

HEATHLEY KEYSTONE PROPERTY FUND NO. 29  
80 GEORGE STREET, PARRAMATTA, NSW



### EXECUTIVE SUMMARY

- Strong initial income yield above 9% p.a.
- 100% tax deferral for the first year
- Blue-chip major tenants including Westpac, Suncorp-Metway and HCF
- Opportunity for capital growth as a result of prudent acquisition
- Target Loan To Value Ratio (LVR) of 40%
- Weighted Average Lease Expiry (WALE) profile of 4.6 years by income
- Heathley Keystone Property Fund No. 29 will be a single-asset, closed-ended unlisted property trust

## FORECAST INCOME RETURN

	YEAR ONE % P.A.	YEAR TWO % P.A.
Distributions (forecast)	9.04	9.21
Estimated tax deferral	100.00	95.00
Gross tax effective income return (Assume top marginal rate of tax – 46.5%)	16.90	16.50

## PROPERTY DETAILS

The asset is well located in the core of the Parramatta CBD precinct.

The building has been extensively refurbished and consists of high profile ground floor retail accommodation, 10 levels of office accommodation and 2 levels of car parking for 99 cars.

The property has a quality mix of tenants with exposure to a number of business sectors including banking, insurance and professional services. Benefiting from a diversified income stream underpinned by the major tenant, Westpac, the building offers a staggered lease expiry profile over six years.



## MAJOR TENANTS

TENANT	NLA SQM	NET INCOME \$ P.A.	INCOME %	LEASE EXPIRY
Westpac	3,119	966,766	34	30 Sep 2017
HCF	1,068	355,430	13	30 Jun 2014
Suncorp-Metway	756	261,938	9	28 Feb 2013
Other (seven tenants and car parking)	2,426	920,944	32	
Vacant (subject to Vendor Guarantee – includes 30 car spaces)	754	335,000	12	
<b>TOTAL</b>	<b>8,123</b>	<b>2,840,078</b>	<b>100</b>	<b>WALE 4.6 years by income</b>

## PARRAMATTA MARKET INFORMATION

The asset is in the centre of the Parramatta CBD, and is surrounded by extensive retail/lifestyle amenities including immediate access to the Westfield Shopping Centre and Civic Place. The nearby Parramatta railway and bus interchange and ferry wharf provide excellent transport links to all parts of the Sydney Metropolitan area.

The Parramatta market has experienced high levels of net absorption over the past 12 months, highlighting the city centre's continued attraction to corporate tenants.

80 George Street is in the heart of the corporate precinct, where major companies occupy large areas of the available office space. Reasons for their occupation in this precinct include the quality of the office space and the easy access to restaurants, cafes, banks, public car parks and shopping facilities. Some of the major companies in the precinct are CBA, IAG, Westpac, RTA, ANZ, HSBC, Deloitte Touche Tohmatsu and GE Australia.

The Parramatta market has historically been the least volatile of all NSW office markets. As at July 2010, Parramatta was the second best performing market in the Sydney basin in terms of vacancy, holding steady during the Global Financial Crisis. The current vacancy level is 9.2% and is likely to fall with only one major project identified to enter the market over the next five years. Accordingly, there is scope for face rents to rise and incentives to reduce, in line with the ongoing economic recovery.

## INVESTMENT SUMMARY

OFFER OPENING DATE	9 May 2011
MINIMUM INVESTMENT	\$50,000
TARGET LOAN TO VALUE RATIO (LVR)	40%
DISTRIBUTIONS	Quarterly
WEIGHTED AVERAGE LEASE EXPIRY (WALE)	4.6 years by income
ACQUISITION PRICE	\$27,000,000
ISSUE PRICE	\$1.00
INITIAL NET TANGIBLE ASSETS (NTA)	\$0.91
EQUITY CAPITAL RAISING	\$19,000,000
INVESTMENT TERM	Between 5 and 8 years

## HEATHLEY GROUP

Heathley Limited, established in 1977, is a boutique fund manager providing investments to a niche market of high income earners and high net wealth individuals – Private Clients. The major shareholding group of Heathley is its Directors and Managers.

Heathley Asset Management Limited was established in 1990 to provide specific property investment opportunities to the Private Clients of Heathley. Since then, HAML has established 26 Heathley Keystone Property Funds as well as the Heathley Diversified Property Fund (HDPF). These Funds have been managed with a risk averse strategy providing reliable income distributions and a focus on long term capital growth.

HAML will have a Product Disclosure Statement (PDS) for Heathley Keystone Property Fund No. 29 available in May 2011. For a copy of the PDS please contact us at [invest@heathley.com.au](mailto:invest@heathley.com.au) or call 02 8247 7000.

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### Important Information

Heathley Asset Management Limited (HAML) (ABN 40 003 976 672) is the Responsible Entity for the Heathley Investment Funds and is the issuer of units in this Fund. This Investment Report on Heathley Keystone Property Fund No. 29 (HKPF No. 29) has been prepared by HAML for general information purposes only. Investors should obtain and consider a copy of the PDS issued by HAML in deciding whether to acquire an interest in HKPF No. 29 and should consider seeking their own advice before making any decision about whether to invest.

Past performance is not a reliable indicator of future performance. Whilst care has been taken in relation to the accuracy of the contents of this document, no warranty is given or implied.

Heathley Asset Management Limited is entitled to fees for acting as Manager of this Fund. For details on fees refer to the PDS.

For general investment risks and risks associated with an investment in HKPF No. 29, refer to the Risks section of the PDS.