E P S I L O N THESTAR RESIDENCES GOLD COAST



MARKET REPORT | 2019

REASONS TO INVEST IN THE GOLD COAST

SIGNIFICANT POPULATION GROWTH.

The Gold Coast LGA population has been significantly rising. Over the year ending June 2017, an increase in the estimated resident population was recorded at 2.7% to 592,350 persons. According to the Australian Bureau of Statistics (ABS), this is well above the overall Australian population growth of 1.6% and on par with the rate of population growth in Melbourne. When compared to the Australian capital cities, the Gold Coast LGA population is ranked the 6th largest, ahead of Canberra, Hobart and Darwin. According to Queensland Treasury projections, the Gold Coast LGA population is projected to grow annually by 2.2%, to 866,650 persons by 2036.

DOWNSIZER DEMAND.

A demographic shift is occurring on the Gold Coast with compounding growth in the number of residents aged 65+ years. This age group represented 14% of the Gold Coast LGA population in 2011 (73,000) to stand at 91,400 residents in 2016; growing to a 16.4% share. By 2036, it has been projected by the ABS this group will grow to almost double (174,000 residents) and represent 20.2% of the population; overtaking the number of residents aged 30-45 years. The 65+ years cohort are fast becoming attune to the apartment lifestyle, enjoying the amenity, retail and transport within close proximity. The pressure on apartment supply in good locations will only ramp up with the upward trajectory in the ageing population.

O3 WEALTH FLOWS.

The total wealth of Australian High-Net-Worth individuals (HNWIs) continues to rise. The Gold Coast saw more than 1,000 net inflow of HNWIs in 2017; taking more than one-tenth of Australia's 10,000 new HNWIs each year, according to New World Wealth. By definition, this is someone with net worth of US\$1 million, excluding their primary residence. Australia remains the top country ranked by HNWI net inflow for the third consecutive year.

GROWTH IN INTERNATIONAL STUDENTS. The number of international students enrolled to study in Queensland education facilities rose 9.6%, in the year ending June 2018, according to the Department of Education and Training. Higher education facilities saw growth of 9.8%, while international school-aged students grew 7.5%. The Gold Coast is fortunate to accommodate three world-class university campuses and numerous private schools accepting international students. The SSVF has made the process of applying for a student visa in Australia easier to navigate for both students and guardians.

D5 RISE IN INTERNATIONAL VISITORS. International departure capacity at the Gold Coast Airport expanded by 56.2% between 2012 and 2017 as reported by OAG Schedules Analyser. This is earmarked to grow further opening more routes to South-East Asia in the coming years. Tourism Australia calculated a growth in international visitors on the Gold Coast by 3.8% over the year ending March 2018, with a little over 1.1 million visitors.

U6 RELATIVE VALUE TO OTHER MAJOR CAPITAL CITIES.

Gold Coast LGA houses and apartments are relatively well-placed for value across the major Australian capital cities. The median value for an apartment in June 2018 was \$427,000 on the Gold Coast, whilst Sydney was \$737,000 and Melbourne \$496,000 according to APM. This was similar for houses on the Gold Coast with the median value being \$625,000; significantly lower than Sydney (\$1.14m] and Melbourne (\$882,000). The Gold Coast is firmly back on the radar for those now priced out of the these cities.

O7 APARTMENT CAPITAL VALUE GROWTH.

O8 J RENTAL YIELDS REBOUNDING.

D9 LOW VACANCY AND LESS APARTMENTS BEING BUILT.

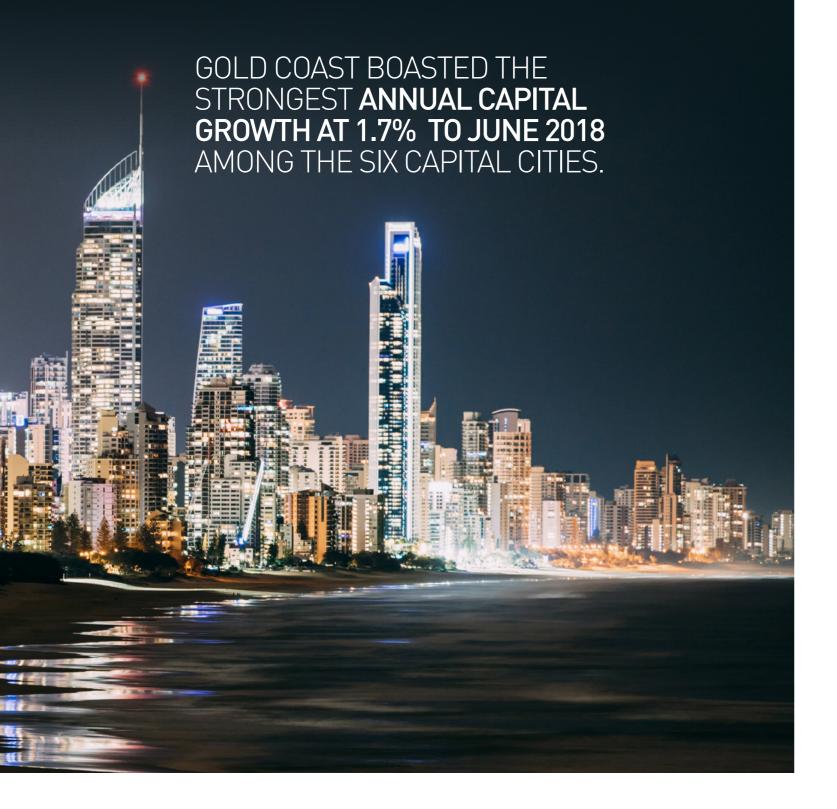
> **10** GLOBAL HOTSPOT FOR SECOND HOMES.

Gross rental yields on the Gold Coast have gained strength of 10bps over the two years ending June 2018, to stand at 5.80% for apartments, bucking the national downward trajectory (APM). Over this same time, Gold Coast median rents moved from being \$390 to \$430 per week, total growth of 10.3%.

The Gold Coast experienced one of the lowest vacancy rates in the country at 2% in June 2018, well-below the Australian weighted average of 2.5% (REIA). The consistent population growth coupled with limited new housing supply being constructed has seen the vacancy rate trend below market equilibrium (of 3%) since December 2012 (REIQ). The undersupplied Gold Coast market has averaged a vacancy rate of 1.9% since this time, pushing up median apartment rents 1.3%, on average, per quarter.

The Knight Frank Wealth Report 2016 identified residential hotspots likely to enjoy market outperformance over the coming years, led by economic and employment growth, new infrastructure, regeneration, quality of education, environment and lifestyle. Gold Coast was recognised globally as a top second-home destination, with infrastructure investment with the G:Link light rail, Commonwealth Games facilities (held in 2018) and proposed airport expansion. Competitive prices, when compared with Australia's top cities, plus strong fundamentals – local population growth and expanding tourism – will underpin demand along the 57-kilometre coastline.

The strongest annual capital growth was recorded for Gold Coast apartments across the six major cities, at a sustainable 1.7%, in June 2018. This exceeds the annual national average of –2.2% and is on par with Perth (APM). The Gold Coast LGA is currently trending below the five year annual average recorded at 3.6%, although capital growth has picked up to record 14 quarters of consecutive growth, an equivalent to an average of 1.0% each quarter.



5.80% **RENTAL YIELDS** FOR APARTMENTS, **BUCKING NATIONAL** DOWNWARD TRAJECTORY.

GOLD COAST POPULATION GROWTH WELL **ABOVE OVERALL AVERAGE** FOR AUSTRALIA.

THE GOLD COAST IS HOME TO THREE WORLD-CLASS UNIVERSITY CAMPUSES.

MEDIAN RENT GROWTH OF 10.3% TO JUNE 2018.

THE NUMBER OF HIGH NET WORTH INDIVIDUALS IN THE GOLD COAST (HNWI) CONTINUES TO GROW.

THE GOLD COAST EXPERIENCED SOME OF THE **LOWEST VACANCY RATES IN THE COUNTRY OF 1.8%**

AUSTRALIAN SUMMARY

AUSTRALIA IS A NEW COUNTRY WHERE THE POPULATION THE ECONOMY AND THE UNITIES OPPORT **ARE GROWING** QUICKLY.

Australia's economy is a success story with 25 years of consistent economic growth and a proven resilience through the Global Financial Crisis (GFC). Australians enjoy a high quality of life, with low pollution, low population density, and high standards of education, all within vibrant cities flanked by more than 500 national parks, and pristine beaches.

Source: ABS

Υ⊢Δ CONSISTENT ECONOMIC GROWT



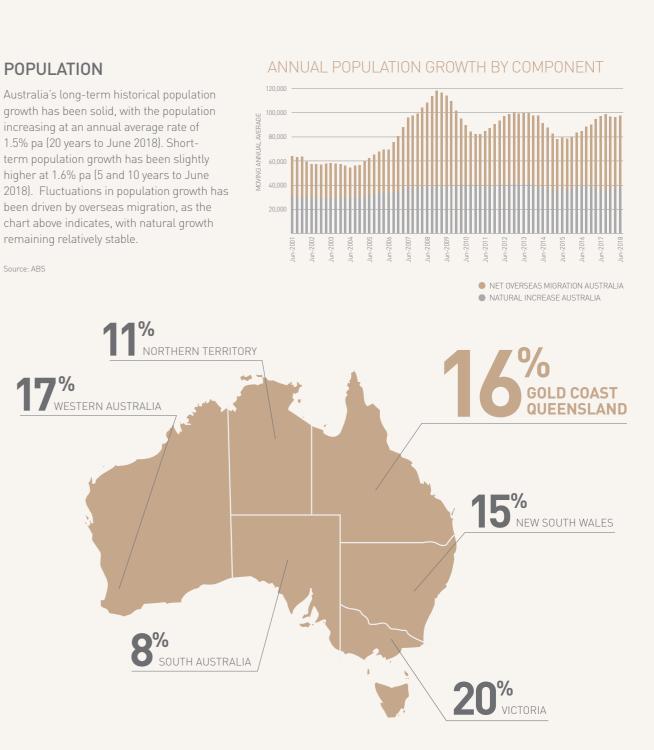
POPULATION

growth has been solid, with the population increasing at an annual average rate of 1.5% pa (20 years to June 2018). Shortterm population growth has been slightly higher at 1.6% pa (5 and 10 years to June 2018). Fluctuations in population growth has been driven by overseas migration, as the chart above indicates, with natural growth remaining relatively stable.

90.000



Source: ABS



AUSTRALIAN SUMMARY

EMPLOYMENT

Over the past five years, the labour force in Australia has grown by approximately 845,000 new jobs. The strongest growth in employment occurred in Tasmania (4.0%), Victoria (3.1%) and Queensland (2.7%). Source: ABS

845.000 NEW JOBS OVER 5 YEARS

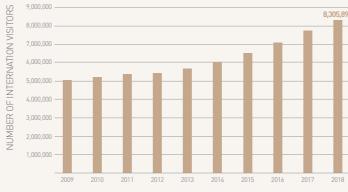
AUSTRALIANS ENJOY A HIGH QUALITY OF LIFE.

TOURISM

Approximately 7.7 million international visitors made their way to Australia during the year ending March 2017. This is an average annual increase of 4.2 per cent per annum over the past 10 years. The majority of international visitors to Australia were from New Zealand (15.9%) and China (14.8%).



INTERNATIONAL TOURISM (ALL AUSTRALIA)



DOMESTIC TOURISM (ALL AUSTRALIA)



• OVERNIGHT TRIPS • DAY TRIPS





INCREASE IN INTERNATIONAL VISITORS SINCE 2009.

GOLD COAST SUMMARY



KEY MARKET DRIVERS

The City of Gold Coast encompasses the best of what Queensland has to offer – a region known for its subtropical climate and its natural beauty, from its beaches to its rainforest hinterland. Australia's sixth largest city, and the second largest in Queensland, the Gold Coast is less than an hour's drive from Brisbane, the State's capital.

Key drivers across the Gold Coast of education and health have experienced increased levels of spending from both public and private sectors, while tourism is recording a resurgence in numbers and job growth projections are strong.

Source: Urbis, 2019

THE GOLD COAST LGA IS PROJECTED TO RECORD HIGHER ANNUAL EMPLOYMENT AND GROWTH THAN SYDNEY, MELBOURNE AND BRISBANE.



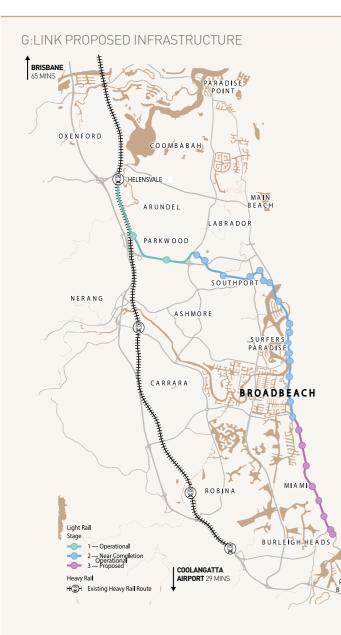
SUBTROPICAL CLIMATE, WITH WARM WINTERS



3.8M DOMESTIC OVERNIGHT VISITORS UP 7.2% FOR 12 MONTHS TO DECEMBER 2018



SIGNIFICANT INVESTMENT IN HEALTH AND EDUCATION PUBLIC AND PRIVATE SECTORS.



INFRASTRUCTURE

Urbis has identified 316 infrastructure and commercial projects totalling approximately \$12.9 billion across the Gold Coast and into northern New South Wales which are under construction, in the planning stages or have been completed within the last 12 months.

\$370 MILLION GOLD COAST AIRPORT MASTERPLAN

\$110 MILLION GOLD COAST CITY ROAD NETWORKS.

OVER \$12.9 BILLION INFRASTRUCTURE INVESTMENT.

GOLD COAST INFRASTRUCTURE SPENDING (Within last 12 months to March 2019(



an TOURISM (\$M) \$2,860

RETAIL (\$M) \$1 .424.6 32 PROJECTS

SERVICES (\$M) \$1 49 PROJECTS

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.08

HEALTH (\$M)

\$741

16 PROJECTS

\$ 40 PROJECTS



Source: Urbis, 2019

EDUCATION

The Gold Coast accommodates three universities accepting enrolments from both local and international students. With the linking of the G:Link light rail station at Helensvale railway station, has allowed better connection of the Gold Coast with Brisbane which provides access to a further five campuses, including University of Queensland, ranked 6th in Australia. Source: Knight Frank Research, Focus on Gold Coast Q4 2018

GRIFFITH UNIVERSITY, SOUTHPORT – 20,000 STUDENTS

A report by Ernst & Young showed the university contributed almost three per cent of the city's economy supporting more than 4,000 jobs.

BOND UNIVERSITY, ROBINA – 5,600 STUDENTS

Bond University is Australia's highest rating University for overall graduate satisfaction and is widely acknowledged for its strengths in sustainable and architectural design.

TAFE QUEENSLAND - GOLD COAST - 17,000 STUDENTSTAFE

Queensland - Gold Coast is the largest regional TAFE in Queensland, offering a diversified range of courses in close conjunction with industry to ensure students are successfully placed into the workforce. The Southport Campus had a \$7 million refurbishment and expansion early 2015.

GRIFFITH UNIVERSITY WAS RANKED NUMBER 8 IN AUSTRALIA.

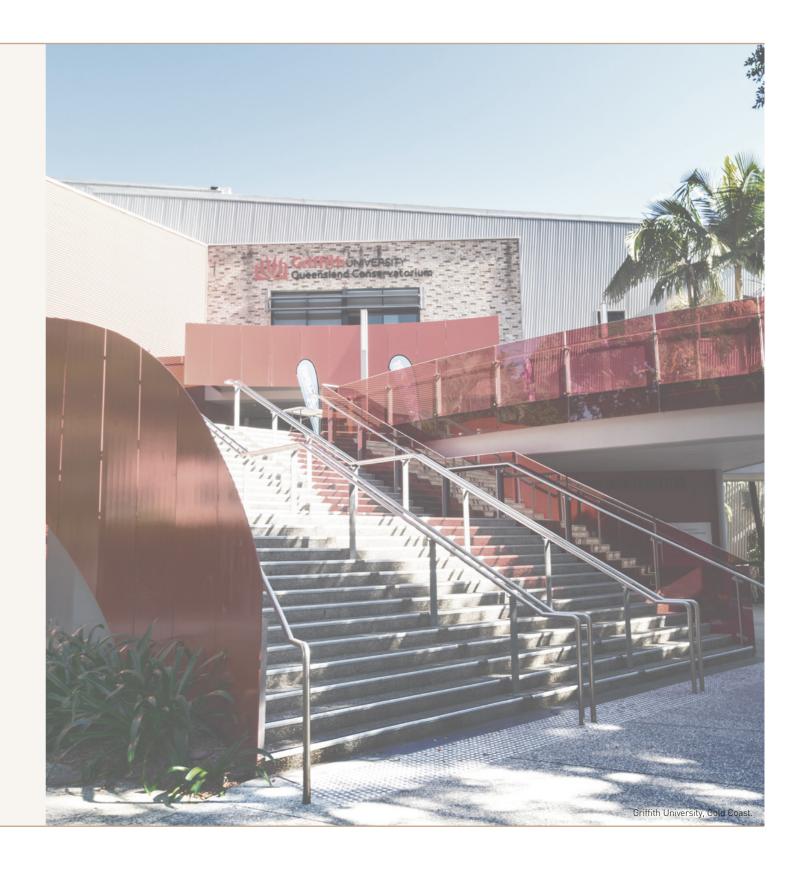
\$80M GRIFFITH UNIVERSITY CAMPUS UPGRADE.

BOND UNIVERSITY **RANKED NO.1** IN OVERALL STUDENT SATISFACTION

TERTIARY INSTITUTIONS GOLD COAST COMPUSES

INSTITUTION	TOTAL STUDENTS	INTERNATIONAL STUDENTS	STAFF
Griffith University	18,644	3,402	1,535
Bond University	5,600	1,960	n/a
Southern Cross University	4,115	n/a	n/a
AFE QLD	17,000	n/a	300
TOTAL	45,359	5,362	1,835

NOTE: Total student figures include both domestic and international students. TAFE Qld staff numbers account for teaching staff only Prepared by Urbis; Source: Griffith University, Department of Education and Training, TAFE Qld, Southern Cross University



HEALTH

The City of Gold Coast has a wide range of world-class research, training, and education facilities, as well as numerous hospitals and medical centres. These providers offer job opportunities to a vast pool of world-class scientists, engineers, and technical staff, and generate billions in revenue to the local Gold Coast economy. Source: Urbis, 2018.

RECENTLY COMPLETED, UNDER CONSTRUCTION & EXPANSIONS

	SUBURB	BEDS	STATUS	VALUE (\$M)
Pindara Private Hospital expansion	Benow	316-beds	Ongoing	\$50 million
Robina Health Precinct	Robina	3,500 sqm	Completed 2012	\$36 million
Robina Hospital expansion	Robina	364-beds	Completed 2012	\$330 million
Robina Private Hospital	Robina	90-beds Stage 1	Completed Nov-2016	\$21 million
Gold Coast University Hospital	Southport	750-beds	Completed 2013	\$1.75 million
Gold Coast Private University Hospital	Southport	264-beds	Completed Mar-2016	\$230 million
Gold Coast Private University expansion	Southport	additional 56-beds	Completed Mar-2018	\$50 million
John Flynn Private Hospital expansion	Tuguri	340-beds	Completed Nov-2018	\$15 milion
Gold Coast Surgical Hospital	Varsity Lakes	24-beds	Completed Nov-2015	\$30 milion

NOTE: Total student figures include both domestic and international students. TAFE Qld staff numbers account for teaching staff only Prepared by Urbis; Source: Griffith University, Department of Education and Training, TAFE Qld, Southern Cross University

OVER \$740 MILLIONWORLD-CLASS RESEINVESTED IN HEALTH-& TRAINING FACILITSPECIFIC INFRASTRUCTURE.PROVIDE MORE JOB

WORLD-CLASS RESEARCH & TRAINING FACILITIES PROVIDE MORE JOB OPPORTUNITIES IN HEALTH-SPECIFIC INFRASTRUCTURE.



EMPLOYMENT

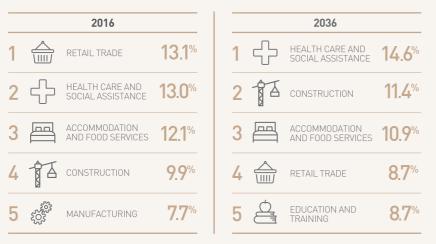
Strong employment growth is projected for the Gold Coast LGA over the next 25 years. Employment is projected to increase by over 70 per cent, reaching over 433,000 jobs by 2041. This equates to an average annual increase of more than 7,000 new jobs per annum.

The largest increases in employment is set to be within the Health Care and Social Assistance sectors, followed by the Construction sector. In conjunction with the Scientific Sectors, and Education and Training, it is evident the push within Gold Coast's health and knowledge industries is strong. Source: Urbis, 2018.

NOV 15	NOV 20	5 YEAR GROWTH PER ANNUM
1,181,100	1,288,700	1.8%
312,000	347,600	2.2 %
2,517,300	2,797,700	2.1%
2,301,500	2,527,600	1.9 %
	1,181,100 312,000 2,517,300	1,181,100 1,288,700 312,000 347,600 2,517,300 2,797,700

Prepared by Urbis Source: ABS 2015. Regional Employment Projections

TOP 5 GOLD COAST EMPLOYMENT PROJECTIONS BY SECTOR



Prepared by Urbis Source: ABS 2015. Regional Employment Projections

70% INCREASE IN EMPLOYMENT PREDICTED BY 2041.

7,000 MORE JOBS PER YEAR PREDICTED.

HEALTHCARE AND SOCIAL ASSISTANCE PREDICTED AMONG LARGEST TO GROW.

TOURISM

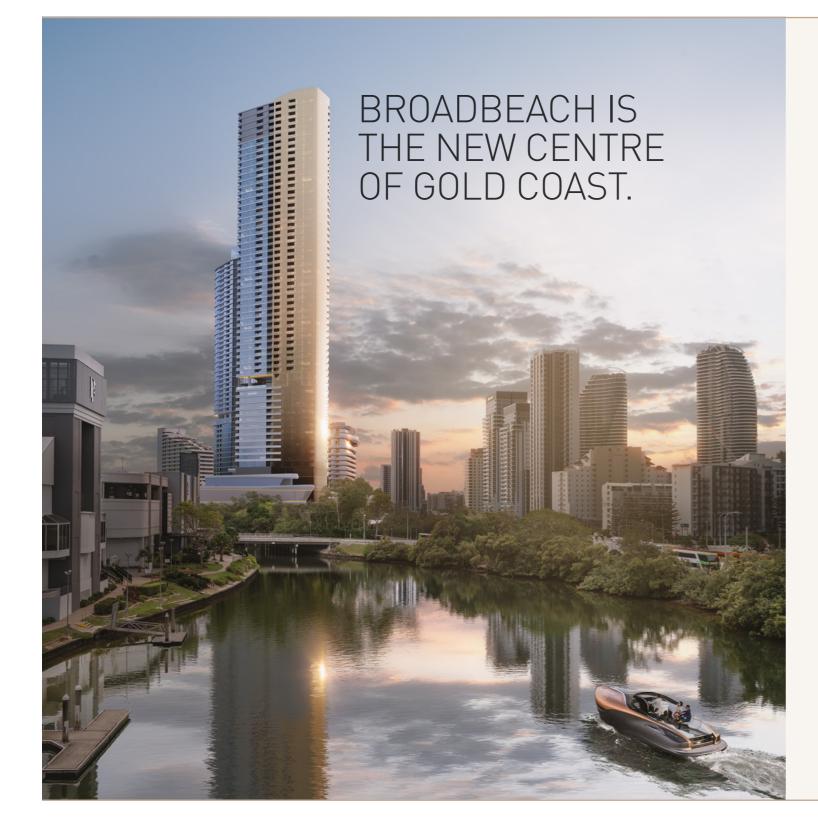
The Gold Coast is widely acclaimed as Australia's premier tourist destination, offering a diverse range of natural and cultural attractions. Natural highlights range from world famous beaches to world heritage listed sub-tropical rainforests and National Parks. Thrown in the mix is Australia's largest concentration of theme parks, together with a growing cultural and arts focus.



Source: Urbis, 2018, Source: Tourism Research Australia.



BROADBEACH SUMMARY



- The demographic profile of the Broadbeach Catchment differs from the wider Gold Coast LGA, particularly within the younger age groups.
- Broadbeach features a high proportion of Generation Y residents (aged 20 to 34), representing 30.12 per cent of residents. This is significantly higher than the proportion of Gen Y residents on the Gold Coast, which is recording 20.46 per cent.
- The high level of amenity and lifestyle infrastructure available in the area is likely a major contributor to the dominant young demographic within the Catchment. Additionally, Gen Y has a typical preference for living in low maintenance units or apartments, which make up the vast majority (97.4 per cent) of dwelling types in the area. The convenience of the G:Link Light Rail connecting the Health and Knowledge Precinct, as well as the commercial and entertainment hubs of Surfers Paradise and Southport provide a strong attraction for Gen Y residents. Additionally, nearby retail, beach and leisure amenities make Broadbeach an attractive living choice for this demographic.
- The suburb of Broadbeach recorded an average household income of \$80,347, approximately \$2,328 higher than the catchment which recorded an average household income of \$78,019.

Source: Urbis.

RANKED 2ND MOST IN-DEMAND SUBURB Source: REA Dec 2018.

30.12% RESIDENTS AGED 20-34

GEN Y HAVE A TYPICAL PREFERENCE FOR **LIVING IN** LOW-MAINTENANCE UNITS OR **APARTMENTS**

\$80,347 AVERAGE HOUSEHOLD INCOME



POPULATION

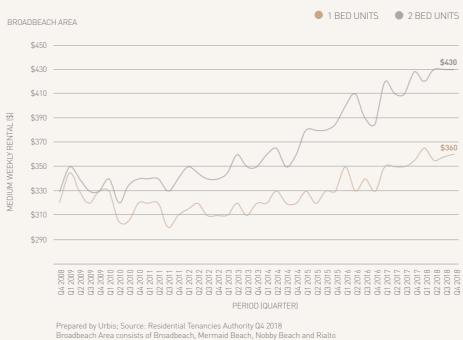
These forecasts have been prepared using Queensland Office of Economic and Statistical Research population projections (2018) and take into consideration new dwelling approvals and proposed residential developments in the area.

ANNUAL POPULATION CHANGE (%p.a.)

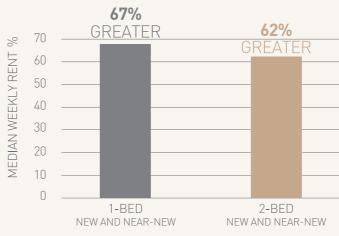
	2011 2016	2016 2021		2026 2036	2031 2036	2036 2041
Broadbeach Catchment	3.2%	3.4%	3.1%	2.7%	2.7%	3.0%
Gold Coast LGA	2.8%	2.4%	2.1%	1.9%	1.7%	1.3%

THIS REPRESENTS SIGNIFICANT **POPULATION GROWTH OF 3.0 PER CENT PER ANNUM**, COMPARED TO 1.9 PER CENT PER ANNUM FOR THE GOLD COAST LGA.

MEDIAN WEEKLY RENTS



NEW AND NEAR-NEW APARTMENTS VS ESTABLISHED MARKET - MEDIAN WEEKLY RENT



Prepared by Urbis; Source: Queensland Office of Economic and Statistical Research.

MEDI, **RENT** SIGNI HIGHI OR NI APAR

MEDIAN WEEKLY **RENT IS SIGNIFICANTLY HIGHER** IN NEW OR NEAR NEW APARTMENTS.

PROJECTED SHORT-TERM ACCOMMODATION

AVARAGE DAILY RATES

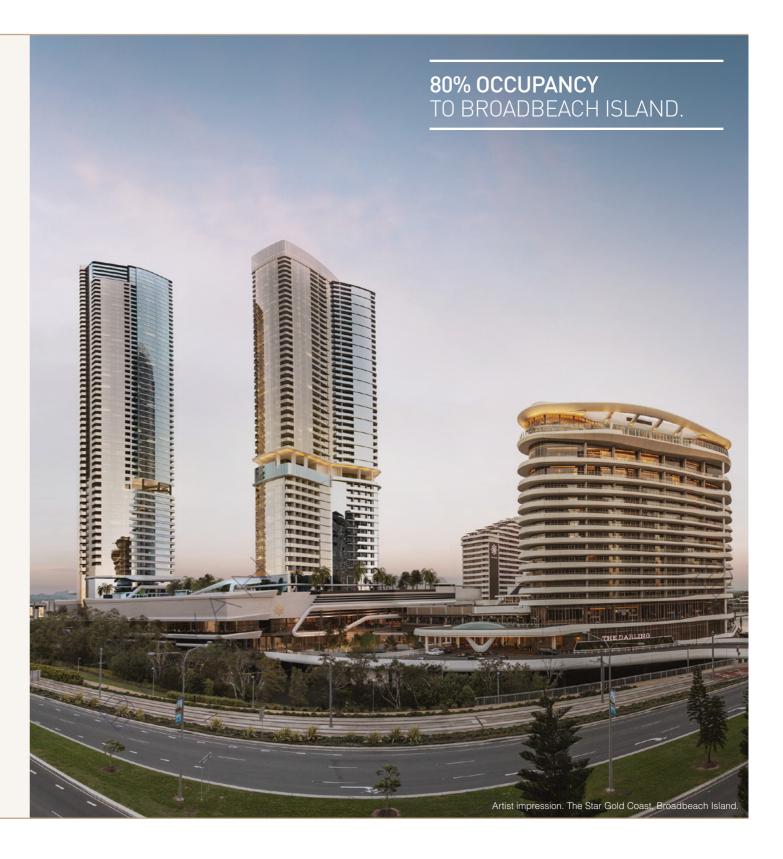
	201	6-21	2021-26		2026	-2036	2031	-2036	2036-2041	
	Min.*	Max**	Min.*	Max**	Min.*	Max**	Min.*	Max**	Min.*	Max**
One Bed - Low Season	\$318	\$340	\$323	\$345	\$328	\$350	\$333	\$355	\$338	\$360
One Bed - High Season	\$552	\$693	\$563	\$707	\$574	&721	\$586	\$735	\$598	\$750
One Bed Ocean - Low Season	\$371	\$393	\$377	\$399	\$383	\$405	\$388	\$411	\$394	\$417
One Bed Ocean - High Season	\$639	\$779	\$651	\$795	\$664	\$811	\$678	\$827	\$691	\$844
One Bed Study - Low Season	\$334	\$356	\$339	\$361	\$344	\$366	\$350	\$372	\$355	\$377
One Bed Study - High Season	\$579	\$720	\$591	\$734	\$602	\$749	\$615	\$764	\$627	\$779
One Bed Study Ocean - Low Season	\$387	\$409	\$393	\$415	\$399	\$421	\$405	\$427	\$411	\$434
One Bed Study Ocean - High Season	\$666	\$806	\$679	\$823	\$693	\$839	\$706	\$856	\$721	\$873
Two Bed 1 Bath - Low Season	\$414	\$435	\$420	\$442	\$426	\$448	\$433	\$455	\$439	\$462
Two Bed 1 Bath - High Season	\$693	\$833	\$707	\$850	\$721	\$867	\$735	\$884	\$750	\$902
Two Bed 1 Bath Ocean - Low Season	\$456	\$488	\$463	\$496	\$470	\$503	\$477	\$511	\$484	\$518
Two Bed 1 Bath Ocean - High Season	\$779	\$920	\$795	\$938	\$811	\$957	\$827	\$976	\$844	\$518
Two Bed 2 Bath - Low Season	\$467	\$509	\$474	\$517	\$481	\$525	\$488	\$533	\$496	\$541
Two Bed 2 Bath - High Season	\$790	\$931	\$806	\$950	\$822	\$968	\$839	\$988	\$855	\$1,008
Two Bed 2 Bath Ocean - Low Season	\$520	\$563	\$528	\$571	\$536	\$580	\$544	\$588	\$552	\$597
Two Bed 2 Bath Ocean - High Season	\$877	\$1,017	\$894	\$1,038	\$912	\$1,059	\$930	\$1,080	\$949	\$1,101
Two Bed MPR - Low Season	\$610	\$743	\$619	\$754	\$629	\$765	\$638	\$777	\$648	\$789
Two Bed MPR - High Season	\$920	\$1,515	\$938	\$1,546	\$957	\$1,577	\$976	\$1,608	\$996	\$1,640

*** The range for three bedroom accommodation varies considerably based on the different quality of accommodation available in the market.

AVARAGE DAILY RATES

	20	2022		2023		2024		2025		2026	
	Min.*	Max**									
One Bed	65%	70%	65%	70%	70%	75%	70%	75%	75%	80%	
Two Bed	65%	70%	65%	70%	70%	75%	70%	75%	75%	80%	
Three Bed	45%	55%	45%	55%	50%	60%	50%	60%	55%	65%	

It is unlikely occupancy rates will climb over 80%. Generally, when this happens new stock enters the market as experienced in Sydney.



THE STAR GOLD COAST



With such a rich history and exciting future, The Star is proud to be part of the Gold Coast as it becomes one of Australia's most vibrant and dynamic cities. One of the largest private employers, employing over 2400 locals across a range of industries and professions. An active partner in the region, supporting and encouraging city-defining events such as the Gold Coast 2018 Commonwealth Games and 60th TV Week Logie Awards. A world-class integrated resort with over 30 years' history of community engagement. Source: Star Entertainment Group, 2018 THE STAR GOLD COAST Number of Events Conferences/Meetings/Exhibitions 155 Functions (i.e.: breakfast, lunch, dinner) 109 50 Cocktail 410 Live Entertainment Events/Shows/Productions

724

TOTAL



Average Attendees Per Event	Total Annual Attendees
169	26,162
350	38,167
193	9,644
1,195	490,000
1,907	563,973



GOLD COAST CONVENTION AND EXHIBITION CENTRE

Stroll to the northern end of Broadbeach Island and you will find yourself at Australia's largest regional convention centre, accessible by pedestrian footbridge. In FY2018, more than 150 events were hosted at the Gold Coast Convention and Exhibition Centre, including music concerts, sporting events, conferences, exhibitions and gala dinners, attracting more than 526,000 delegates and visitors.



Source: The Star Entertainment Group, Urbis

OCCUPANCY - SYDNEY CBD VS. THE STAR 100% 98% 80% JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC



Source: Urbis

PACIFIC FAIR SHOPPING CENTRE

SQM

CENTRE

Only a 400-metre walk from The Star Residences, Pacific Fair Shopping Centre has one of the country's most impressive collections of luxury retail and fashion outlets. As one of Australia's biggest shopping centres, and the largest in Queensland, residents will enjoy direct access via a proposed bridge over Hooker Boulevard, where they'll find over 400 specialty stores offering the very best of local and international brands, including Louis Vuitton, Gucci, Prada, Pandora, Hermès, Tiffany & Co, Salvatore Ferragamo, Givenchy, Dior, Camilla, UGG Australia and more.

