

201  
KENT  
ST SYDNEY

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*The striking glass facade  
reflects the vibrancy  
of the neighbouring  
Barangaroo precinct.*







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## 01 INTRODUCTION

### THE OPPORTUNITY

201 Kent Street represents an outstanding investment opportunity within the world's strongest performing office market. The asset is further enhanced by its location adjacent to Barangaroo, the largest mixed use precinct in Sydney and home to the highest calibre of tenancies.

This landmark asset has undergone major upgrades and is a sought after A-Grade office tower. With superior office accommodation and highly efficient floor plates ensuring tenant flexibility, the tower also maintains outstanding environmental credentials with a 5-star NABERS Energy rating.

Enhanced by its retail amenity and the Grafton Bond Building with its heritage stylings, this is an outstanding opportunity to acquire an interest within the revitalised western corridor of the CBD.

A 50% leasehold interest in 201 Kent Street, Sydney is formally offered for sale by Savills and JLL via an International Expressions of Interest process closing at 4pm (AEDT) Wednesday, 27 March 2019.



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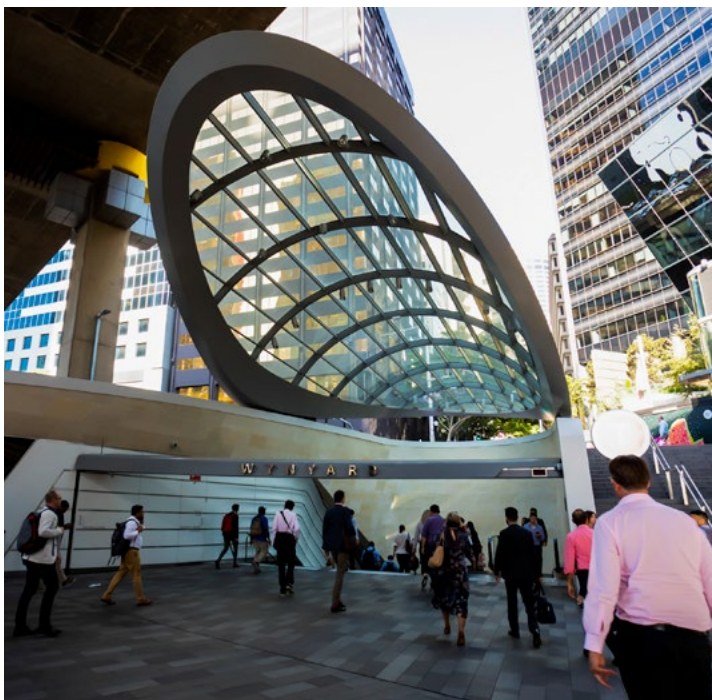
EXECUTIVE  
SUMMARY

Interest	50% Leasehold Interest (65 years remaining, \$1 rent per annum)	
Completed	1988	
Building Grade	PCA A-Grade	
Net Lettable Area (NLA)		
Prime Office Tower	36,499 m <sup>2</sup>	
Grafton Bond Building	2,497 m <sup>2</sup>	
Retail	846 m <sup>2</sup>	
Total	39,842 m <sup>2</sup>	
Average Floor Plate	Low Rise: 1,741 m <sup>2</sup> High Rise: 1,325 m <sup>2</sup>	
Car Parking	264 bays	
Environmental Credentials	5-star NABERS Energy rating	
Major Tenants	AON Corporation	8,562 m <sup>2</sup> (21.5% of NLA)
	Property NSW	3,976 m <sup>2</sup> (10% of NLA)
	Credit Corp Group	3,023 m <sup>2</sup> (7.6% of NLA)
	Australian Trade Commission	2,650 m <sup>2</sup> (6.7% of NLA)
Occupancy	91.3%	
WALE (by Income)	2.6 years	
Net Passing Income (Fully Leased)	\$34.7 million	
Sale Process	International Expression of Interest closing at 4pm (AEDT) Wednesday, 27 March 2019.	

All figures are approximate and as at 1 June 2019.







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# INVESTMENT HIGHLIGHTS

## EXCEPTIONAL INVESTMENT OPPORTUNITY

A modern A-Grade office building with a quality mix of tenancies, a WALE of 2.6 years, 91.3% occupied and underpinned by a strong income stream. The offering also includes a 264 bay carpark with a ratio of 1:151 square metres.

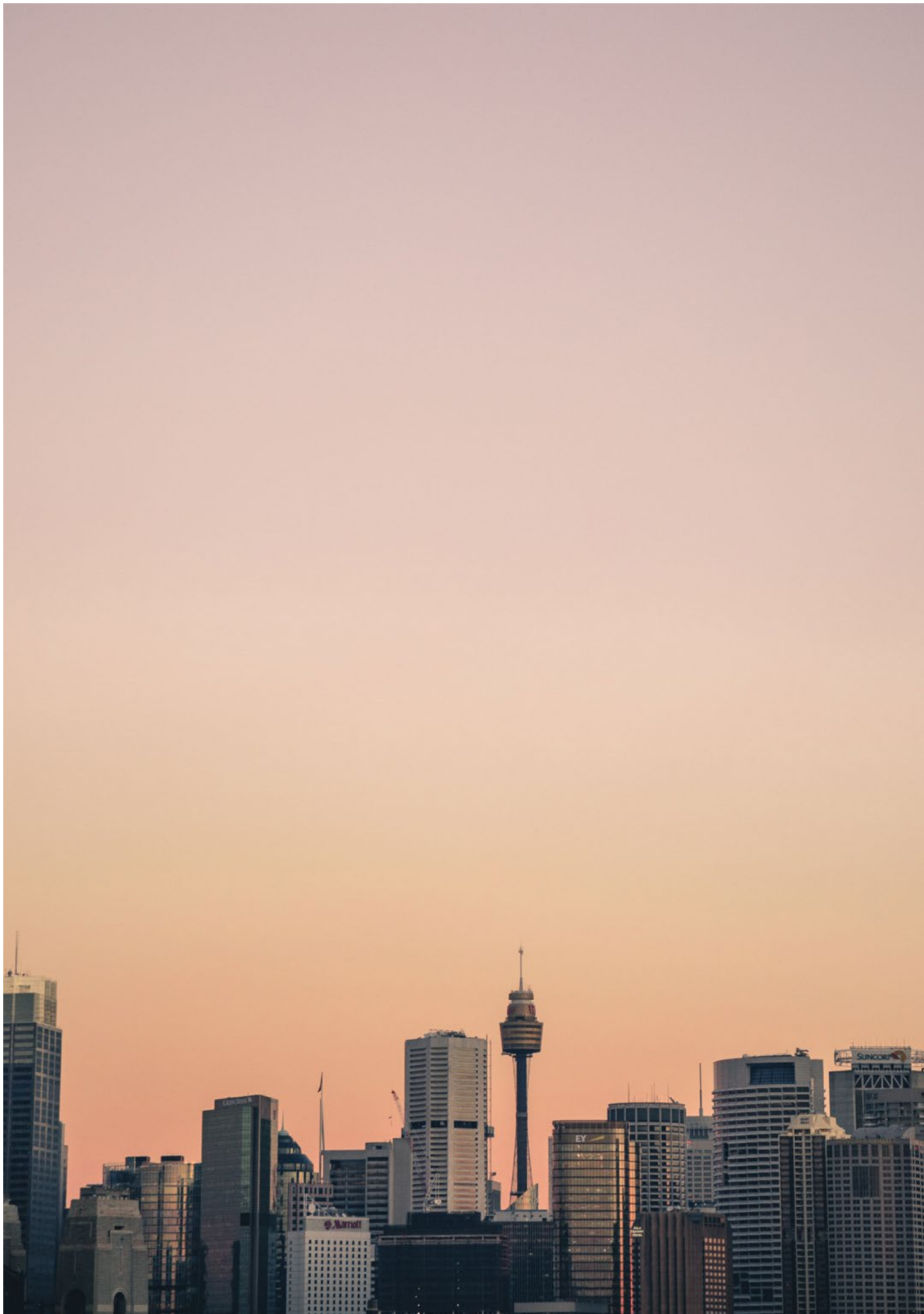
## LOCATED WITHIN SYDNEY'S NEW FINANCIAL CORE

Positioned directly adjacent to the Barangaroo precinct, now home to many of the leading financial and insurance institutions, the property has immediate access to the precinct's significant retail amenity and transport options via Wynyard Station through Wynyard Walk and ferry terminals at Barangaroo.

## AUSTRALIA'S BEST PERFORMING CBD OFFICE MARKET

Due to tightening vacancy and stock withdrawals combined with a lack of new supply, the appetite for Sydney CBD office space has reached new heights, underpinned by a strong New South Wales economy and investment in infrastructure.





Artist impression - subject to change

## POSITIVE RENTAL REVERSION

Constrained office supply and stock withdrawals for infrastructure, residential and hotel conversion have been the driving force behind Sydney's rental growth story. The timing is perfect for 201 Kent Street with just over 40% of the building becoming available over the next 24 months allowing an incoming purchaser to take advantage of the current favourable leasing conditions.

## DESTINATION OF CHOICE FOR GLOBAL INVESTORS

Prime property yields remain attractive when compared to other global gateway cities with a 2.9% to 4.7% spread against major markets such as London, New York, Hong Kong, Singapore and Tokyo. (source: Savills Research)

## FUTURE DEVELOPMENT OF THE GRAFTON BOND BUILDING

Subject to relevant approvals, the Grafton Bond Building and adjoining vacant land provides for future redevelopment potential to hotel / office.



# 04 SYDNEY, DOMINATING THE WORLD STAGE

Sydney CBD's office market cemented its position as Australia's global gateway city, continuing to outperform across all key market indicators in 2018, with capital value and rental values breaking new barriers. As the most globally-recognised city in Australia, Sydney's investment performance differs from every other market in the country due to its landlocked nature and strong market fundamentals. A muted supply pipeline, coupled with ongoing strength in demand drivers kept capital value and rental growth buoyant. The vacancy rate was the second lowest across the nation's CBD markets in December 2018 (latest available on PCA data), with forecasts pointing to it falling further over 2019, which will provide support for ongoing rental growth.

## LOCAL ECONOMIC DRIVERS

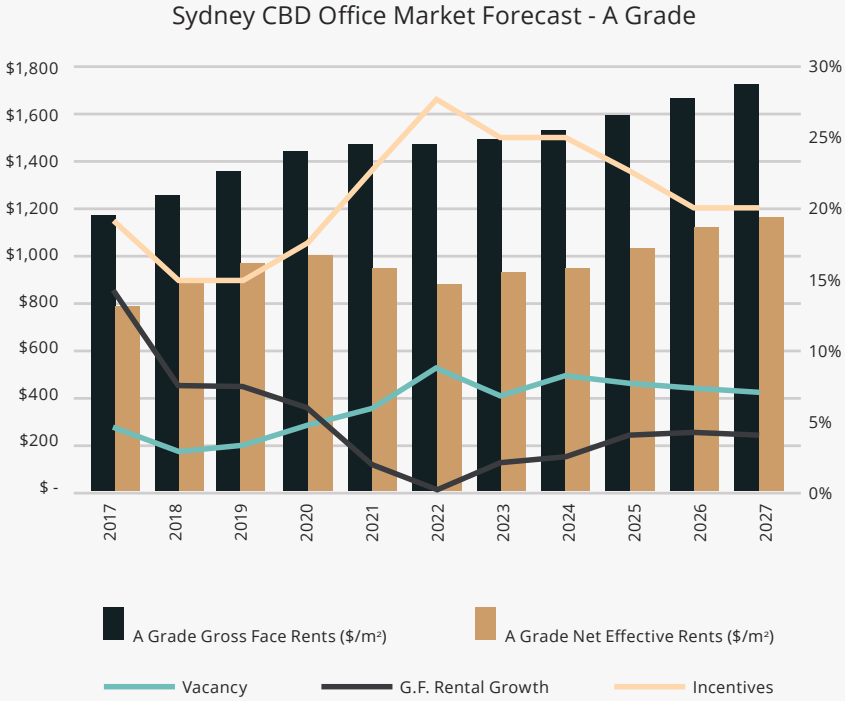
- The New South Wales (NSW) economy grew by 2.6% over FY-18 (looking at Gross State Product), whilst on State Final Demand numbers, the NSW economy grew by 3.3% (on a rolling annual basis) in the year to June 2018.
- Economic growth in NSW was boosted by growth in the Business Services and Finance & Insurance sectors, which are the 2nd and 4th largest industries in the state respectively, (accounting for 17.5% and 14.5%, respectively of NSW's GSP in FY-18).
- Positively, looking at GSP per capita (a measure of the standard of living in an economy), NSW's economy grew at 1.3% in per capita terms (second only to the much smaller South Australia). This was also underpinned by Sydney having the highest rate of labour productivity in the nation.
- Historically, employment growth in NSW averages 1.8% per annum, but the current annual rate is nearly double that, at 3.5%. NSW continues to dominate in terms of job creation nationally, driven mainly by jobs being created in the Professional & Technical services sector, which dominates the labour market in Sydney. Professional job advertisements (white collar employment) grew by 9.4% in the year to October 2018, driven by requirements in Financial Services and Health Care industries, keeping the outlook for demand drivers for the office sector strong in 2019.
- Infrastructure investment will remain strong in NSW, accounting for over 50% of total projects nationally, which in turn boosted economic growth and will likely have a positive effect on business confidence.





RENTAL REVERSION

Recent and forecasted trends make Sydney one of the most appealing investment markets in the world. Declining vacancy rates, limited new supply and positive growth in net effective rents are projected to underpin rental growth and capital values of quality Sydney CBD office investments.



Source: Savills Research







## 05 LOCATION

Occupying a prominent position within Sydney's Western Corridor overlooking Sydney Harbour and the Harbour Bridge. It boasts expansive city skyline views, while also being directly adjacent to the vibrant Barangaroo precinct.











**\$25BN+ INVESTMENT IN CBD INFRASTRUCTURE**

The CBD is currently undergoing an unprecedented transformation with the NSW Government having injected billions into infrastructure upgrades with a number of the key projects directly benefiting 201 Kent Street.

The Western Corridor is a hub for financial and professional services firms in the Sydney CBD. HSBC, ICBC, KPMG and PwC all have their headquarters in the Western Corridor. We estimate the office workforce population of the Western Corridor has increased from 78,600 people in 2008 to 101,100 people in 2018.

**WESTERN CORRIDOR PRECINCT TENANT PROFILE**

S&P / ASX	Financial Services	Professional Services	Emerging Industry sectors
ANZ	AMEX	Accenture	Facebook
CBA	Bank of China	KPMG	Pfizer
IAG	HSBC	Mercer	Roche
Macquarie	ICBC	Mills Oakley	Tyro Payments
Westpac	Rabobank	PwC	WeWork

Note: Emerging sectors includes technology, health and co-working  
Source: JLL Research





### WYNYARD WALK

Wynyard Walk is a new pedestrian link connecting Wynyard Station with Barangaroo. The fully accessible walkway allows pedestrians to flow from George Street to Wynyard Station and onto the Barangaroo waterfront in approximately eight minutes, avoiding steep inclines and road crossings.

### BARANGAROO FERRY HUB

The Barangaroo Ferry Wharf increases Sydney's ferry capacity and services for the thousands of residents, visitors and workers travelling to Barangaroo. The new wharf delivers high quality transport infrastructure to support the precinct with improved ferry services and access to and from Sydney's CBD. Services include the Parramatta River, the Eastern Suburbs and Manly.

### SYDNEY CBD AND SOUTH EAST LIGHT RAIL

George Street is undergoing its biggest transformation, due for completion in 2019. The property directly benefits from its significant exposure to George Street where the NSW Government is spending \$2.1bn on the light rail and pedestrianisation of George Street.

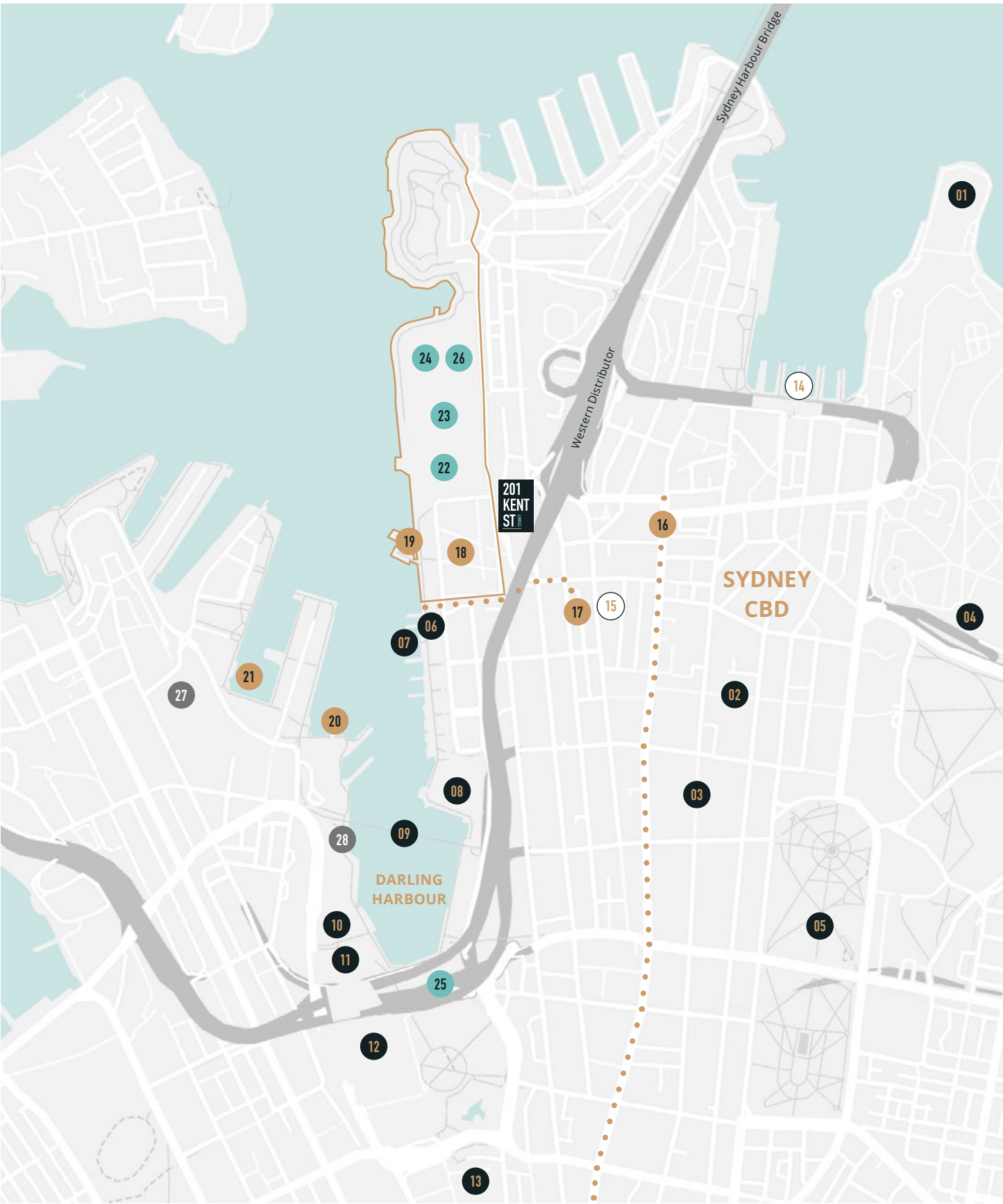
### CIRCULAR QUAY REVITALISATION

The new Circular Quay upgrade will see the existing ferry terminals transformed into futuristic, glass-panelled wharves which will incorporate outdoor restaurants and modern shopping outlets. The government has approved the \$200m upgrade and it is due for completion in 2025.





The Streets of Barangaroo thrive with activity day and night with thousands of people visiting, working and living in the precinct. The world class retail amenity offers everything from high-end luxury goods to health & wellbeing, apparel, lifestyle & leisure and food. The food and beverage options are the heart of the district, with everything from small laneway bars to high-end fine dining experiences.



LIFESTYLE & AMENITY

- 01 Sydney Opera House
- 02 Martin Place
- 03 Pitt Street Mall
- 04 Royal Botanic Gardens
- 05 Hyde Park
- 06 King Street Wharf
- 07 Darling Harbour Ferry Wharves

- 08 Sydney Aquarium & Wildlife Sydney Zoo
- 09 Pyrmont Foot Bridge
- 10 Sofitel
- 11 Darling Harbour Live & International Convention Centre
- 12 Sydney Exhibition Centre
- 13 Darling Square

TRANSPORT

- 14 Circular Quay
- 15 Wynyard Station

INFRASTRUCTURE INVESTMENT

- 16 Sydney Light Rail
- 17 Wynyard Walk
- 18 Barangaroo
- 19 Barangaroo Ferry Wharves

UNDER CONSTRUCTION

- 20 Crown Casino
- 21 One Sydney Harbour
- 22 Barangaroo Central
- 23 The Ribbon
- 24 Barangaroo Metro

PROPOSED

- 25 The Star - Ritz Carlton
- 26 Harbourside - Proposed for redevelopment

BARANGAROO PRECINCT







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# ASSET OVERVIEW

26 levels of quality A-Grade office accommodation offers large, efficient floor plates that average 1,325 to 1,741 square metres. The tower allows for flexible accommodation with the ability to provide large contiguous floors to satisfy bigger space users, as well as efficient sub-division into multiple areas for smaller tenancies.







Each of the floors benefit from an abundance of natural light. There are leafy views of the surrounding CBD on the lower floors and improving vistas of the Sydney Harbour and Harbour Bridge on the upper floors.







BUILDING SERVICES

Lighting	Predominately T5 lighting throughout tenancy areas
Air-conditioning	Fully air-conditioned by a variable air volume system with plant situated on Levels 16 and 34 supplying floors 9-15 and 18-34 respectively. The Grafton Bond building is serviced by independent plant
Lifts	<ul style="list-style-type: none"><li>4x 20 person low rise lifts between Levels 5-15.</li><li>7x 23 person high rise lifts servicing Levels 5, 6 and 18-33</li><li>Destination control system</li><li>The Grafton Bond store is serviced by a single 16 person lift</li><li>Two sets of escalator’s provide access to the Grafton Bond Store and the retail plaza area.</li></ul>
Power	<ul style="list-style-type: none"><li>Each floor is provided with three phase power which can be split into multiple occupancies per floor</li><li>Stand-by power is available via two stand-by diesel generators</li></ul>
Security	<ul style="list-style-type: none"><li>After hours security access</li><li>24-hour security monitoring</li><li>Closed circuit television</li></ul>
Fire Services	<ul style="list-style-type: none"><li>The building is fully sprinklered</li><li>EWIS, hydrants, hose reels, smoke detectors and hand held fire extinguishers are incorporated throughout.</li></ul>



An open plaza/terrace area is located at the rear of 201 Kent Street and accommodates a number of retail tenancies. Positioned opposite is a historic 5 level warehouse known as the Grafton Bond Building which has been restored to provide boutique style office accommodation.

The asset benefits from a 2 level basement car park that can cater up to 264 vehicles with access made available via Napolean Street.

A scarcity within the precinct, the capacity of this car park is particularly attractive given its proximity to the Barangaroo office towers totalling some 300,000 square metres, allowing for significant income growth on car park rentals to cater for the needs of tenants.





SITE PARTICULARS

201 Kent Street is located within the City of Sydney Local Government Area and is zoned B8 Metropolitan Centre under the Sydney Local Environmental Plan 2012.

The zoning permits a variety of uses including commercial, hotel, serviced apartments and residential usage subject to applicable approvals (source: City of Sydney).

Title	Lot 1 in DP 813557	
Description	Lot 1 in DP 786451	
Total Site Area	7,965 square metres *	
Local Authority	City of Sydney	
Zoning	B8 Metropolitan Centre under the Sydney Local Environmental Plan 2012	
Street Frontages	Kent Street	110.31 metres
	Napoleon Street	88.94 metres
	Hickson Road	108.18 metres

*\* Area reflects whole site which includes 207 Kent Street.*

LEASEHOLD SUMMARY

The freehold interest is held and owned by the Waterways Authority.

The ground lease commenced on 1 October 1985 and runs for 99 years with an expiry in 30 September 2084 (approximately 65 years remaining).

A peppercorn rent of \$1 is payable per annum until the end of the ground lease.





STACKING PLAN

Aon Corporation 407m²				LEVEL 34	
Aon Corporation 1,327m²				LEVEL 33	
Aon Corporation 1,326m²				LEVEL 32	
Aon Corporation 1,326m²				LEVEL 31	
Aon Corporation 1,326m²				LEVEL 30	
Aon Corporation 1,326m²				LEVEL 29	
Aon Corporation 1,326m²				LEVEL 28	
Property NSW 1,326m²				LEVEL 27	
Royal Aust College of Surgeons 444.9m²	Crown Property 671.5m²		Crown Property 157.8m²	LEVEL 26	
Property NSW 1,325m²				LEVEL 25	
Credit Corp Group 1,325m²				LEVEL 24	
Australian Trade Commission 1,325m²				LEVEL 23	
Australian Trade Commission 1,325m²				LEVEL 22	
Property NSW 1,325m²				LEVEL 21	
De Lage Landen 1,325m²				LEVEL 20	
Crown Sydney Property 1,325m²				LEVEL 19	
18201 Kent Street 589.9m²		Fineos 415.9m²	360 Underwriting 196.4m²	LEVEL 18	
Credit Corp Group 1,698m²				LEVEL 15	
Pipe Networks 1,741m²				LEVEL 14	
Kellogg Brown and Root 1,236.2m²			StorageCraft 429.3m²	LEVEL 13	
DEALS Sydney 1,741m²				LEVEL 12	
TPC 564m²	Verdia 416.3m²		Amobee ANZ 690.4m²		
Vacant 1,741m²				LEVEL 10	
Vacant 1,741m²				LEVEL 9	
Bacardi-Martini Australia 560.3m²				LEVEL 8	
Work Club Barangaroo 759.3m²				LEVEL 6	
Lighthouse ELC 383.6m²	Jbak (lobby café) 215.5m²	Ozbay Group 142.5m²	Ahead Management 66.8m²	EHJ Management 37.8m²	GROUND
Plus Fitness 587.6m²	Work Club Barangaroo 602.8m²	Work Club Barangaroo 224.5m²	Aon Corporation 198.3m²	Investa Office Management 126.4m2	LOWER GROUND

Senversa 207m²				Netdocuments Australia 85.6m²		Rescap Investments 233.1m²		LEVEL 5
Core Engineering Group 116.3m²		Smart Storage 173.4m²		Bigmig 86.9m²		Solve Travel Management 149.4m²		LEVEL 4
Monteith Physio 117.2m²		Steven and Tony Zappia 87.1m²		Human Enterprises Consulting 86.9m²		Technology People 238.2m²		LEVEL3
Smart Storage 201.6m²			Human Enterprises Consulting 85.8m²		PIF 235.6m²			LEVEL 2
Acknowledge Education 392.7m²								LEVEL 1

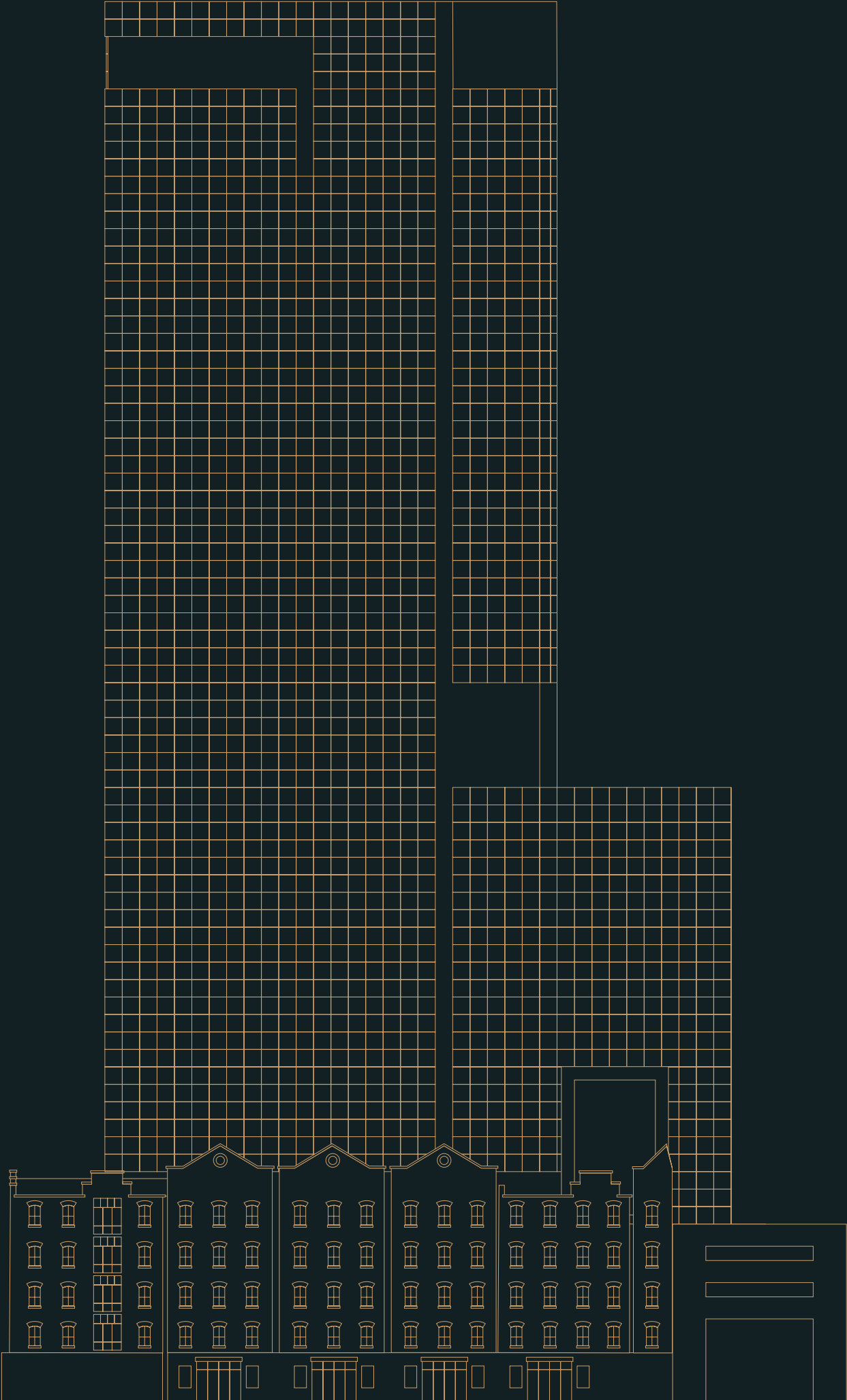
\* 2 levels of basement car parking

OFFICE  
TOWER

GROUND  
RETAIL

LOWER  
GROUND

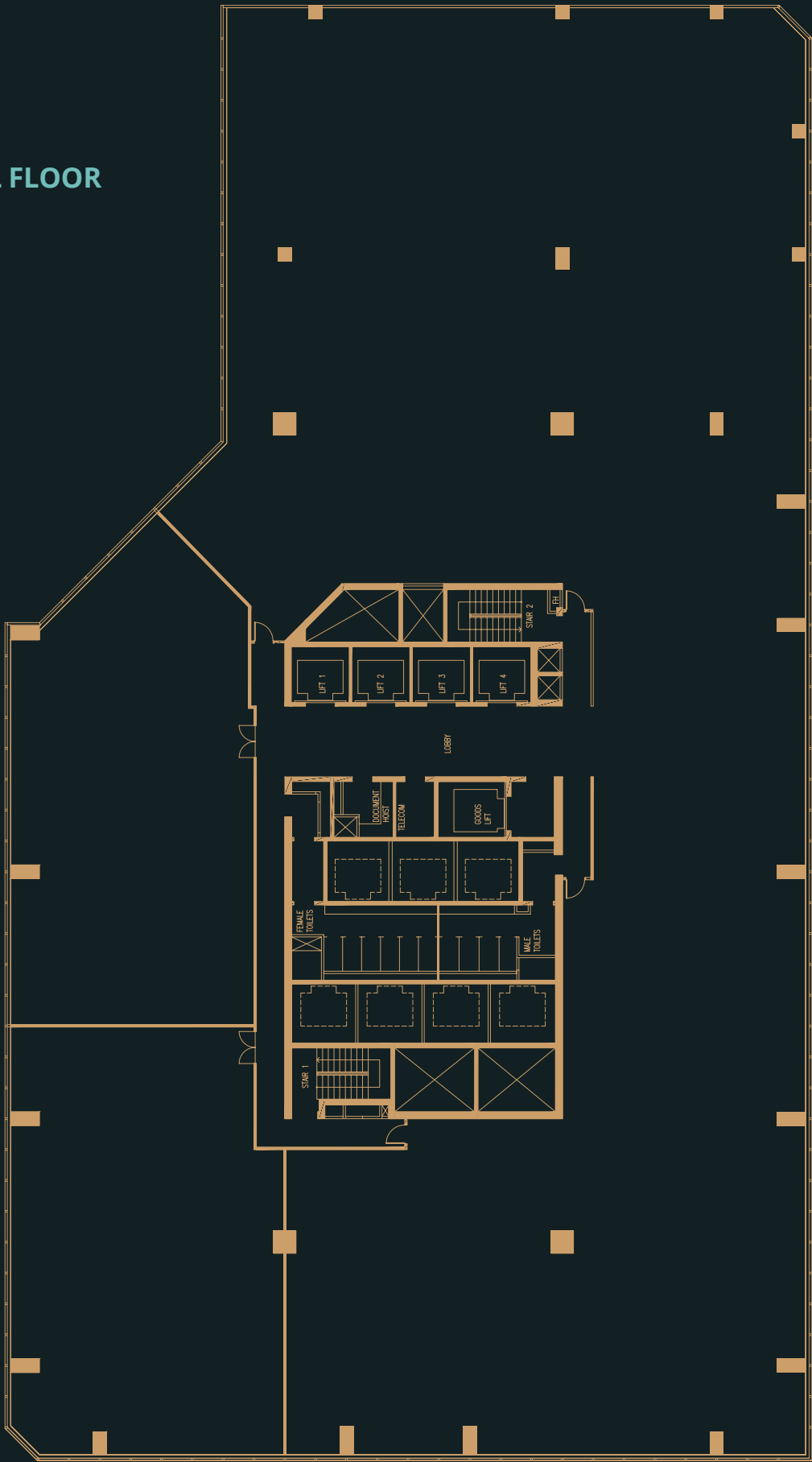
GRAFTON  
BOND





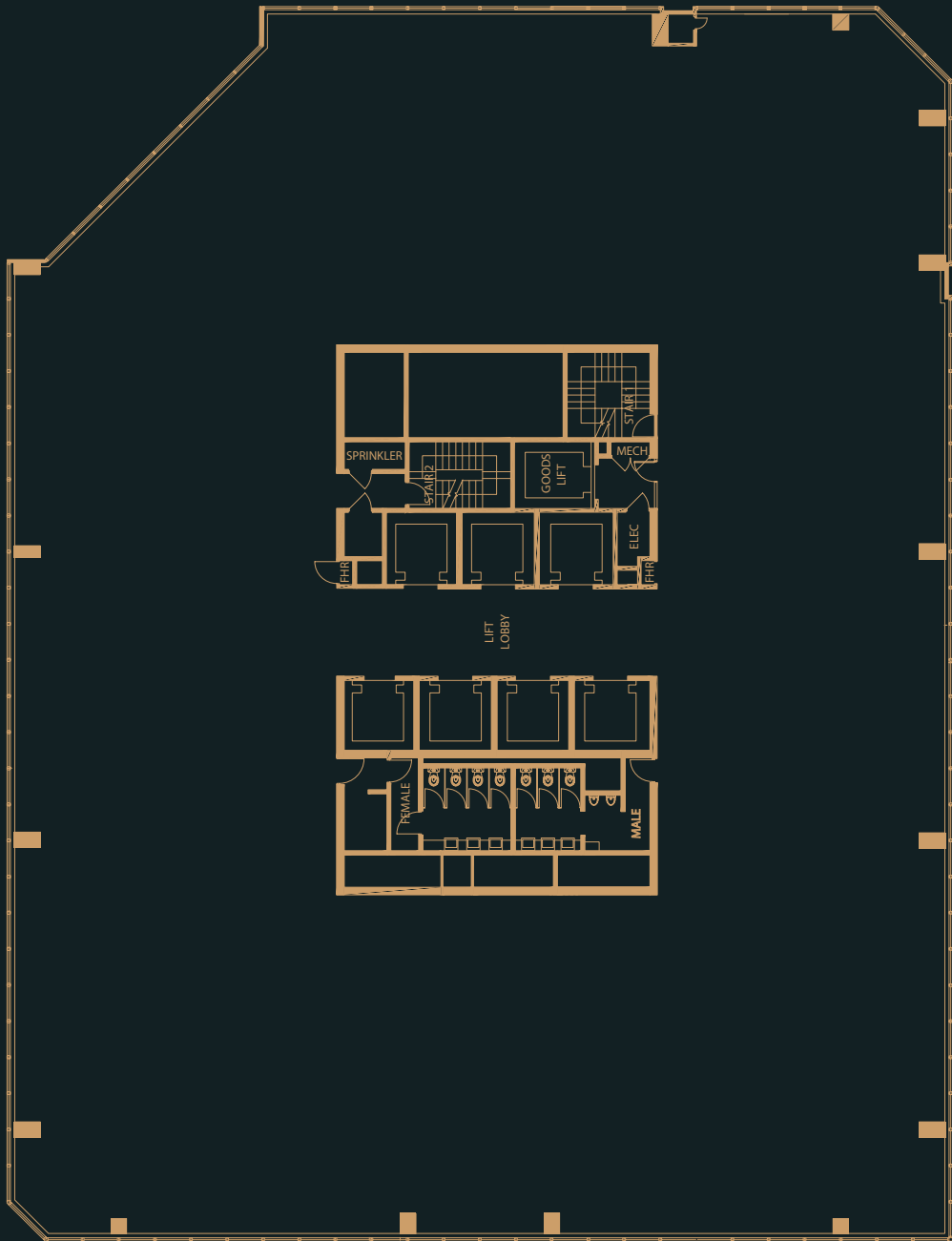
TYPICAL FLOOR  
PLATE

Low Rise  
1,741 m<sup>2</sup>



TYPICAL FLOOR  
PLATE

High Rise  
1,325 m<sup>2</sup>





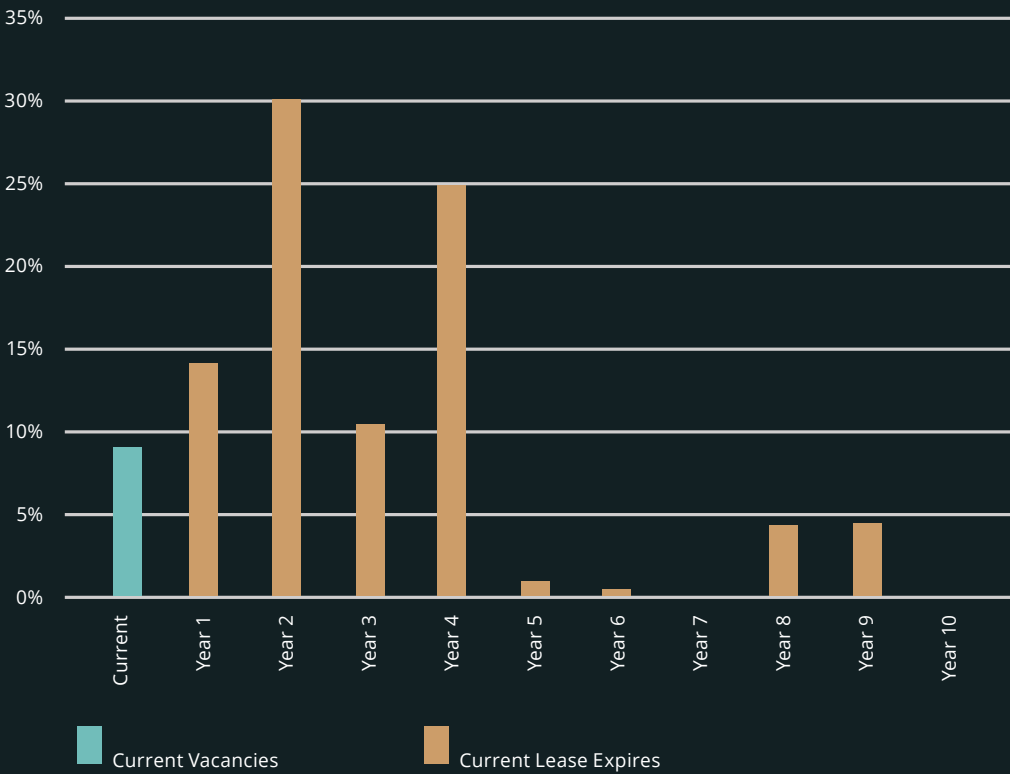
07

# INCOME SUMMARY

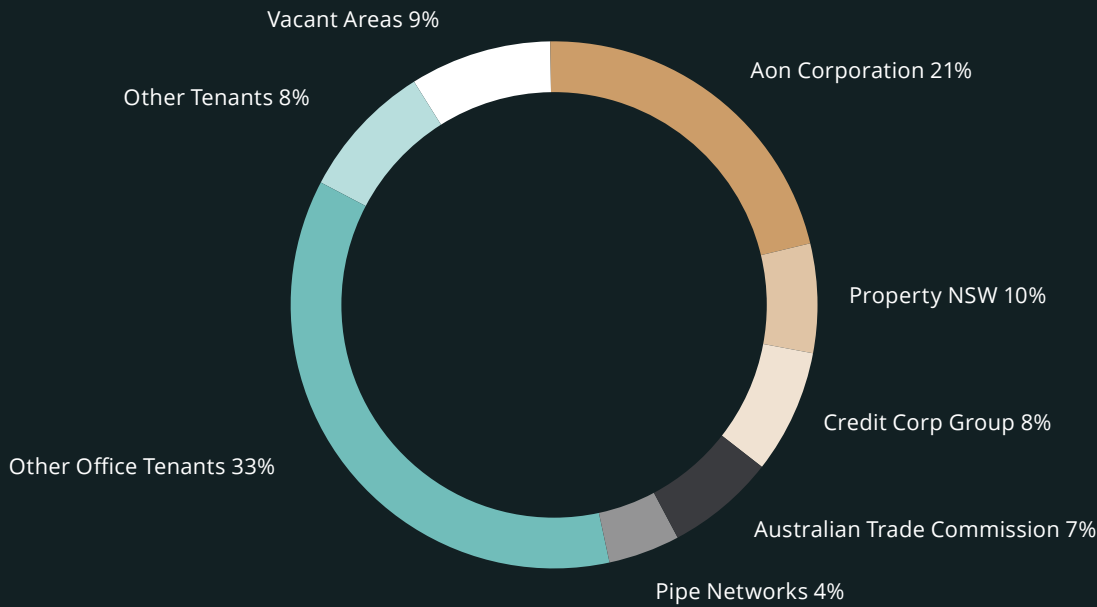
201 KENT ST  
AS AT 1 JUNE 2019

INCOME BREAKDOWN	\$PA
Office Rent	\$28,322,825
Retail Rent	\$667,301
Other Income	\$524,116
Car Parking Income	\$2,573,547
<b>TOTAL BASE RENTAL INCOME</b>	<b>\$32,087,789</b>
Add Recoverable Outgoings	\$4,342,117
<b>TOTAL GROSS RENTAL INCOME</b>	<b>\$36,429,906</b>
Less Total Budgeted Outgoings	\$5,325,336
<b>TOTAL NET PASSING INCOME</b>	<b>\$31,104,570</b>
<b>ADD POTENTIAL INCOME FROM VACANCIES</b>	<b>\$3,573,096</b>
<b>TOTAL NET PASSING INCOME (FULLY LEASED)</b>	<b>\$34,677,666</b>

## LEASE EXPIRY SCHEDULE



## TENANT COMPOSITION BY LETTABLE AREA





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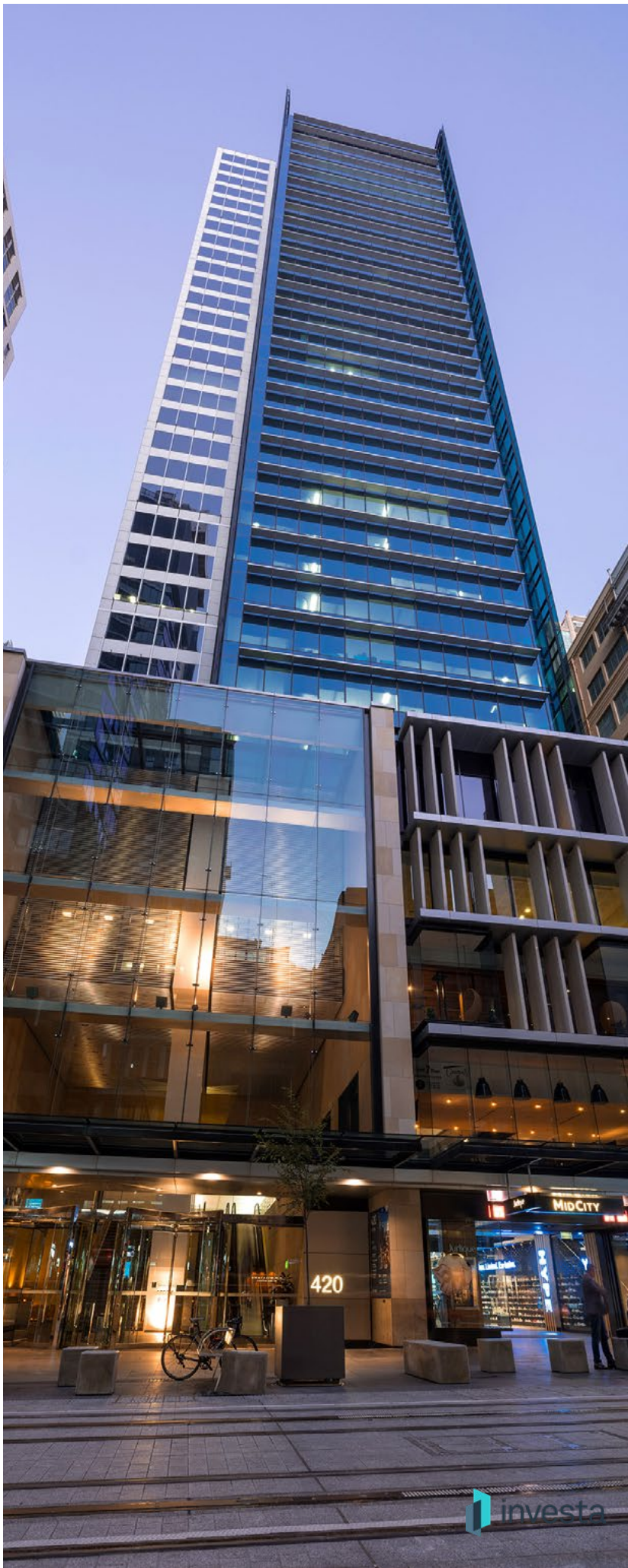
# JOIN AN EXPERIENCED PARTNER

As Investa's core prime office fund for institutional investors, Investa Commercial Property Fund (ICPF) aims to optimise total returns with a low-risk investment approach, concentrating on Premium-grade office assets in the major Australian CBD markets.

Fund Snapshot

- \$5.2 billion in Assets Under Management
- 15 investments
- 97.4% occupancy (by income)
- 5.3 year weighted average lease expiry

source: [investa.com.au](https://investa.com.au)



420 George St, Sydney



60 Martin Place, Sydney (On Completion)



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# SALE PROCESS

A 50% leasehold interest in 201 Kent Street, Sydney is being offered by way of an International Expression of Interest process, closing at 4pm (AEDT) Wednesday, 27 March 2019.

## INSPECTIONS

All inspections by potential purchasers and/or their consultants are to be arranged by prior appointment with at least 24 hours notice via the exclusive selling agents

## ELECTRONIC DATA ROOM

To assist with the assessment of the opportunity, an Electronic Data Room (EDR) has been established to facilitate the provision of due diligence material.

Please contact one of the agents to arrange access to the EDR, which will be provided to approved parties upon execution of a Confidentiality Agreement.

## CHANGES TO THE PROCESS

The Vendor reserves the right, in its sole discretion, to postpone or cancel the proposed sale of the 50% interest and to modify or add any terms and conditions to the proposed contract or other materials associated with the proposed sale which may be made available to a potential purchaser.

## EXPRESSION OF INTEREST

An Expression of Interest can be lodged to any of the exclusive selling agents, and must clearly address the following matters (at a minimum):

- Nominated purchaser or entity;
- Purchase price;
- Funding requirements;
- Process, completed due diligence and required due diligence;
- Capacity to complete;
- Any other conditions and approvals (including Foreign Investment Review Board); and
- Timing of payment of deposit and balance of purchase price.





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