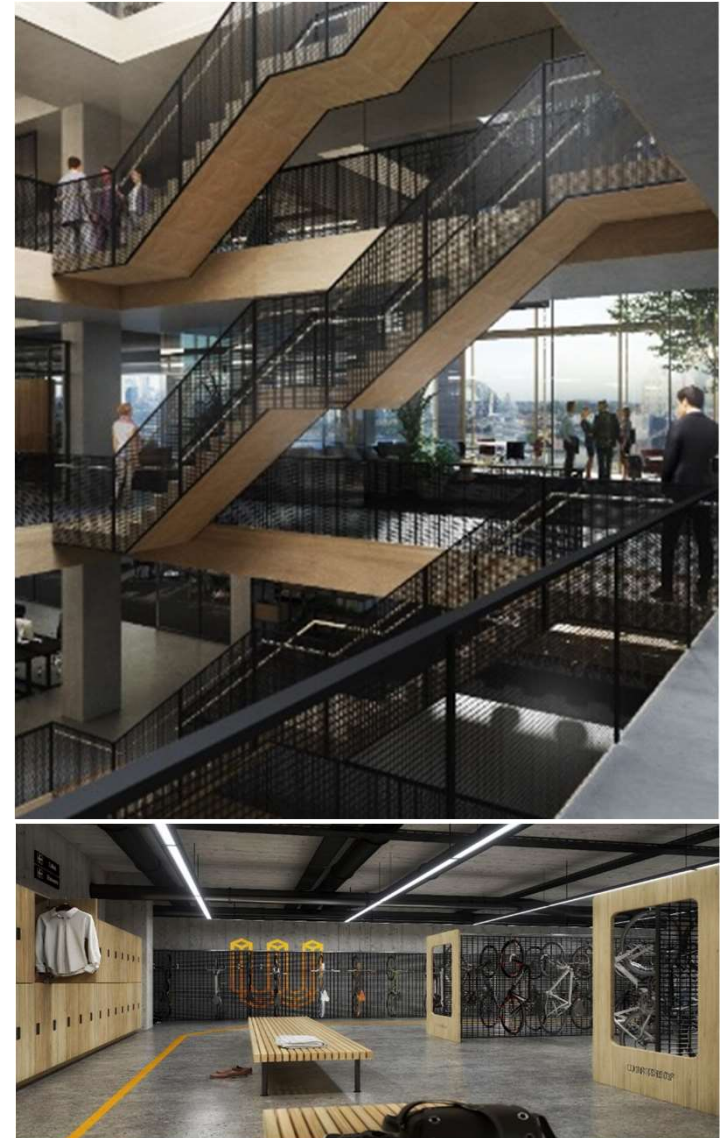
- Open floors vertically connected by a **eight-storey central atrium**
- Contemporary design creating flexible workspaces with **large floor plates of 28,500 sq ft**

Amenities

- On-site café and restaurant
- Fully Equipped 17,000 sq ft gym

End-of-trip facilities

- Modern locker rooms with bicycle stations, showering facilities, infrared sauna and laundry stations



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