

INVESTOR PRESENTATION

N°68

WATERLOO ROAD

—

MACQUARIE PARK

CBRE / JLL



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THE OPPORTUNITY



Set in Sydney's second largest office market, 68 Waterloo Road, Macquarie Park is a modern core-plus asset underpinned by a robust and diversified income stream derived from blue-chip tenants and positioned in Australia's most innovative postcode, providing strong fundamentals for growth now and into the future.



INVESTMENT HIGHLIGHTS

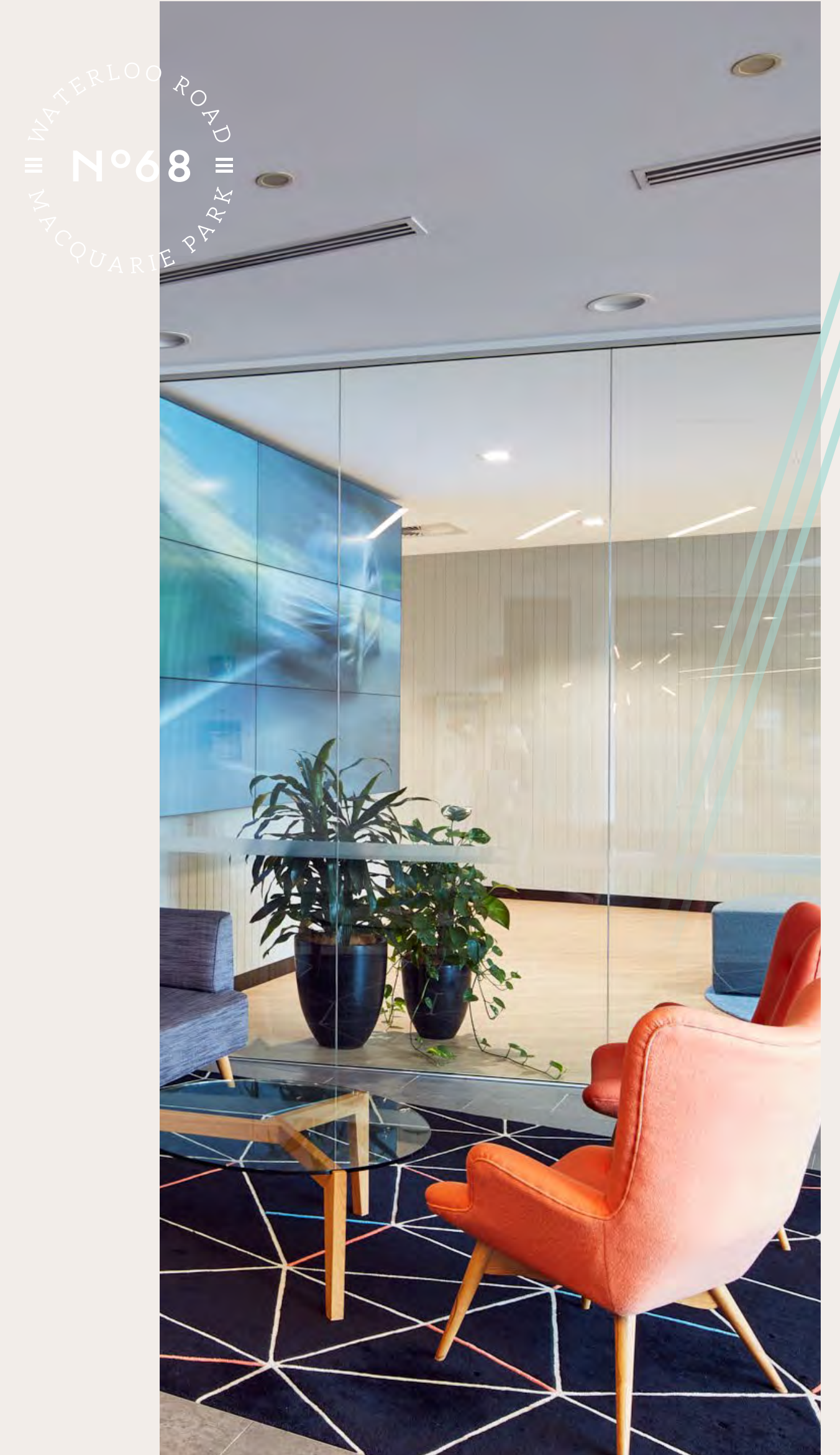


A RECOGNISED & ESTABLISHED OFFICE MARKET | MACQUARIE PARK

Australia's largest non-CBD market and Sydney's second largest office market, Macquarie Park is globally recognised as an established investment and business destination which is home to many blue-chip occupiers and institutional investors. Since the onset of COVID-19, Macquarie Park has proven to be a defensive market supported by cost effective rental profiles, modern office assets with blue-chip tenant covenants, coupled with large land holdings in close proximity to modern and critical public infrastructure. These fundamentals, together with the acceleration of the 'Hub & Spoke' business model have resulted in a strong buyer appetite for Macquarie Park and an unprecedented level of transactional activity in 2020.

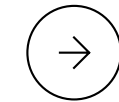
A 100% LEASED | 4 YEAR WALE UNDERPINNED BY BLUE-CHIP COVENANTS

With 100% occupancy and a strong 4.0 year WALE (as at 1 March 2021), the asset provides a robust income stream of \$5,151,718 p.a. underpinned by strong and diversified national and multi-national tenant covenants in the industries of IT, medical, professional services and construction. These industries account for more than a quarter of Australia's GDP and have proven to be resilient sectors during the COVID-19 era.





INVESTMENT HIGHLIGHTS



UNIQUE COMMERCIAL ASSET | OFFICE & WAREHOUSE SPACE

A sought-after mix of commercial office (10,489sqm) and warehouse (2,997qm) space provides diversity of income, occupants and creates a competitive advantage for the building. With warehouse space in office precincts becoming increasingly scarce and logistics markets enjoying positive tailwinds, the warehouse space will drive a premium for the office accommodation, as tenants compete to secure a warehouse and office at the same address. This has resulted in very strong retention rates in 68 Waterloo Road over the past decade which is set to continue.

ULTRA-PRIME LOCATION | WALK TO RETAIL & TRANSPORT (including 2 x new Metro Rail Stations)

Centrally located in the commercial core of Macquarie Park, this location benefits from its proximity to retail amenity and transport links, a key drawcard for occupiers in the market. Macquarie Park & Macquarie University Metro rail stations are both located within 750m and 600m walks respectively with these key infrastructure pieces being further enhanced with the completion of the Sydney Metro City & Southwest link in 2024, offering 20min travel times between Macquarie Park & Martin Place. Additionally, 68 Waterloo Road is only 300m walk to 'Macquarie Centre' - NSW's 2nd largest Super Regional Shopping Centre offering ~360 retail stores and an abundant food and beverage offering, considered prime amenity for the occupiers of 68 Waterloo Road.

INVESTMENT HIGHLIGHTS



NEAR TERM VALUE ADD | RENTAL REVERSION

Together with its compelling value proposition, the assets passing office rent profile of \$357psm (net) vs an average market income of \$380psm (net), provides near term opportunity for positive rent reversion. The recent renewal to Sekisui House at \$370psm (net) which was executed during the COVID-19 conditions together with other recent comparable transactions well above \$400psm (net) supports a path for rental growth.

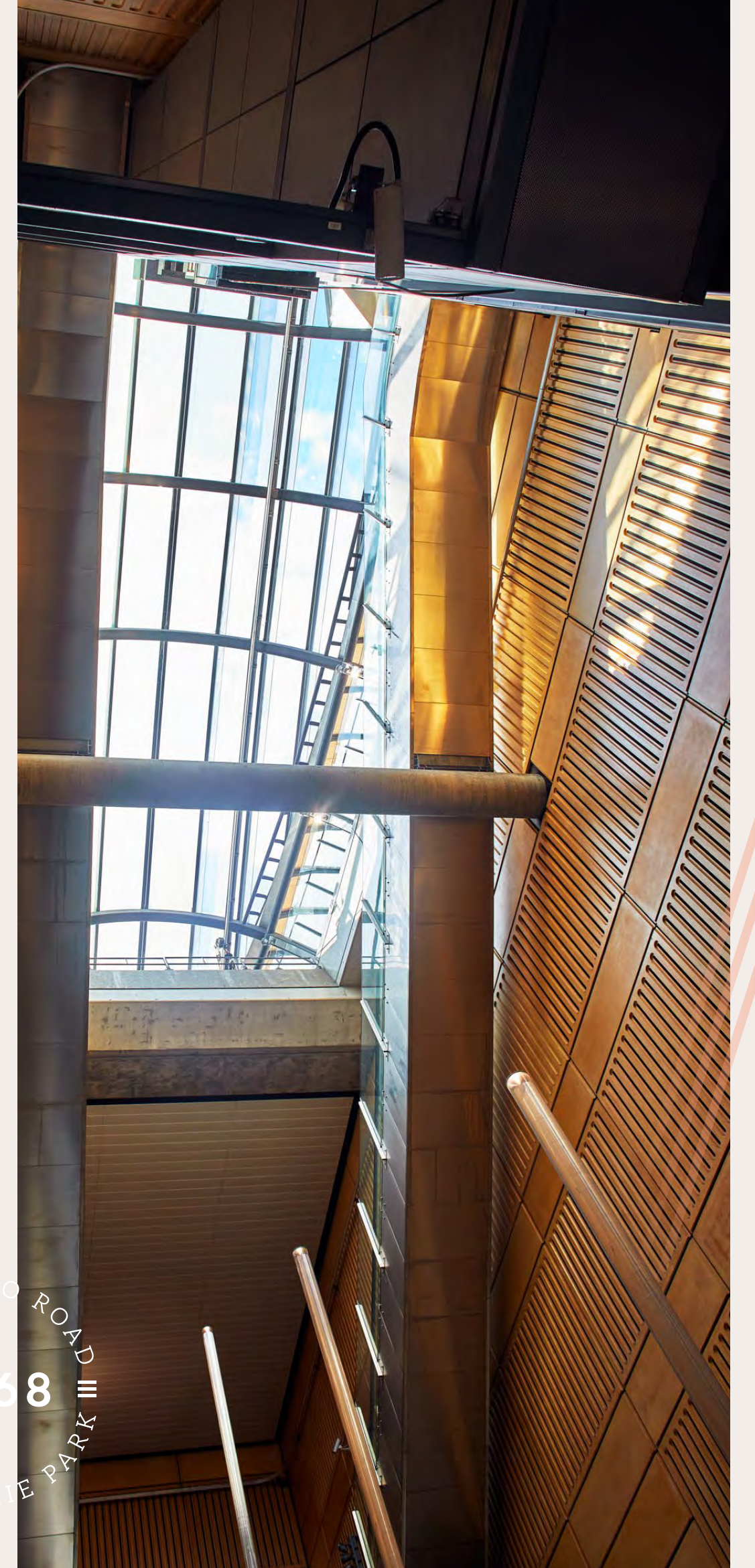
SIGNIFICANT 14,840SQM FREEHOLD LAND OFFERING | DUAL FRONTAGE & ACCESS

One of the largest freehold land sites in proximity of the Macquarie Centre and the two new Metro Rail Stations, comprising dual frontages to Waterloo Road and Giffnock Avenue. This significant land holding is fantastic opportunity to cement a core position in Macquarie Park with excellent potential for future redevelopment.

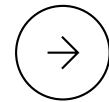
IRREPLACEABLE CAR PARK RATIO | 1:34

Providing onsite parking for 402 cars reflecting an abundant car parking ratio of 1:34, this is now an irreplaceable facility with the latest 2014 LEP only permitting a ratio of 1:70, which will support strong leasing activity into the future.

WATERLOO ROAD
N°68
MACQUARIE PARK



INVESTMENT HIGHLIGHTS



NEXT-GEN MARKET | MACQUARIE PARK INNOVATION DISTRICT (MPID)

Macquarie Park is a vibrant precinct and currently Australia's most innovative postcode, recognised by the NSW Government as a key technology and innovation hub. The precinct is home to Macquarie University, Macquarie University Hospital, Macquarie University Incubator and more than 180 large international occupiers and benefits from an industry-led initiative (MPID) founded by local major owners seeking to improve the physical and economic assets that underpin innovation with economic output predicted to grow from \$9.5 Billion in 2020 to \$14 Billion over the next 15 years (+47%).

LONG TERM VALUE ADD | POTENTIAL DEVELOPMENT PROSPECTS

The asset provides an opportunity to add further value to the investment by developing further GFA. Town Planning and Architectural advice based on the Ryde LEP 2014, together with the Ryde DCP 2014 and the Macquarie Park Strategic Review indicates that under current base controls the site can yield up to 18,500sqm GFA remaining within the height control of 30m. Additionally, the site also benefits from Bonus FSR Incentive Scheme, allowing a maximum FSR of 3:1 to a maximum of 65m across the site providing the potential to develop up to 44,400sqm of GFA.

These planning controls provide compelling optionality for the incoming purchaser to add further value to site.

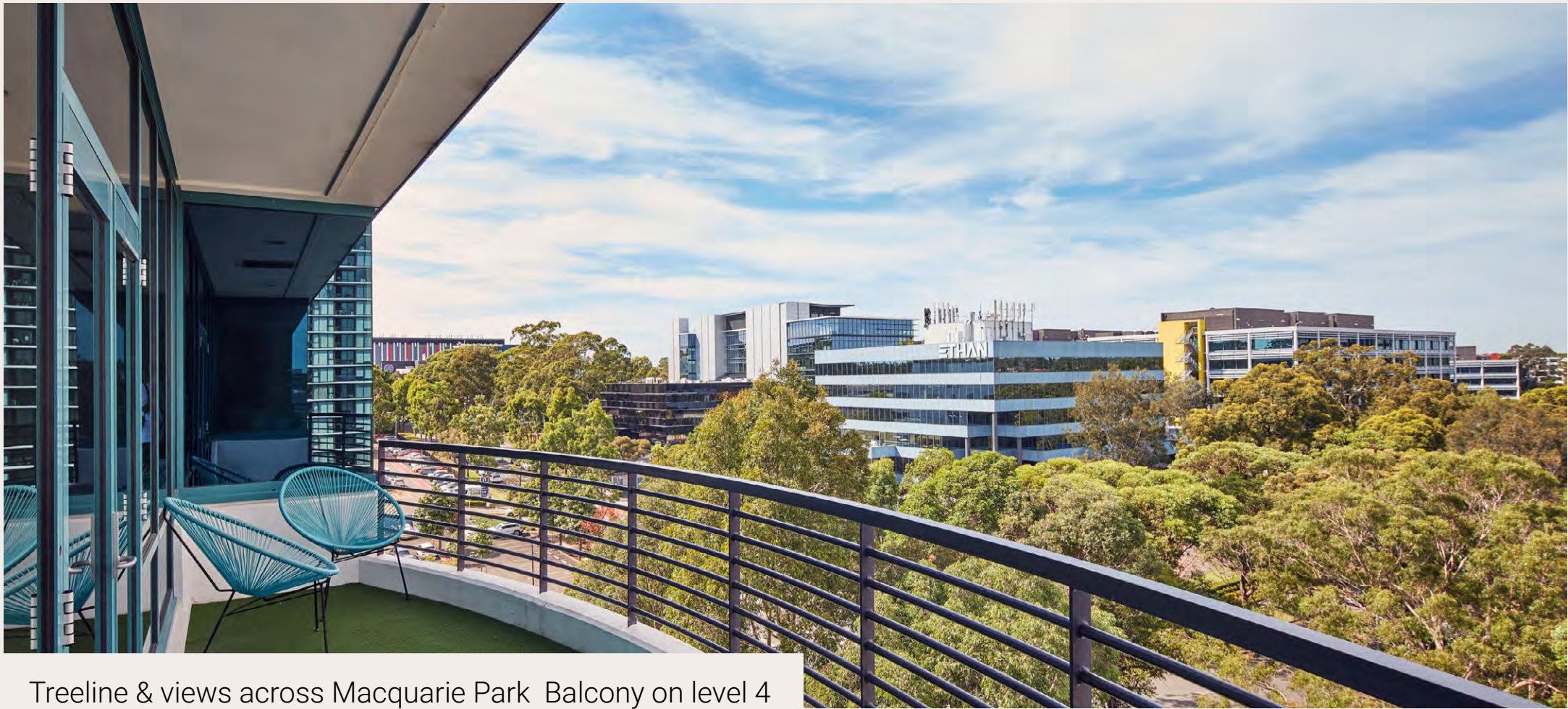
BELOW REPLACEMENT COST

With consideration to modern developments costs, 68 Waterloo Road presents an opportunity to acquire a strong performing core plus asset in a prime office location below replacement cost, an attractive proposition in light of current market dynamics.





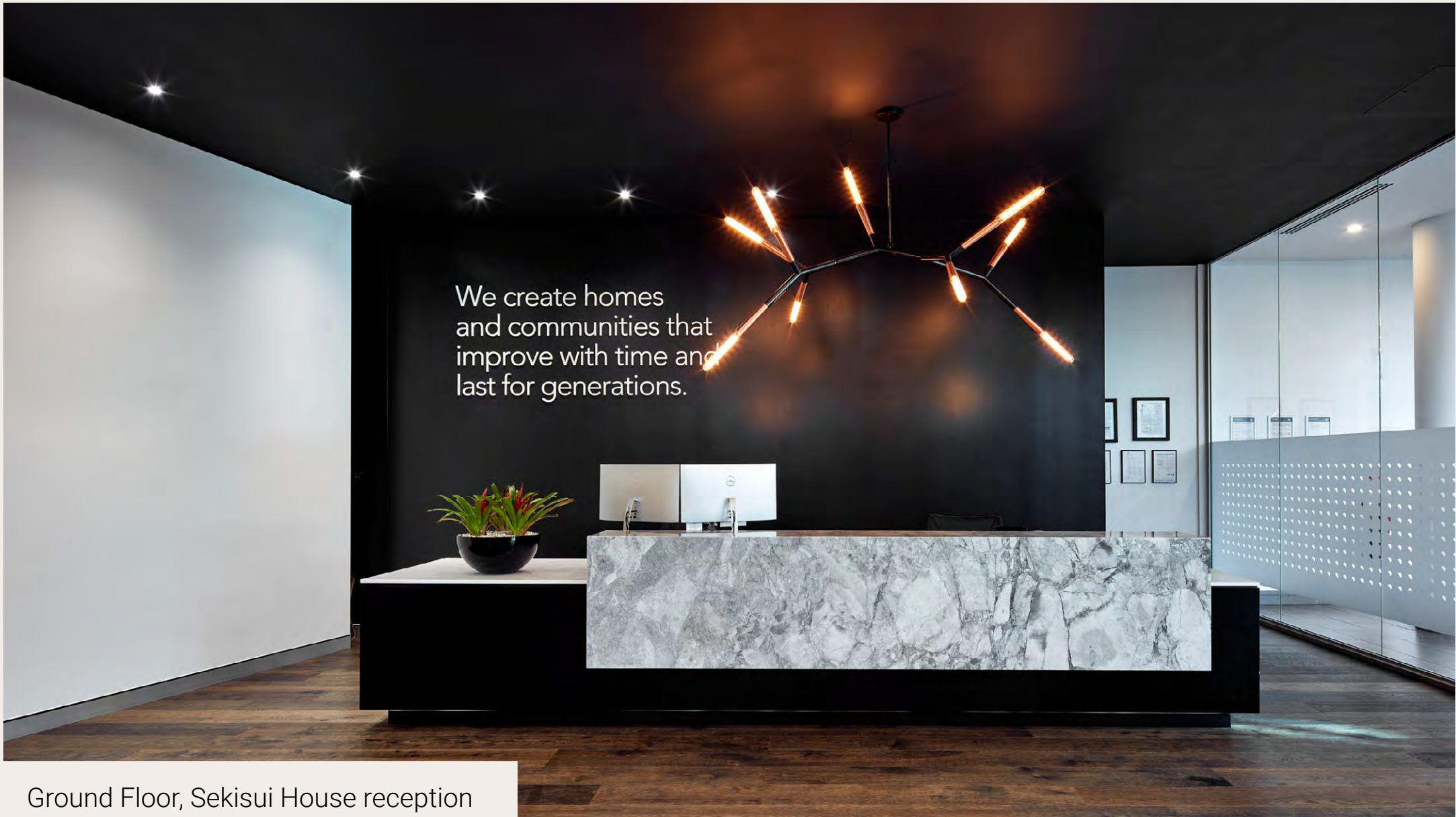
Ground floor lobby looking into Karl Storz tenancy



Treeline & views across Macquarie Park Balcony on level 4



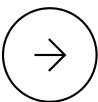
Waterloo Road frontage



Ground Floor, Sekisui House reception



EXECUTIVE SUMMARY



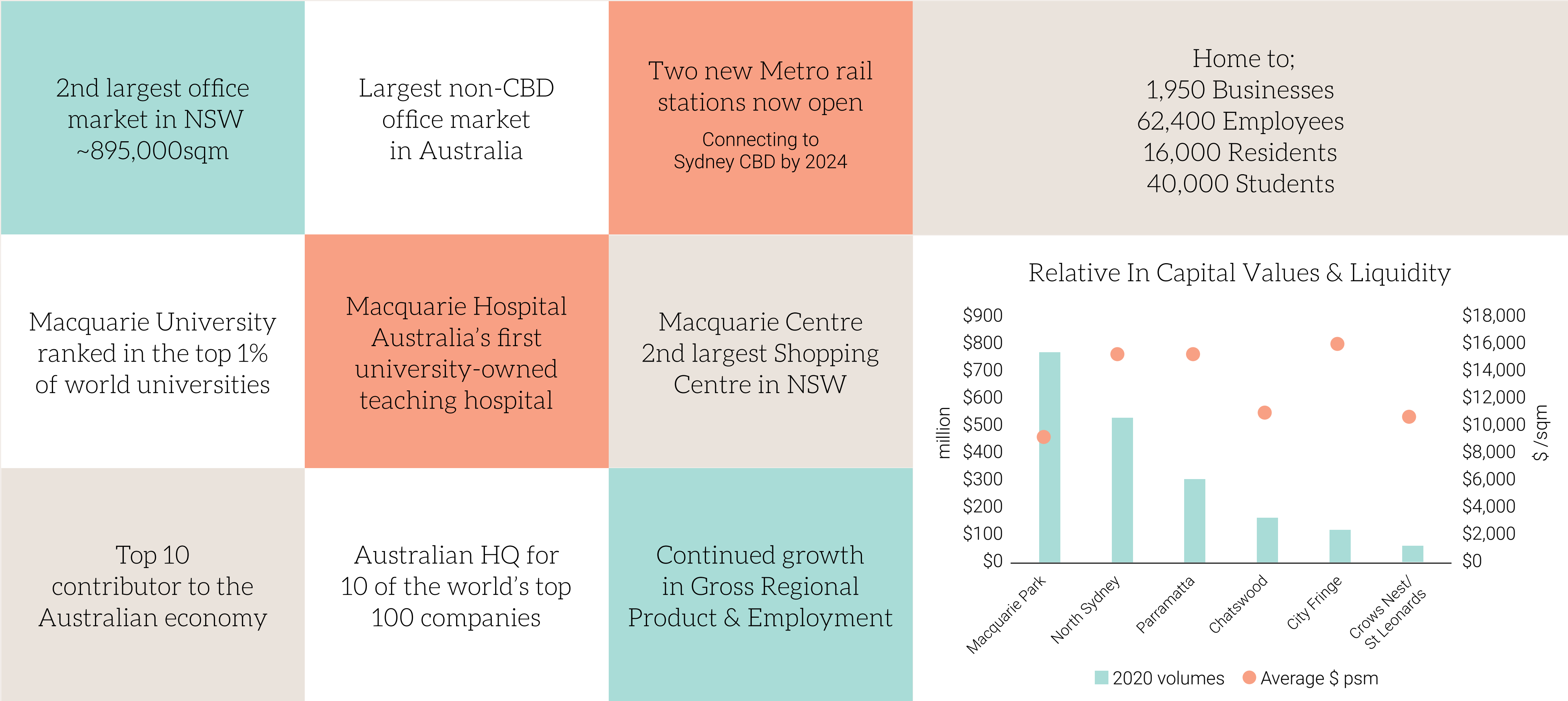
Address	68 Waterloo Road, Macquarie Park
Interest For Sale	100% Freehold Interest
Building Type	Business Park
Title	5/1046092
Zoning	B3: Commercial Core
Local Government Area	Ryde City Council
Site Area	14,840sqm
Frontages/Access	Waterloo Rd (2x driveway access points) Giffnock Avenue (1x driveway access point)
Constructed (Year)	2000
NLA	Office: 10,489sqm Warehouse: 2,997sqm Total: 13,486sqm
Typical Office Floor Plate	1,540 – 2,970sqm
Levels	Basement Ground 4 Upper levels

Note: All figures are approx.
and as at 1 March 2021

Car Spaces	402 (1:34 ratio)
Amenities	Male, Female & Accessibility showers on the ground floor. Male, Female & Accessibility bathrooms on each floor.
Occupancy	100% by NLA
WALE	4.04 years by income 4.26 years by NLA
Major Tenants (by income)	Sekisui House (17%) Pitney Bowes (13%) Fletcher Building (13%) Karl Storz (12%)
Net Passing Income	\$5,151,718
Net Passing Income (fully leased)	\$5,259,718
Environmental Credentials	5.5 Star NABERS Energy Rating
Sale Process	For Sale via Expressions of Interest closing 4:00pm (AEDT), Thursday 4th March 2021

ESTABLISHED COMMERCIAL MARKET

Source: CBRE Research, MPID.com.au, City of Ryde
Macquarie Park Marketing Plan 2019-2023



FUTURE DRIVEN DESTINATION

Source: CBRE Research, MPID.com.au, City of Ryde
Macquarie Park Marketing Plan 2019-2023

Forecast to be a \$14bn economy with 75,000 employees by 2036	2024 Sydney City Metro Link (20mins by rail to the CBD)	Macquarie Park Innovation District (MPID) leading postcode for IP registrants across Australia	City of Ryde, Macquarie Park Marketing Plan 2019-2023 Focused on driving the evolution of the area to attract new investment & business
Emerging Life Science & Alternative Sector Hub Likened to Boston-Cambridge (US), the San Francisco Bay Area (US), and Oxford and Cambridge (UK)	Health, Education & Economic Powerhouse Top 10 contributor to the Australian Economy	Sydney's 3rd CBD by 2036 Macquarie Park to become a Suburban Central Business District	Identified Hub & Spoke Concept Market Relative rents Modern quality buildings Retail Amenity Transport Connectivity
32% more Professional, Scientific and Technical Services Industries than the NSW Average	Clustering of Life Science & innovative industries Tenants in - Healthcare & Pharmaceutical Medical Technologies Research & Computer Science Technology, Innovation & Gaming	180 large life science, technology and digital corporations and 200 small businesses	54% more professionals than the New South Wales average

RENOWNED OWNER & OCCUPIER LANDSCAPE



Macquarie Park has a diverse institutional ownership base with a range of corporate, national, multinational and global occupiers. Macquarie Park is leading the charge in Australia as a future innovation hub, supporting new core focus's such as life sciences and hub & spoke.

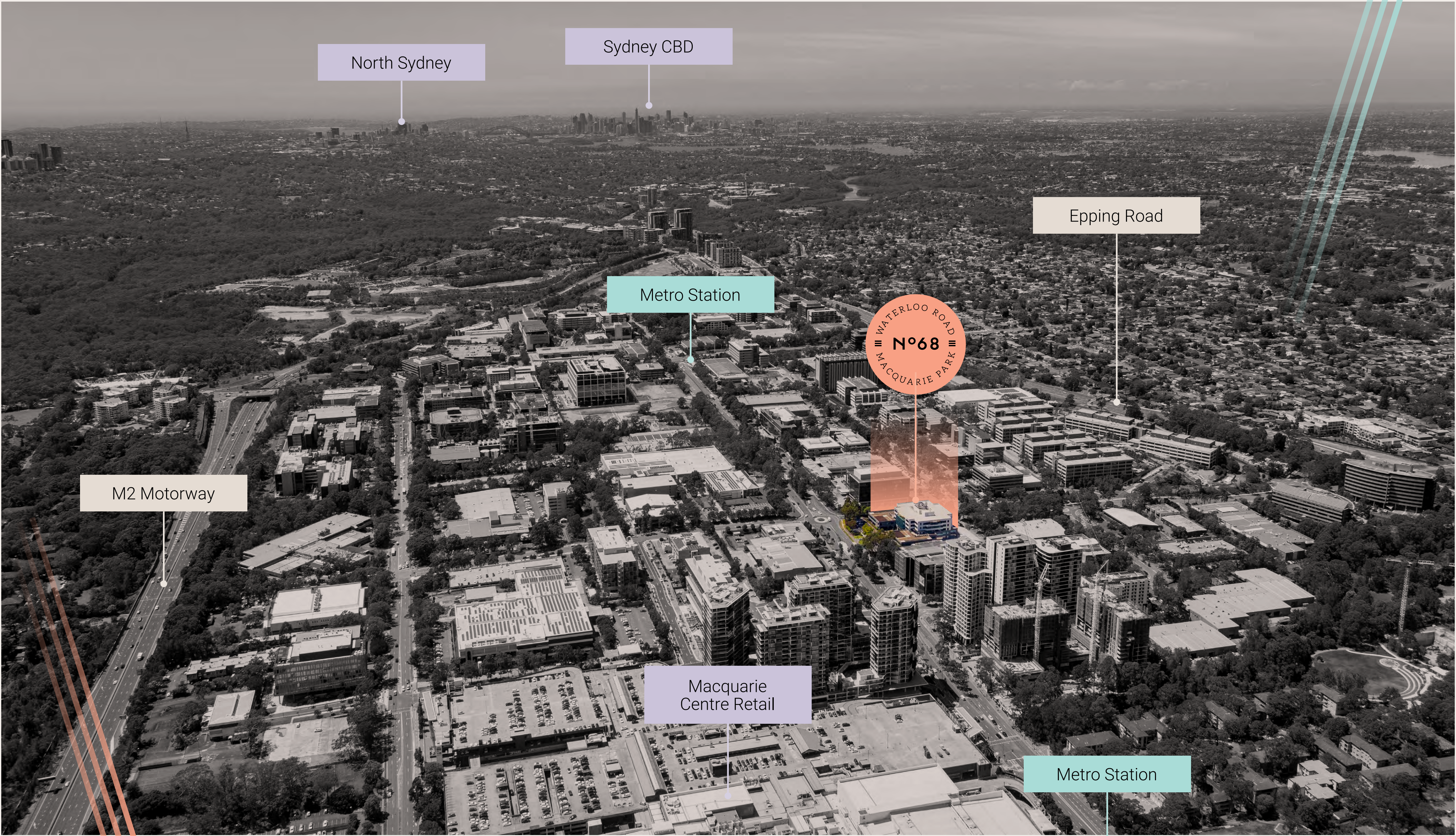
WATERLOO ROAD
N°68
MACQUARIE PARK

KEY OWNERS



KEY OCCUPIERS







Waterloo Road frontage



Macquarie University



Macquarie Shopping Centre



Macquarie Bus Interchange

CONNECTIVITY TO CRITICAL INFRASTRUCTURE & TALENT



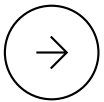
The recently completed North West Metro rail link delivering two brand new stations to Macquarie Park is enhancing the markets accessibility and connecting Macquarie Park to Sydney's fastest growing workforce population (20-39 yrs) of the Hills Shire forecast to grow by 47.1% between 2020 and 2031. Future transport infrastructure including the link between the North West metro and City & Southwest line will increase the markets convenience to other metropolitan markets and connect to the Sydney CBD within 20 minutes.



This enhanced connectivity to industry talent and other key markets supports Macquarie Parks initiative to be Australia's most innovative hub and further defines why it is a desirable office market for occupiers as well as investors.



CONNECTIVITY TO CRITICAL INFRASTRUCTURE & TALENT



NORTH WEST METRO - Opened 26 May 2019

- 18 stations
- 4000 commuter carparks
- 36 kilometres



CITY & SOUTHWEST - Opens 2024

- 18 stations
- New CBD connections
- 30 kilometres incl. under Sydney Harbour



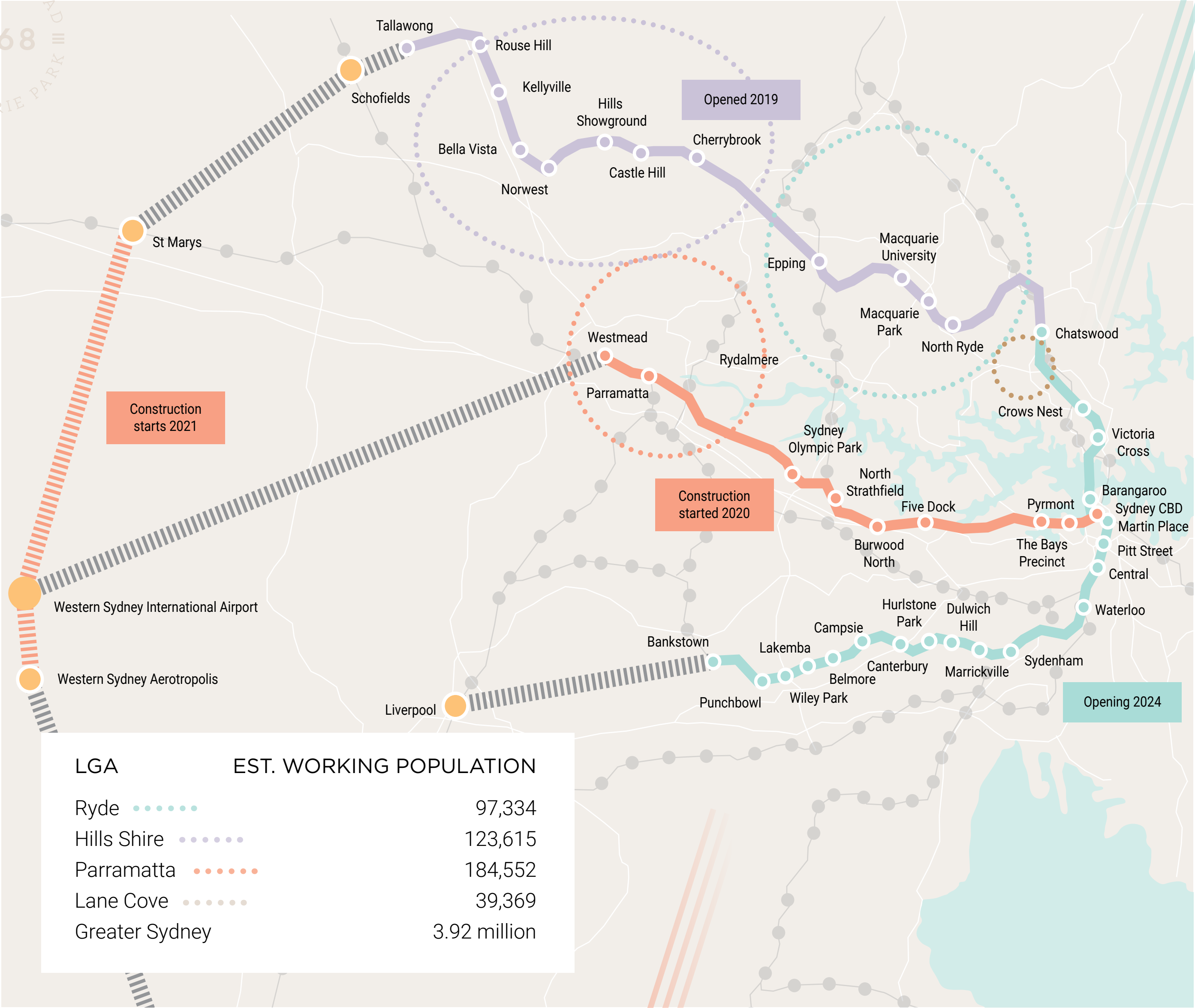
WEST - Final alignment to be confirmed

- Connecting Parramatta & Sydney CBDs
- 8 stations serviced
- 3.2million Western Sydney population 2036



GREATER WEST - Final alignment to be confirmed

- Connecting Western Sydney Airport to the rest of Sydney
- Servicing Greater Western Sydney
- Opening together with new airport





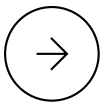
QUALITY BUILDING



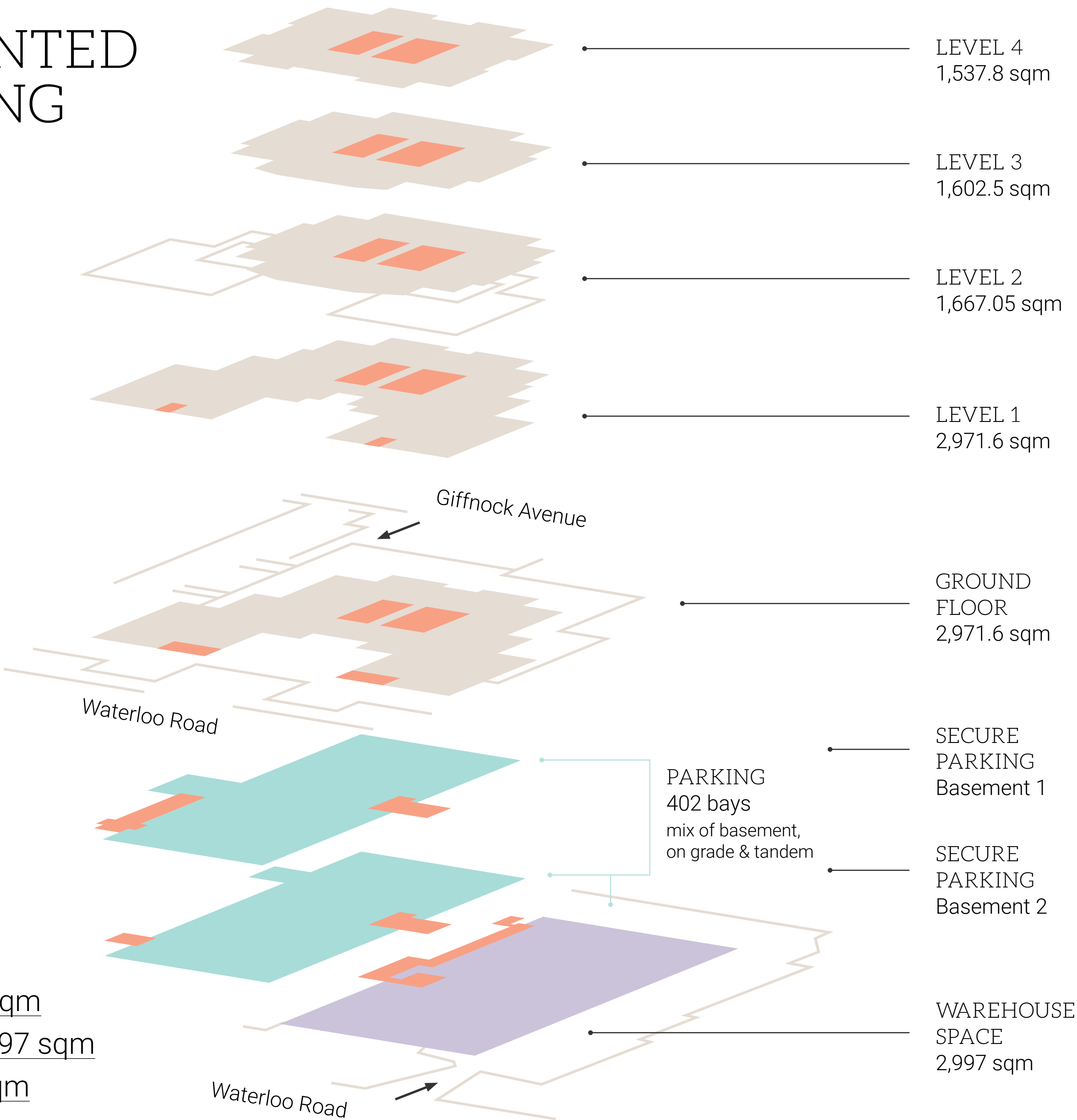
Year of Completion	2000
Air-Conditioning	Central chiller system with floor mounted AHUs
Lifts	4 passenger lifts servicing all floor
Fire System	Hydrant, hose reels, detection and early occupant warning across all areas. Sprinkler protection to basement carpark levels and warehouses
Key Building Upgrades	Continued capital investment over recent years, including: 2018 – ground floor lobby and bathrooms 2018 – boiler replacement 2019 – chiller plant and associated equipment 2021 – external paint and tile upgrade to entry awning & surrounds Various investment in landscaping, signing, presentation & LED lighting



SEGMENTED BUILDING PLAN



NLA
Office: 10,489 sqm
Warehouse: 2,997 sqm
Total: 13,486 sqm



 { 1,537.8 sqm }	
 { 887.1 sqm }	 { 715.4 sqm }
 { 423.3 sqm }	 { 673.5 sqm }
 { 566.2 sqm }	
 { 1,440.0 sqm }	 { 1,531.6 sqm }
 { 1,967.2 sqm }	 { 742.6 sqm }
 { 518.2 sqm }	
 { 1,735.3 sqm }	 { 743.8 sqm }



Dominant frontage to Waterloo Rd



Light filled foyer



Modern fit outs – Sekisui House



Voice Projects – level 2



Vitaco Health – level 3



Fletcher Building – level 4



Unique Balcony Space



Warehouse



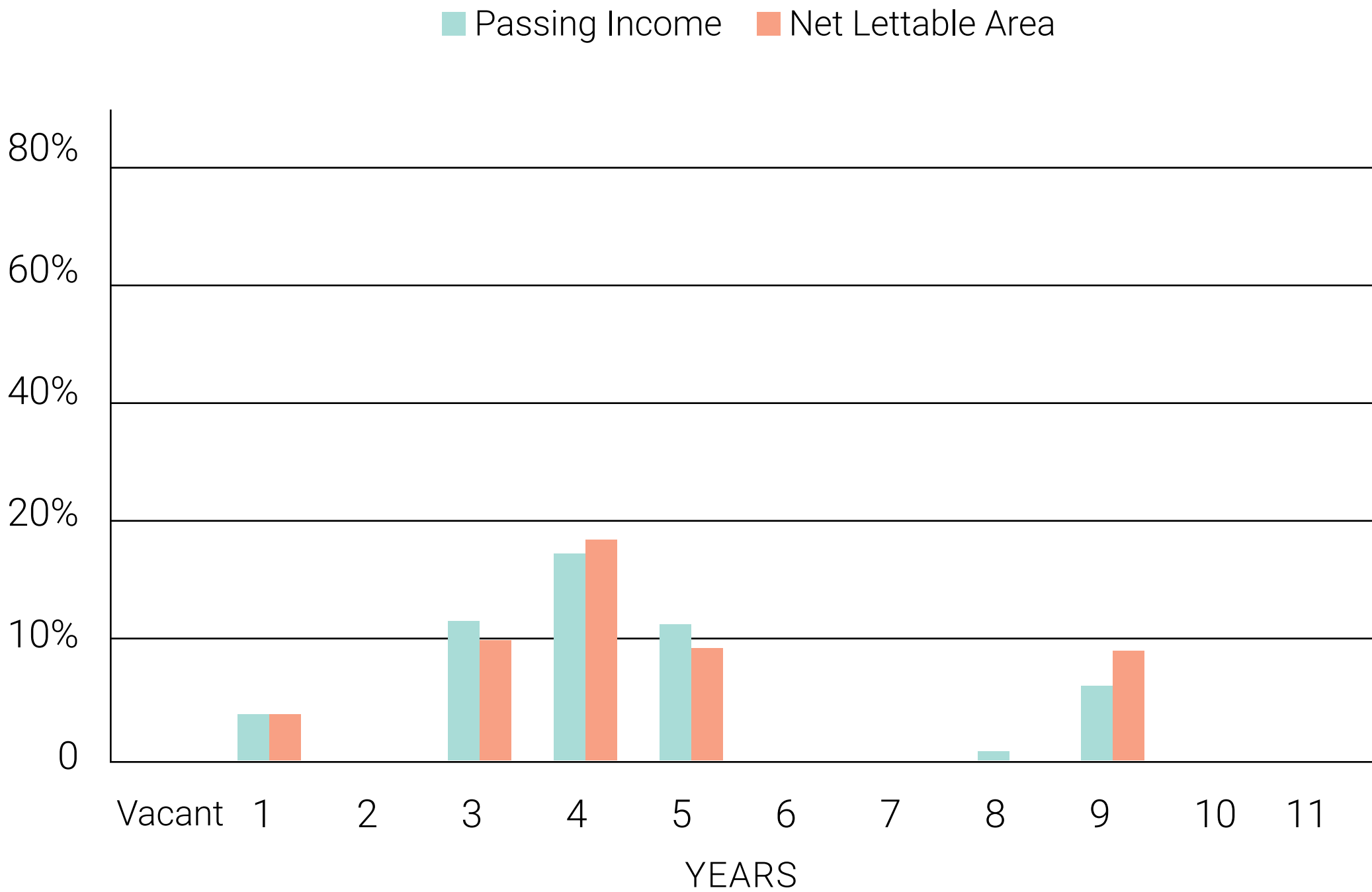
Dual Access – Giffnock Avenue

FINANCIAL AND TENANT SYNOPSIS

FINANCIAL SUMMARY AS AT 1 MARCH 2021

COMPONENT	\$ INCOME
Office	3,753,033
Warehouse	539,487
Car Parking	794,911
Ancillary	64,288
Total Base Rental Income	5,151,718
Add: Recoverable Outgoings	1,432,030
Total Gross Operating Income	6,583,748
Less: Total Budgeted Outgoings	1,432,030
Net Passing Income	5,151,718
Add: Market Income (Vacant Car Parking - Blended Avg \$200 pcm)	108,000
Net Passing Income Fully Leased	5,259,718

LEASE EXPIRY PROFILE



FINANCIAL AND TENANT SYNOPSIS

KEY MAJOR TENANT COVENANTS (BY INCOME)



17%

Listed on the stock exchange, Sekisui House is Japan’s largest homebuilder, founded in 1960 with presence in Australia, Russia, China & the USA. Affiliated with Sekisui Chemical, a major chemical firm who has diversified into supply of medical equipment and manufacture pharmaceuticals worldwide.

LISTED
REVENUE
\$2.6BN
AU(2020)



13%

An American technology company most known for its postage meters and other mailing equipment and services with expansions into e-commerce, software, and other technologies. Founded in 1920, the company is now listed on the stock exchange and has approximately 11,000 employees globally servicing ~90% of the Fortune 500 Business’s.

LISTED
REVENUE
\$1.15BN
AU(2020)



13%

One of the largest listed companies in New Zealand, with a market capitalisation of over NZ\$2.8 billion. The company employs around around 20,000 people globally and over 34 business units operating under the Fletcher Building banner, the company is Australasia’s largest building materials supplier.

LISTED
REVENUE
\$6.75M
AU(2020)



12%

Founded in 1945, Karl Storz is a German medical device company that manufactures and sells endoscopes and surgical instruments. Located Across all continents, KARL STORZ is represented by more than 50 KARL STORZ subsidiaries in over 40 countries.

LISTED
REVENUE
\$487.5M
AU(2020)

FUTURE PROPOSITION



Under the current Planning Controls and based on advice from Urbis and SJB Architects, the existing asset provides an opportunity to develop further GFA on the site. SJB have considered two potential development outcomes as detailed below:

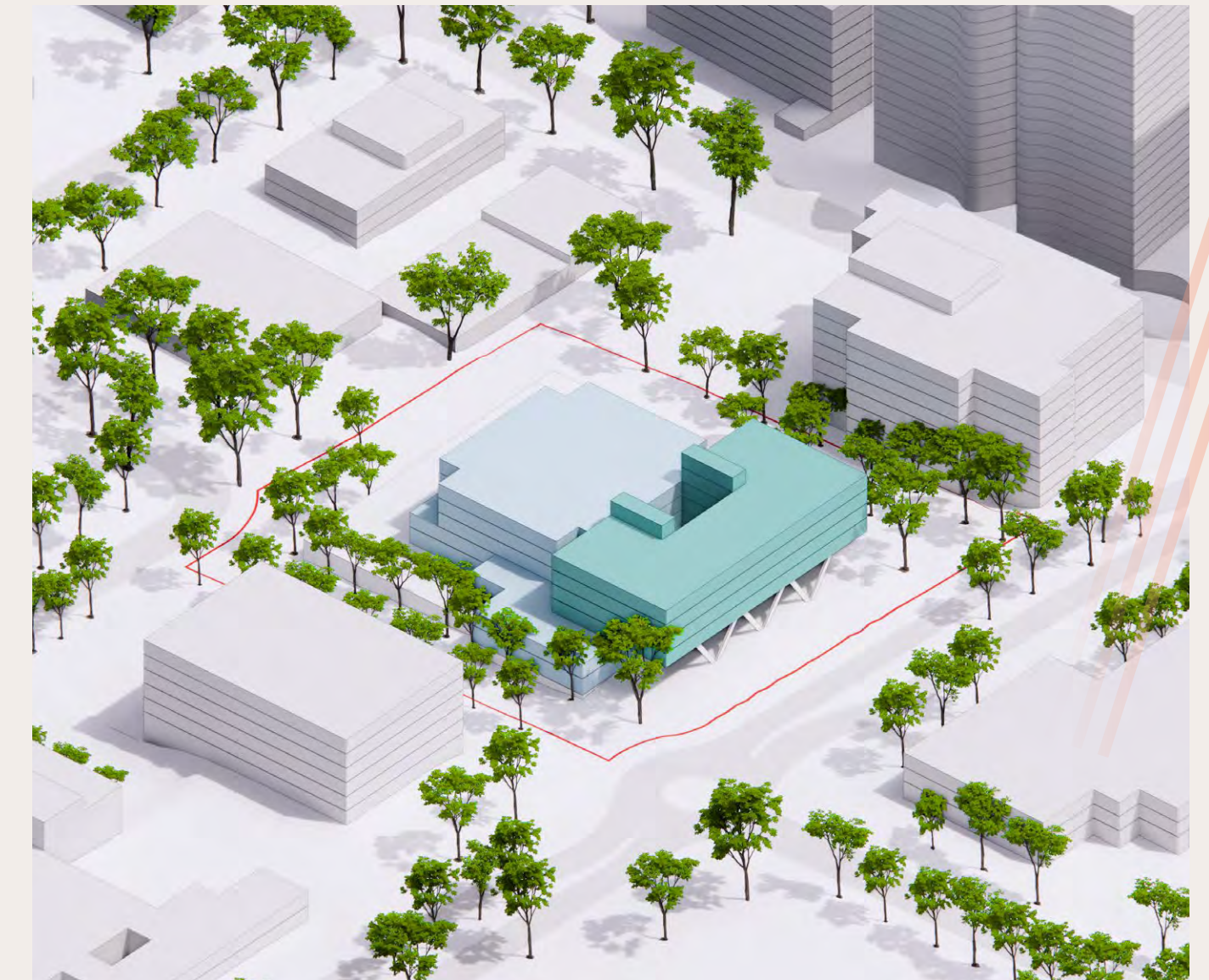
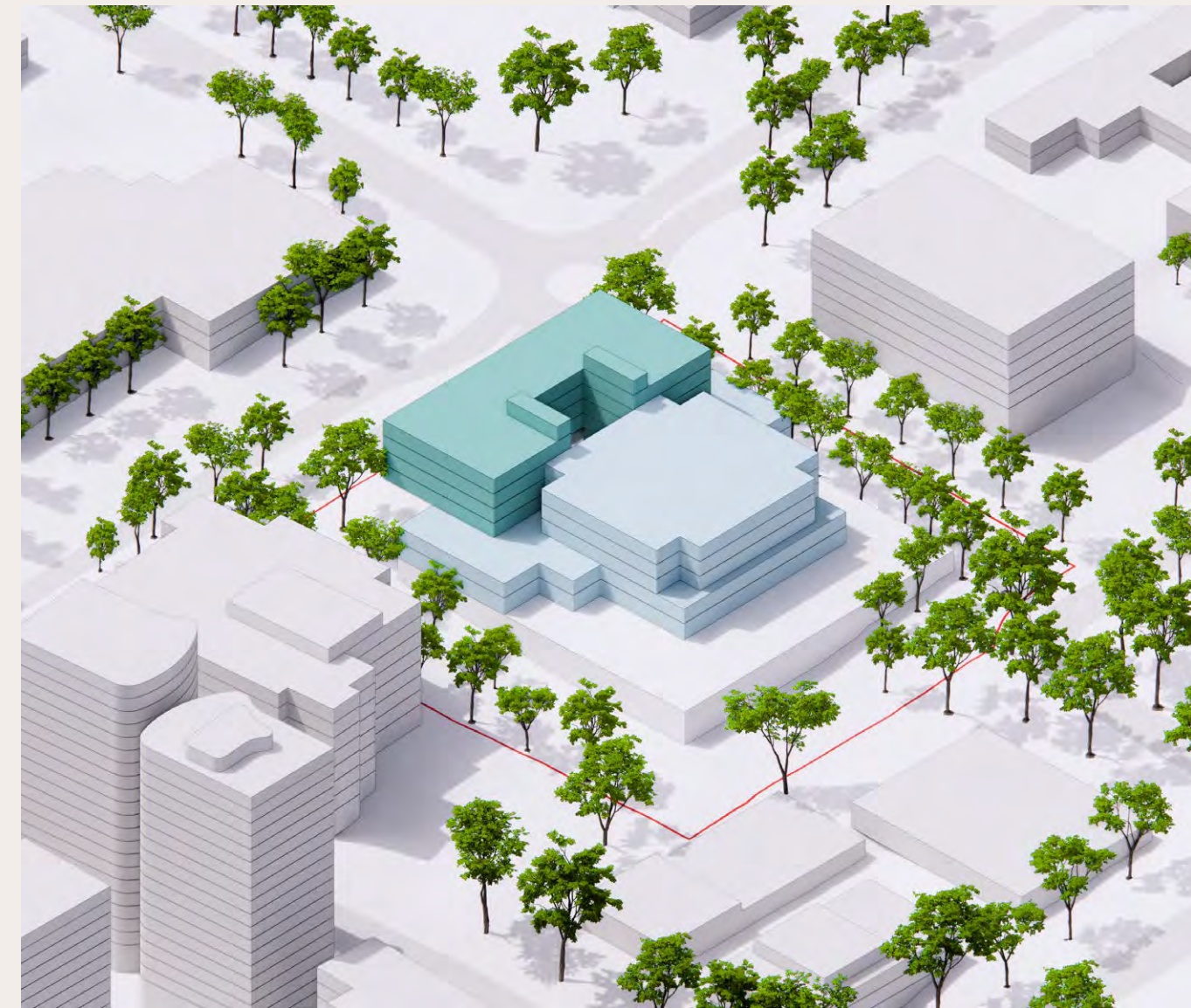
Additional GFA – Existing Structure:

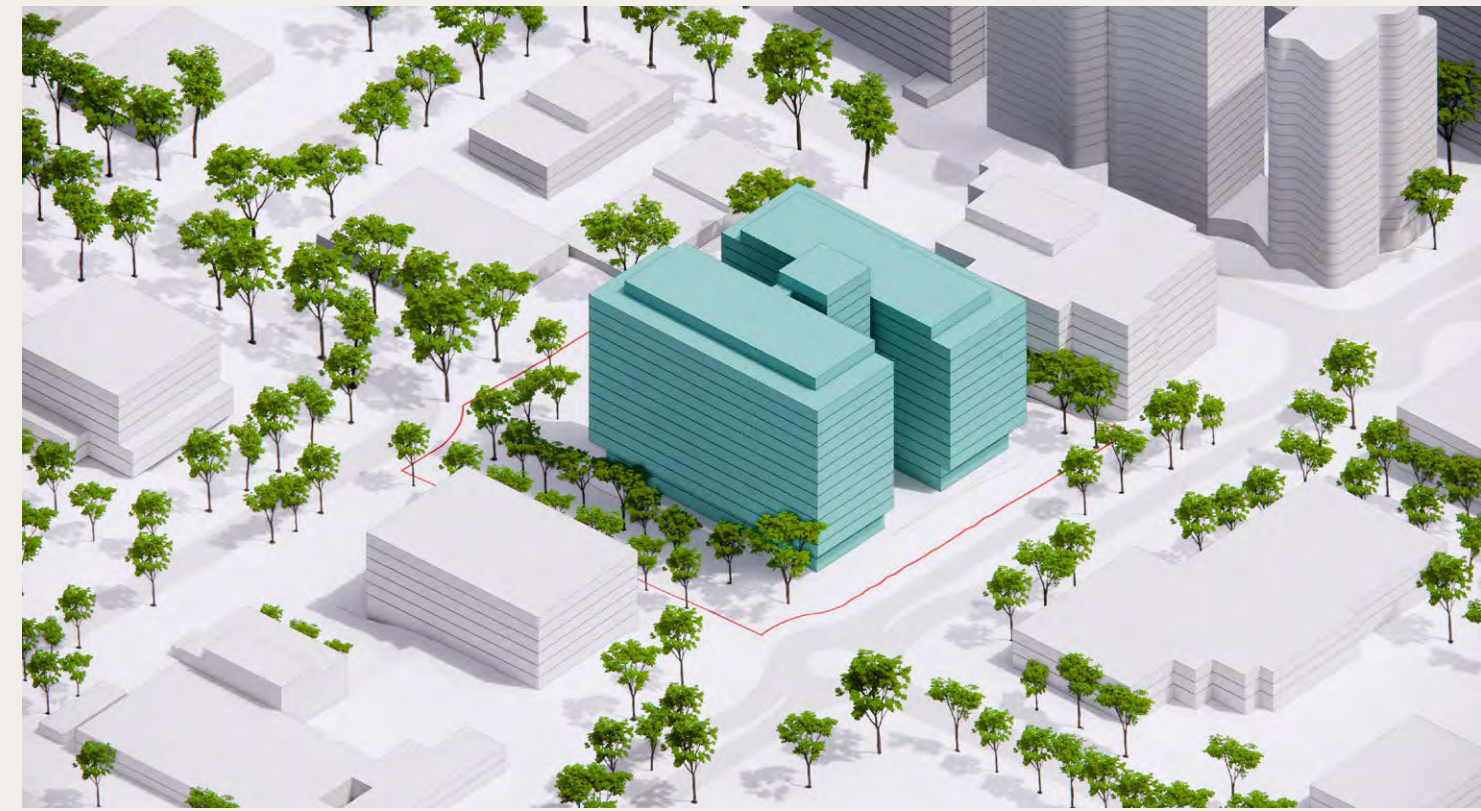
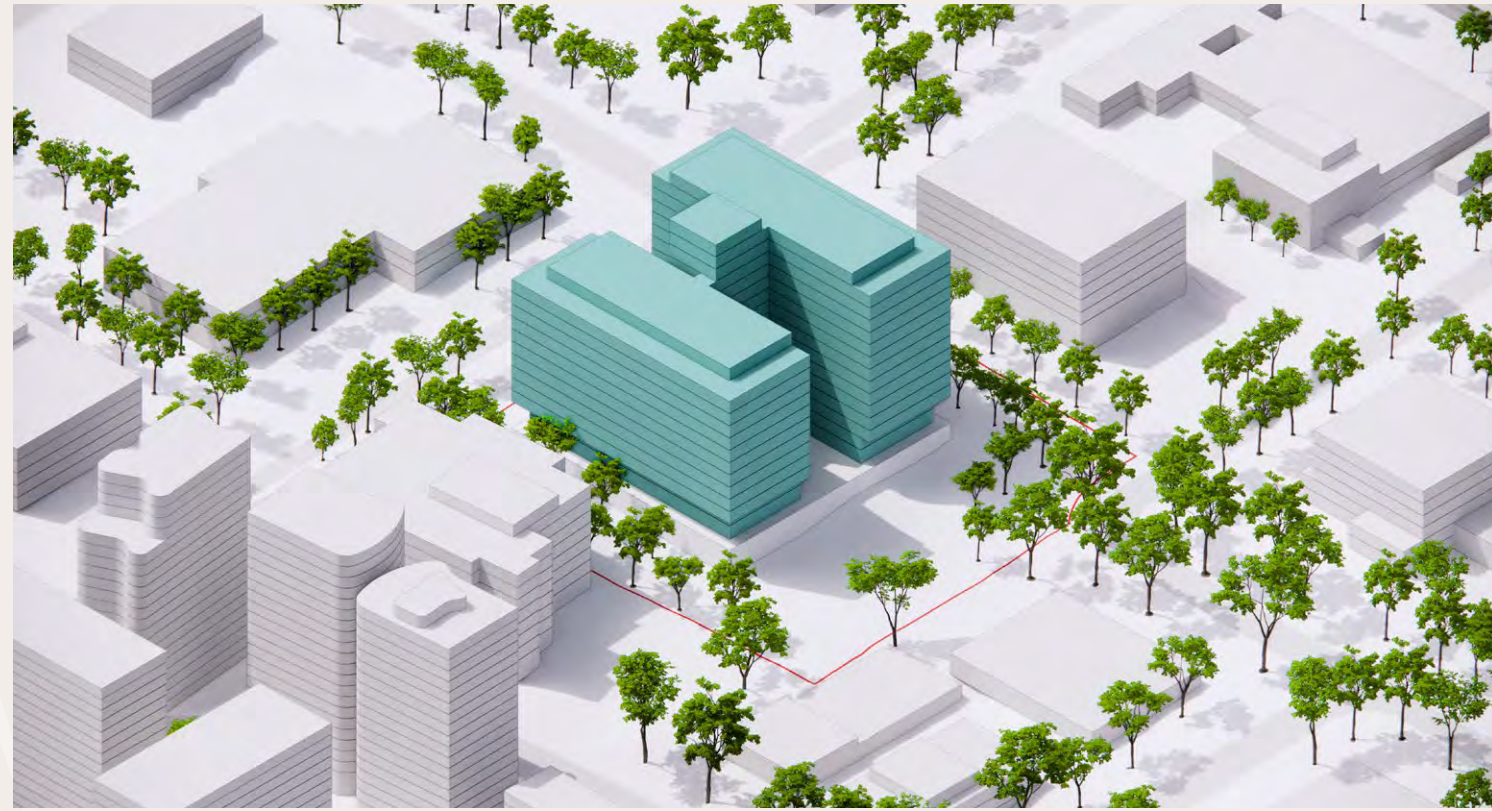
Additional 4 levels of GFA cantilevered above the existing entrance

18,731sqm total GFA
reflecting a site FSR of 1.26:1;

Maintains light atrium throughout the asset

Retention of existing core and addition of new core to service new floor plate





FUTURE PROPOSITION



New Office Development – Utilising Incentive FSR:

Incentive Scheme FSR per
LEP and DCP of 3:1 FSR

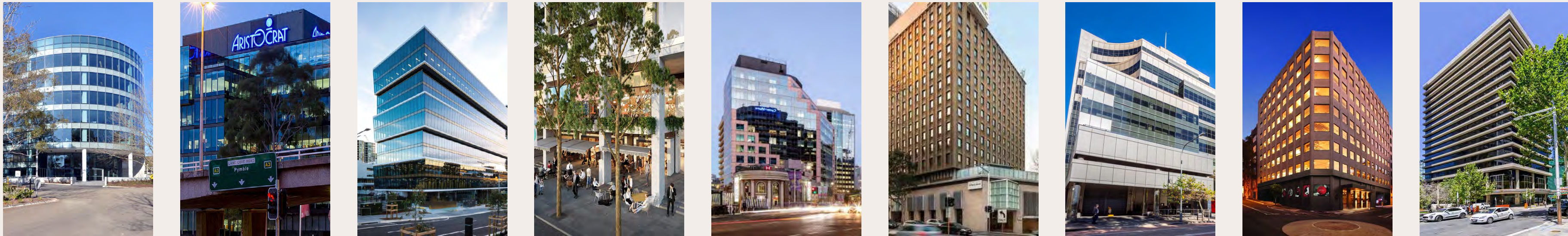
New 14 level office
development, providing
44,889sqm of GFA

Two office towers serviced
by central shared core and
basement car parking

Considers max. floor plate
of 2,000sqm per DCP



SALES EVIDENCE



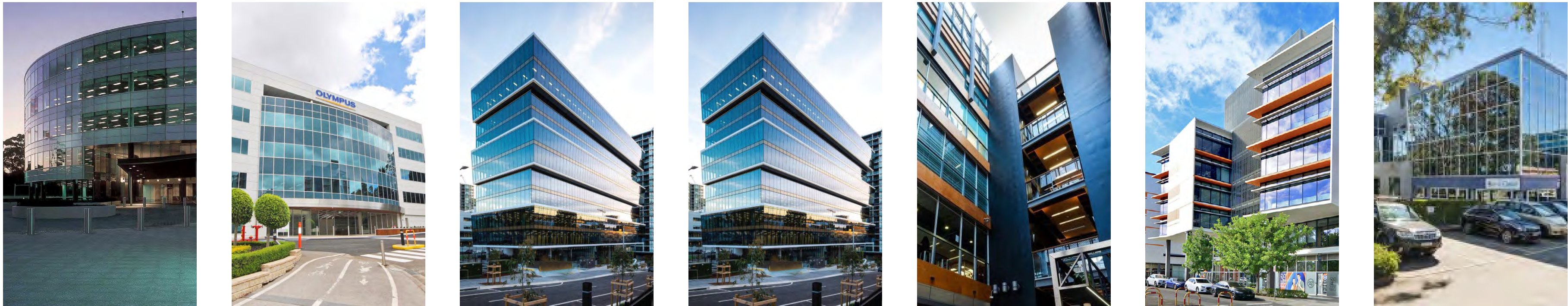
	1-5 Thomas Holt Dr, Macq. Park	Pinnacle Office Park Macq. Park	2 Banfield Rd Macq. Park	1 Giffnock Ave Macq. Park	2 Elizabeth Plaza Nth Sydney	20 Berry St Nth Sydney	27 Argyle St Parramatta	10-14 Waterloo St Surry Hills	65 Berry St Nth Sydney
Price	\$296.0m	\$306.00m	\$144.30m	\$167.24m	\$127.00m	\$113.89m	\$73.97m	\$96.70m	\$212.00m
Purchase Date	Jan-21	Sep-20	Aug-20	Jul-20	Jan-20	Nov-20	Sep-20	Dec-20	Dec-20
Vendor	AMP	Goodman	Goodman	Winten/Frasers	BlackRock	YuHu	Special Gold	Cornerstone	Charter Hall
Purchaser	Ascendas REIT	Keppel REIT	AEW	Ascendas REIT	SC Capital	Private	Vantager	RealIS	Intera Group
Initial Yield	5.17%	5.13%	5.10%	6.10%	4.99%	4.80%	4.47%	4.68%	5.21%
Equivalent Yield	5.70%	5.25%	5.10%	6.10%	5.18%	5.20%	5.45%	5.35%	5.25%
Nla (Sqm)	39,115	35,145	14,684	19,384	7,580	9,336	10,399	6,902	14,341
Rate (\$/Sqm)	\$7,567	\$8,707	\$9,827	\$8,628	\$16,754	\$12,199	\$7,113	\$14,010	\$14,783
Wale (By Income)	4.47yrs	4.80yrs	Target 7.00yrs	3.00yrs	4.00yrs	3.20yrs	2.75yrs	3.00yrs	2.20yrs
Irr (10yrs)	6.40%	6.60%	6.40%	6.40%	6.40%	6.00%	6.38%	6.40%	6.30%

LEASING EVIDENCE



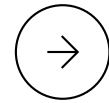
	16 Giffnock Ave Macquarie Park	22 Giffnock Ave Macquarie Park	22 Giffnock Ave Macquarie Park	54 Waterloo Rd Macquarie Park	54 Waterloo Road Macquarie Park	7 Eden Park Dr Macquarie Park
Owner	Stockland	Mapletree	Mapletree	CorVal	CorVal	Altis
Tenant	Rockwell	Greencap	PNSW	Fujifilm	BSI	Nobel Biocare
Area (sqm)	557	1,090	2,831	1,795	900	1,200
Start Date	Apr-21	Oct-20	Jun-20	Nov-19	Dec-20	May-20
\$/sqm (net)	\$380	\$340	\$410	\$440	\$470	\$405
Incentive	26.0%	30.0%	23.0%	26.0%	27.0%	20.0%
Review	3.25%	3.25%	3.50%	3.50%	3.50%	4.00%
Term	5.0yrs	5.0yrs	5.0yrs	5.0yrs	5.0yrs	5.00yrs

LEASING EVIDENCE



	2-4 Lyon Park Rd Macquarie Park	97 Waterloo Rd Macquarie Park	2 Banfield Rd Macquarie Park	2 Banfield Rd Macquarie Park	1 Innovation Rd Macquarie Park	6 Eden Park Drive Macquarie Park	25 Khartoum Rd Macquarie Park
Owner	LGSS	Goodman	Goodman	Goodman	STC	Altis	LaSalle
Tenant	Earthworx	PTM	Biogen	Endotheraputics	Panasonic	Plate Marketing	Calumo
Area (sqm)	864	403	1,504	795	1,075	255	583
Start Date	May-20	Feb-20	Aug-20	Sep-20	Nov-20	Aug-20	Feb-21
\$/sqm (net)	\$410	\$420	\$455	\$465	\$430	\$410	\$340
Incentive	25% as spec fit out	23%	N/D	27.5%	20%	22.5%	25%
Review	4.00%	3.25%	3.50%	3.50%	3.75%	3.50%	3.0%
Term	5.0yrs	3.0yrs	7.0yrs	7.0yrs	5.0yrs	5.0yrs	5.0yrs

PROCESS



100% Freehold Interest in 68 Waterloo Road, Macquarie Park is offered For Sale via Expressions of Interest closing 4:00pm (AEDT), Thursday 4th March 2021.

INSPECTIONS

All inspections of the asset by potential purchasers and/or their consultants are to be prior arranged through the exclusive agents.

DUE DILIGENCE

Documents containing information with respect to the offering will be available upon request via a secure share link. Please contact the exclusive agents for access.

EXPRESSIONS OF INTEREST

Expressions of Interest should include, but are not limited to the following information:

- Name and details of proposed purchasing entity;
- Offer price;
- Details of capacity to complete the transaction including need to raise equity and or debt;
- Details of any conditions or approvals required;
- Timetable for due diligence, execution of contract and settlement;
- Contact details.

CHANGES TO THE PROCESS

The Vendor reserves the right, in its sole discretion, to postpone or cancel the proposed sale and to modify or add any terms and conditions to the proposed contract or other material associated with the proposed sale, which may be made available to a potential purchaser.



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N°68 WATERLOO ROAD — MACQUARIE PARK

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