



SUNTEC REIT ENTERS ADELAIDE, AUSTRALIA

Acquires 55 Currie Street, Grade A Office Building in Adelaide CBD

15 July 2019



Agenda

- 03** Investment Overview
- 04** Benefits to Unitholders
- 06** Investment Rationale
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- Acquisition of **100% interest** in 55 Currie Street for **A\$148.3 mil**
- **Freehold Grade A office building** with approx. **282,000 sq ft of NLA**
- **8.0% initial yield** provides **immediate DPU accretion**
- **91.6% committed occupancy** with **strong cashflow**
 - **Key Tenants:** Commonwealth Government, South Australian Government, Allianz and Data Action
- 27-months **rent guarantee** on vacant spaces
- WALE of **4.4 years**¹ with annual rent escalation of 3.50% -3.75%
- Total acquisition cost of approx. A\$151.5mil (approx. S\$145.4 mil²) will be **funded by proceeds from private placement** in April 2019
- Acquisition expected to **complete by end Aug '19**

Notes:

¹ As at 1 July 2019

² Based on AUD:SGD rate of 0.96



BENEFITS TO UNITHOLDERS

Benefits to Unitholders

✓ Acquisition of high quality, freehold, Grade A office building located in the heart of Adelaide's CBD

✓ DPU accretive: Improve earnings and enhance distributions to Unitholders

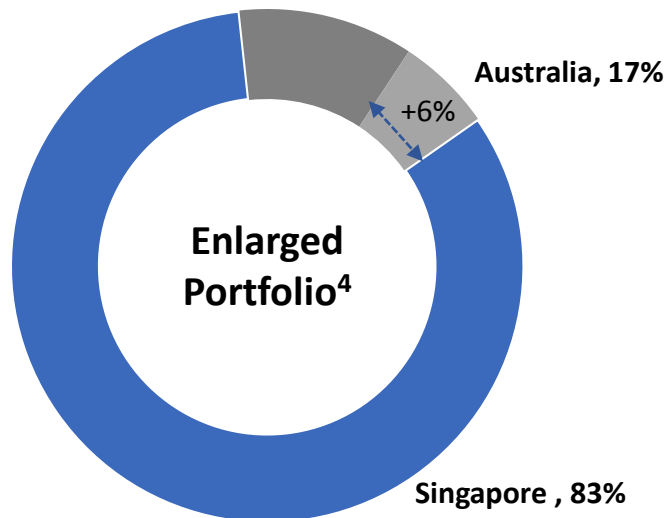
Initial NPI Yield: **8.0%** DPU accretion (pro forma): **+0.79%**^{1,2,3}

✓ Entry into growing Adelaide office market

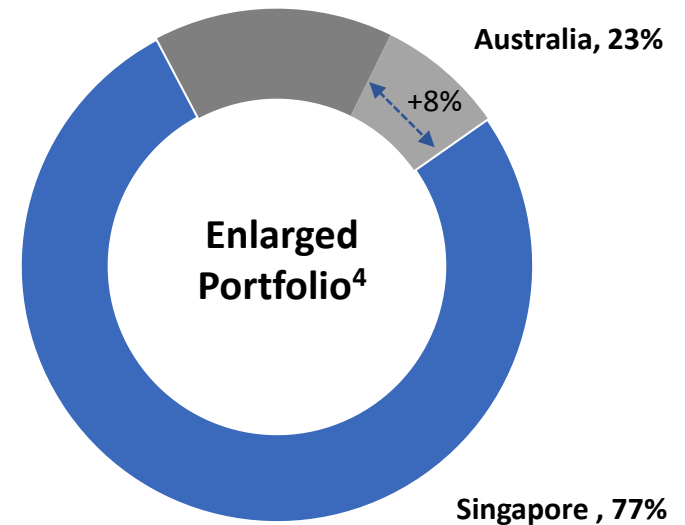
✓ Income growth through annual rental escalations

✓ Enhance Income stability

Assets Under Management



Income Contribution



Notes:

¹ Based on 2018 DPU from operations

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

³ Based on 82,428,830 new placement units at \$1.80

⁴ Includes the completion of existing projects under development and the acquisition of 21 Harris Street, Pyrmont, Sydney, which was announced on 1 July 2019



INVESTMENT RATIONALE



Positive economic outlook for South Australia

Adelaide to benefit from **increased public** and **infrastructure spending**

Sustained investment in defence, medical and renewable energy industries expected to create jobs



Entry into growing Adelaide office market

Underpinned by **increased investments**, companies such as BAE Systems, Babcock and Boeing have set up offices, **reducing available stock with contiguous floors**

With the increased demand for office space, **vacancy rates** expected to **fall** and **rents to rise**



Acquire stable Grade A office building in core CBD

Prime core location in the **heart of Adelaide's CBD**

Initial NPI yield of 8.0%, **immediate DPU accretion**

91.6% committed occupancy with **strong cashflow** from **high quality tenants**

Located in the Heart of Adelaide's Core CBD



Parliament of South Australia

Rundle Mall

55 Currie

Adelaide Central Market

Adelaide Railway Station

Adelaide Casino

Adelaide Convention Centre

Royal Adelaide Hospital



----- Adelaide Pedestrian Laneway

- **5 mins walk** to **Adelaide railway station** (central terminus of the Adelaide Metro railway system)
- **350m** to **Pirie tram stop** (major interchange connecting tram ways and airport bus routes)
- **Centre** of Adelaide's burgeoning **laneway network**

Summary of Investment Merits



THANK YOU



Property Summary

Address	55 Currie Street, Adelaide
Description	Twelve-storey, Grade A office tower with basement carpark and end-of-trip facility.
Completion	1988
Tenure	Freehold
Purchase Consideration	A\$148.3m or A\$526 psf
NPI yield	8.0%
Net Lettable Area (NLA)	Approx. 282,000 sq ft
Committed Occupancy	91.6% <i>27-month rent guarantee on vacant space</i>
WALE (by NLA)	4.4 years ¹
Typical Floor Plate	16,000 - 28,000 sq ft
Car Park Bays	95
Clean Building Status	4.5-Star NABERS Energy Rating

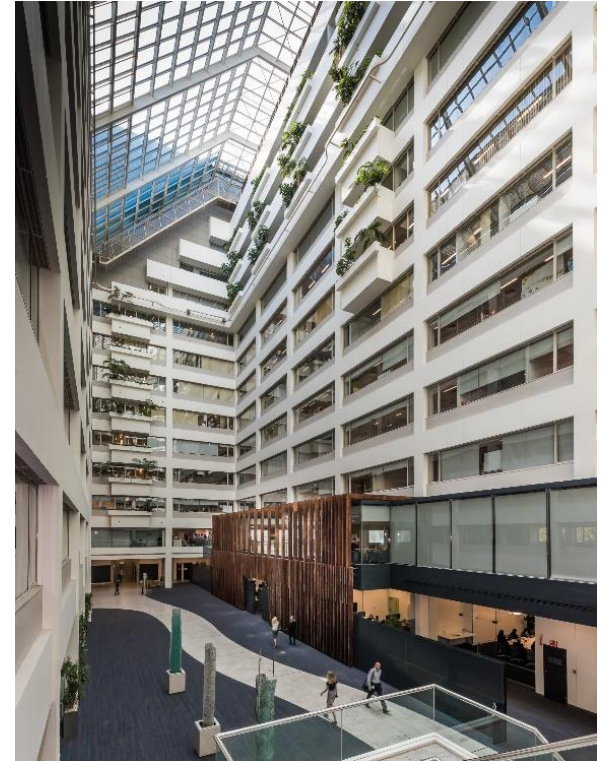
Note:

¹ As at 1 July 2019



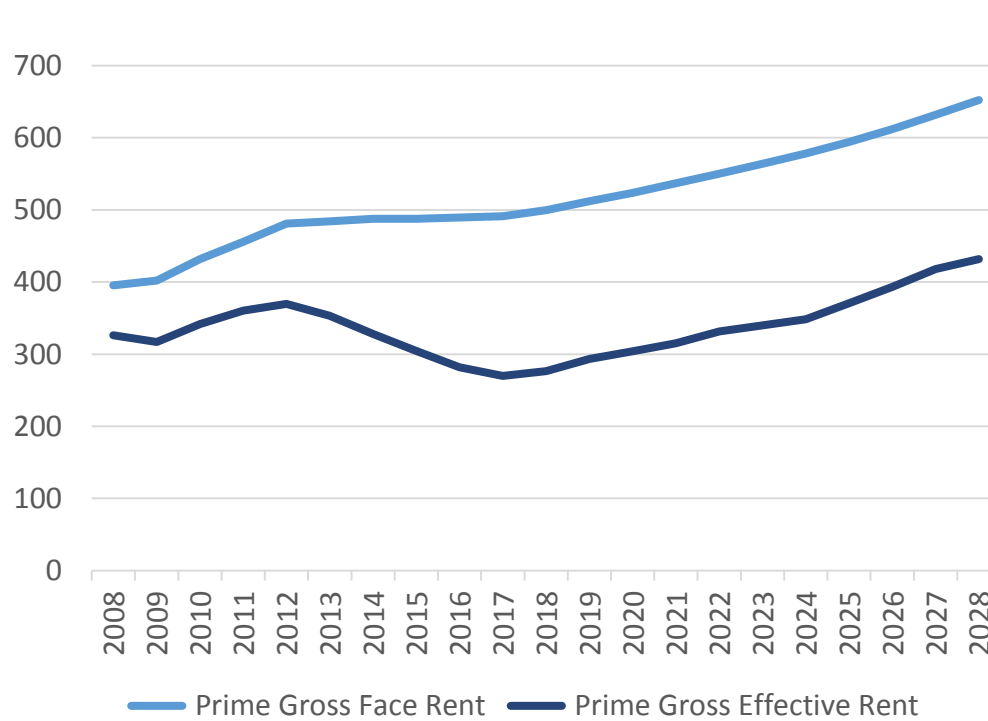
Property Summary

- Completed **asset enhancement exercise in 2018:**
 - Major mechanical and electrical plant and equipment that were upgraded included lift system, chillers and building management system
 - Solar panels installed to improve sustainability
 - 4.5-star NABERS Energy rating obtained
 - Installed end-of-trip facilities
 - Upgraded central atrium, lift lobbies, common areas and toilets

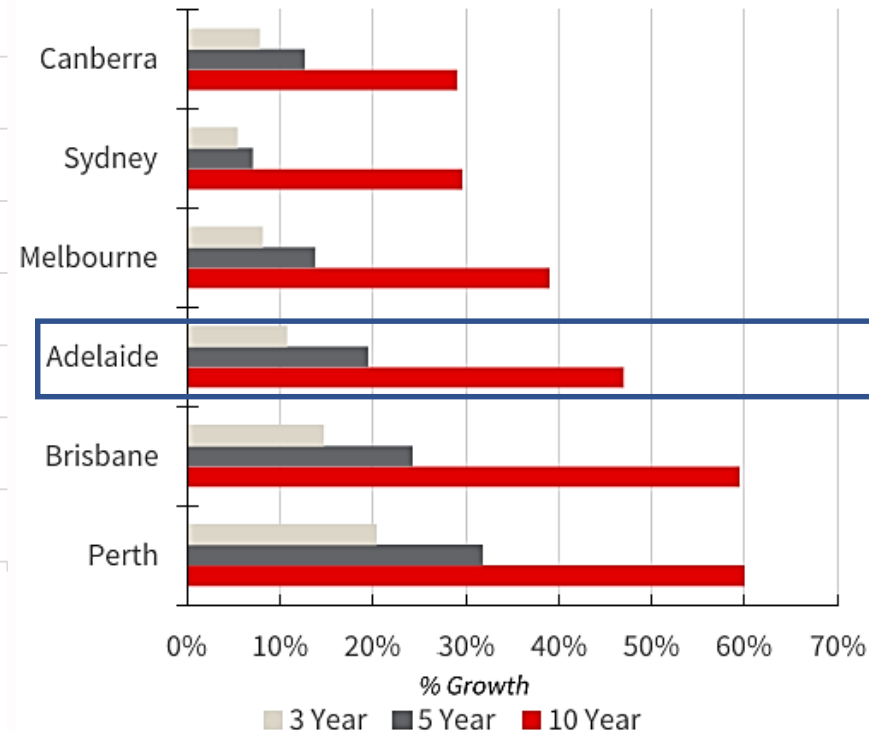


Growing Adelaide Office Market

Adelaide CBD prime gross face and effective rents 2008 -2028



CBD office market average prime net effective rents 2019 -2028



Source: JLL, as at 1Q 19

- **Positive outlook** for the South Australia economy to **drive demand for office space** and **increase in rents**

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