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International Advisory Experts
Australian IPO awards winner 2018

Company Overview



Brisbane Office - Astor Terrace, Spring Hill, Brisbane Qld Australia

- BlueMount Capital is an Australian corporate finance and advisory group with offices in Brisbane, Melbourne, Perth, Sydney and Shanghai.
- Formed in 2011, it is the only national “mid tier” corporate finance group in Australia offering corporate finance and advisory services ranging from fund raising, mergers and acquisitions, initial public offerings, reverse take overs, project structuring, cross-border transactions and market access.
- BlueMount seeks to leverage the multi-office, multi-country experience and expertise combined with senior principals across a range of industry disciplines and product offerings
- BlueMount has approximately 80 staff in Australia and China.

Australia – Economic Indicators

Overview	Last	Reference	Previous	Range	Frequency
GDP growth rate	0.4%	Mar/19	0.2	-2:4.4	Quarterly
Unemployment rate	5.2%	Jun/19	5.2	4:11.2	Monthly
Inflation Rate	1.6%	Jun/19	1.3	-1.3:23.9	Quarterly
Interest Rate	1%	Jul/19	1.25	1:17.5	Daily
Balance of Trade	AUD 8036M	Jun/19	6173	-4278:8036	Monthly
Government Debt to GDP	40.7%	Dec/18	40.7	9.7:40.7	Yearly

Source: Trading Economics website (<https://tradingeconomics.com/australia/indicators>)

Australia - Economic Forecast

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Australia - Economic Forecasts - 2019-2021 Outlook						
Overview GDP Labour Prices Money Trade Government Business Consumer						
Markets	Actual	Q3	Q4	Q1	Q2	2020
Currency	0.68	0.68	0.68	0.67	0.67	0.66
Stock Market (points)	6507.88	6759	6696	6634	6572	6450
Government Bond 10Y (%)	1.01	1.21	1.24	1.26	1.29	1.35
Overview	Actual	Q3	Q4	Q1	Q2	2020
GDP Growth Rate (%)	0.40	0.7	0.8	0.3	0.5	0.9
GDP Annual Growth Rate (%)	1.80	2	2.1	2.4	2.3	2.4
Unemployment Rate (%)	5.20	5	4.9	4.9	4.8	4.8
Inflation Rate (%)	1.60	1.7	1.8	2.1	2.2	2
Inflation Rate Mom (%)	0.60	0.5	0.6	0.5	0.6	1
Interest Rate (%)	1.00	1	0.75	0.75	0.75	0.75
Balance of Trade (AUD Million)	8036.00	3100	900	1600	2000	-500
Current Account to GDP (%)	-1.50	-3	-3	-2.9	-2.9	-2.9
Government Debt to GDP (%)	40.70	41	41	38	38	38
Government Budget (% of GDP)	-0.60	-0.8	-0.8	-0.3	-0.3	-0.3
Business Confidence (Index Points)	2.00	6	5	8	6	6
Manufacturing PMI	51.30	52	53.2	53.6	53.8	54
Services PMI (Index Points)	43.90	48	51.2	51.6	52	52.2
Consumer Confidence (Index Points)	96.50	102	100	103	102	104
Corporate Tax Rate (%)	30.00	30	30	30	30	30

Australia

Forecast

Indicators

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Source: Trading Economics website (<https://tradingeconomics.com/australia/forecast>)

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https://www.9news.com.au/national/property-market-national-house-prices-increase-for-first-time-since-2017/e431e754-e357-4868-ab73-c5b8bdc98769

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News / National

National property prices increase for first time since 2017

By AAP | 10:22am Aug 2, 2019



Property values in Brisbane to soar

IBM Red Hat

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https://www.abc.net.au/news/2019-07-15/abc-forecaster-expects-adelaide-house-prices-to-jump-by-2022/11080258


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Adelaide, Brisbane property prices set to rise by 2022, according to new report

By Meagan Dillon
Posted 15 Jul 2019, 2:36pm



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- "We cannot be ignored": 58 climate protesters charged amid traffic chaos
- Clive Palmer agrees to repay millions but may still have to take the witness stand
- It looks like meat and tastes like meat — and it's got the cattle industry worried
- Aussie shareholders burn about \$90b in two days as market slumps again
- Analysis: Trump declares China a currency manipulator, what does it mean for Australia and the world?
- 62yo on Newstart asks on Q&A: "How do you suggest people at my age have a go to get a go?"
- Analysis: Does Australia have a 'job snob' problem?
- Jodi was 28 when she was strangled to death by a man on bail for assaulting his girlfriend

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https://www.afr.com/property/residential/cashed-up-buyers-are-back-in-the-property-market-20190724-p52a7y

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Cashed-up buyers are back in the property market

Nila Sweeney
Reporter

Aug 5, 2019 — 12:00am

Aspirational suburbs are poised to get a boost as buyers who were previously priced out of the market are now starting to trickle back armed with more confidence and bigger budgets.

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Markets

All of a Sudden, Australia's Housing Market Is Heating Up Again

By Sybilla Gross
8 August 2019, 5:00 am AEST

- Sydney, Melbourne home prices have risen for past two months
- Rate cuts have reignited fear of missing out as buyers return

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In this article

After a two-year slide, Australian house prices look to have bottomed out, sending buyers flocking back to the market.

Case in point: An auction for a four-bedroom house in the Sydney suburb of Ryde on Saturday attracted about 100 people. Spirited bidding pushed offers A\$226,000 above the reserve price, before it finally sold for almost A\$1.5 million (\$1 million) — a buzz last seen during the boom years.

"A lot more people now are getting concerned that things are going to go up in the next six to 12 months so they're trying to buy now," said real estate agent Phil Allison, who handled the sale. As recently as six months ago, it was difficult to elicit a single bid at an auction for a house just around the corner, he said.

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CoreLogic July home value index as at 31 July 2019

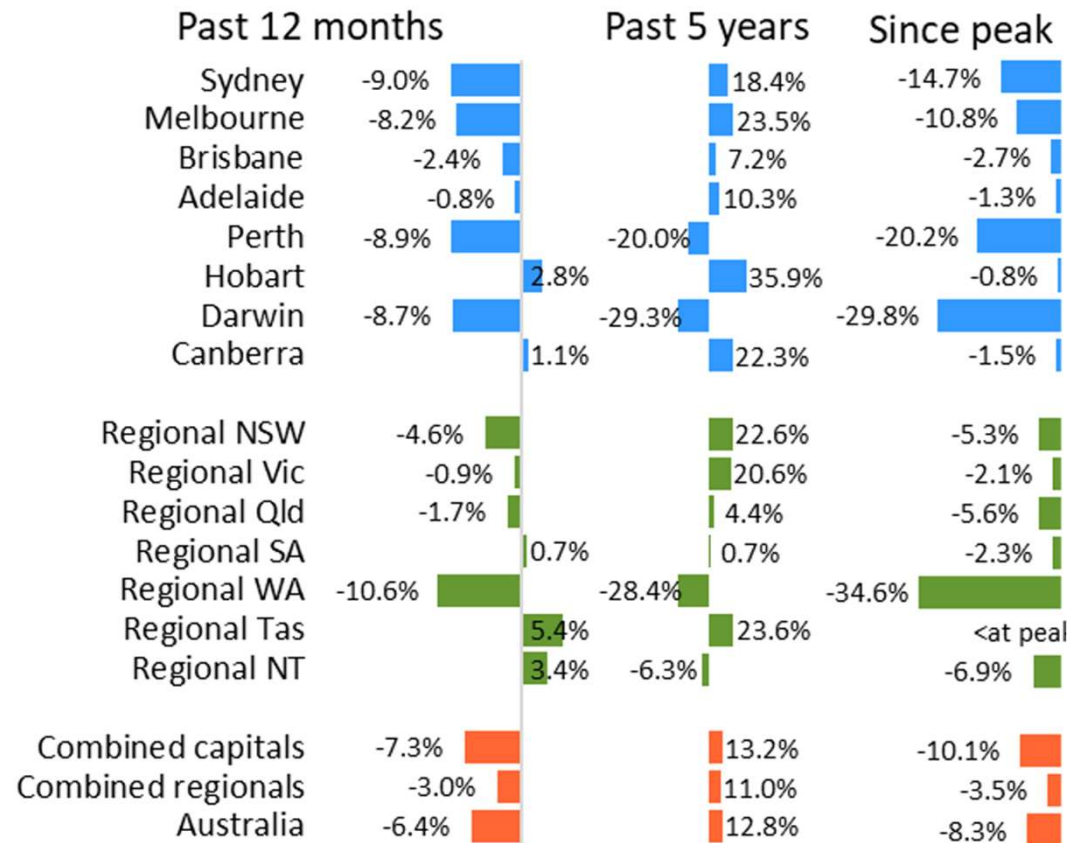
Index results as at July 31, 2019

	Change in dwelling values			Total return	Median value
	Month	Quarter	Annual		
Sydney	0.2%	-0.2%	-9.0%	-5.7%	\$775,978
Melbourne	0.2%	0.1%	-8.2%	-5.1%	\$619,443
Brisbane	0.2%	-0.8%	-2.4%	2.0%	\$484,998
Adelaide	-0.3%	-0.6%	-0.8%	3.6%	\$427,009
Perth	-0.5%	-2.2%	-8.9%	-5.0%	\$441,275
Hobart	0.3%	0.1%	2.8%	8.0%	\$451,191
Darwin	0.4%	-2.1%	-8.7%	-2.3%	\$395,119
Canberra	-0.3%	-1.5%	1.1%	5.6%	\$586,535
Combined capitals	0.1%	-0.4%	-7.3%	-3.8%	\$591,476
Combined regional	-0.2%	-0.8%	-3.0%	1.7%	\$374,548
National	0.0%	-0.5%	-6.4%	-2.7%	\$517,895

Source: CoreLogic website (<https://www.corelogic.com.au/news/national-dwelling-values-stabilise-july-five-eight-capitals-record-slight-rise-value>)

CoreLogic July home value index as at 31 July 2019 (Cont'd)

Change in dwelling values

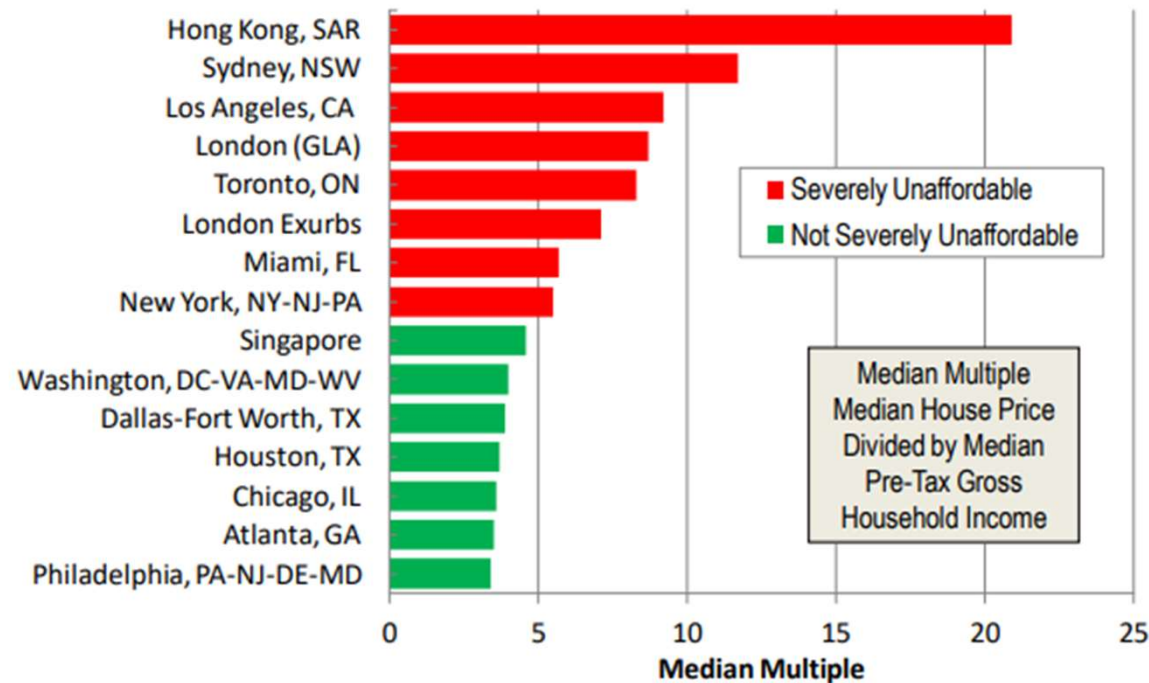


Source: CoreLogic website (<https://www.corelogic.com.au/news/national-dwelling-values-stabilise-july-five-eight-capitals-record-slight-rise-value>)

2019 Demographia International Housing Affordability Survey

Housing Affordability: Largest Markets

2018: POPULATION OVER 5,000,000



15th Annual Demographia International Housing Affordability Survey

Figure 1

Source: Macro Business News website (<https://www.macrobusiness.com.au/2019/01/demographia-2019-international-housing-affordability-survey/>)

But when compared to Hong Kong, Australia is still “affordable”....

International Affordability Rank (Note 1)	Housing Market	Median Multiple	Median Price in local currency	Median Price in HKD (Note 2)	Median Household Income in local currency	Median Household Income in HKD (Note 2)
309	Hong Kong SAR	20.9	HKD7,169,000	HKD7,169,000	HKD343,000	HKD343,000
307	Sydney	11.7	AUD1,100,000	HKD5,830,000	AUD94,400	HKD500,320
306	Melbourne	9.7	AUD835,000	HKD4,425,500	AUD86,000	HKD455,800
296	Gold Coast	8.4	AUD630,000	HKD3,339,000	AUD75,300	HKD399,090
281	Adelaide	6.9	AUD470,000	HKD2,491,000	AUD68,100	HKD360,930
268	Brisbane	6.3	AUD530,000	HKD2,809,000	AUD84,000	HKD445,200
253	Perth	5.7	AUD490,000	HKD2,597,000	AUD85,400	HKD452,620

Note 1: Rank 1 means the most affordable and Rank 309 means the least affordable.

Note 2: The exchange is AUD1 : HKD5.3.

Source: Demographia International Housing Affordability Survey (<http://demographia.com/dhi.pdf>)

ANZ house price forecasts on Residential Housing



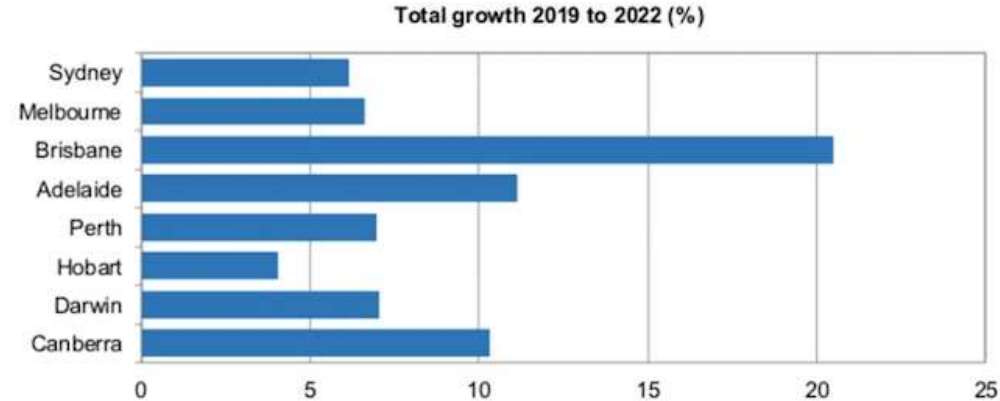
Source: ABC News website (<https://www.abc.net.au/news/2019-07-19/house-price-falls-are-ending-but-dont-expect-another-boom/11298992>)

BIS Oxford Economics forecasts on Residential Housing

Forecast Median House Price Growth 2019 to 2022, Australian Capital Cities

City	Estimated median house price at June 2019 (\$'000s)	Forecast median house price at June 2022 (\$'000s)	% growth 2019 to 2022	% change - previous peak to 2022 forecast
Sydney	980	1,040	6	-13
Melbourne	760	810	7	-10
Brisbane	552	665	20	17
Adelaide	495	550	11	11
Perth	505	540	7	-10
Hobart	500	520	4	4
Darwin	500	535	7	-14
Canberra	680	750	10	9

Source: BIS Oxford Economics

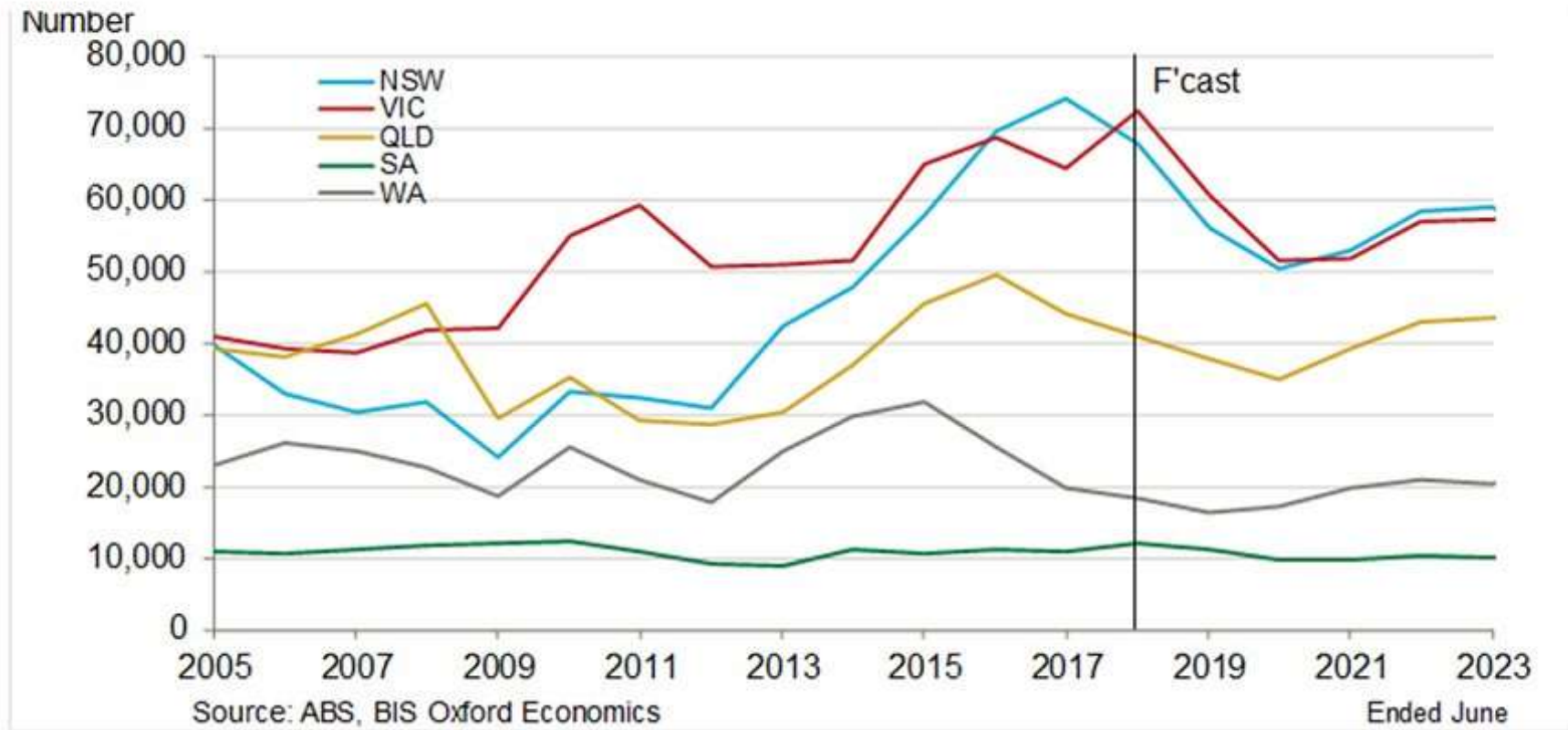


Source: BIS Oxford Economics

Source: Property Observer website (<https://www.propertyobserver.com.au/forward-planning/investment-strategy/market-trends/101449-sydney-median-house-price-expected-to-rise-6-by-2022-bis-oxford-economics-9.html>)


Dwelling Construction by State

Total Dwelling Commencements by State



Source: Business Insider website (<https://www.businessinsider.com.au/bis-oxford-economics-australian-residential-building-steep-fall-2018-7>)

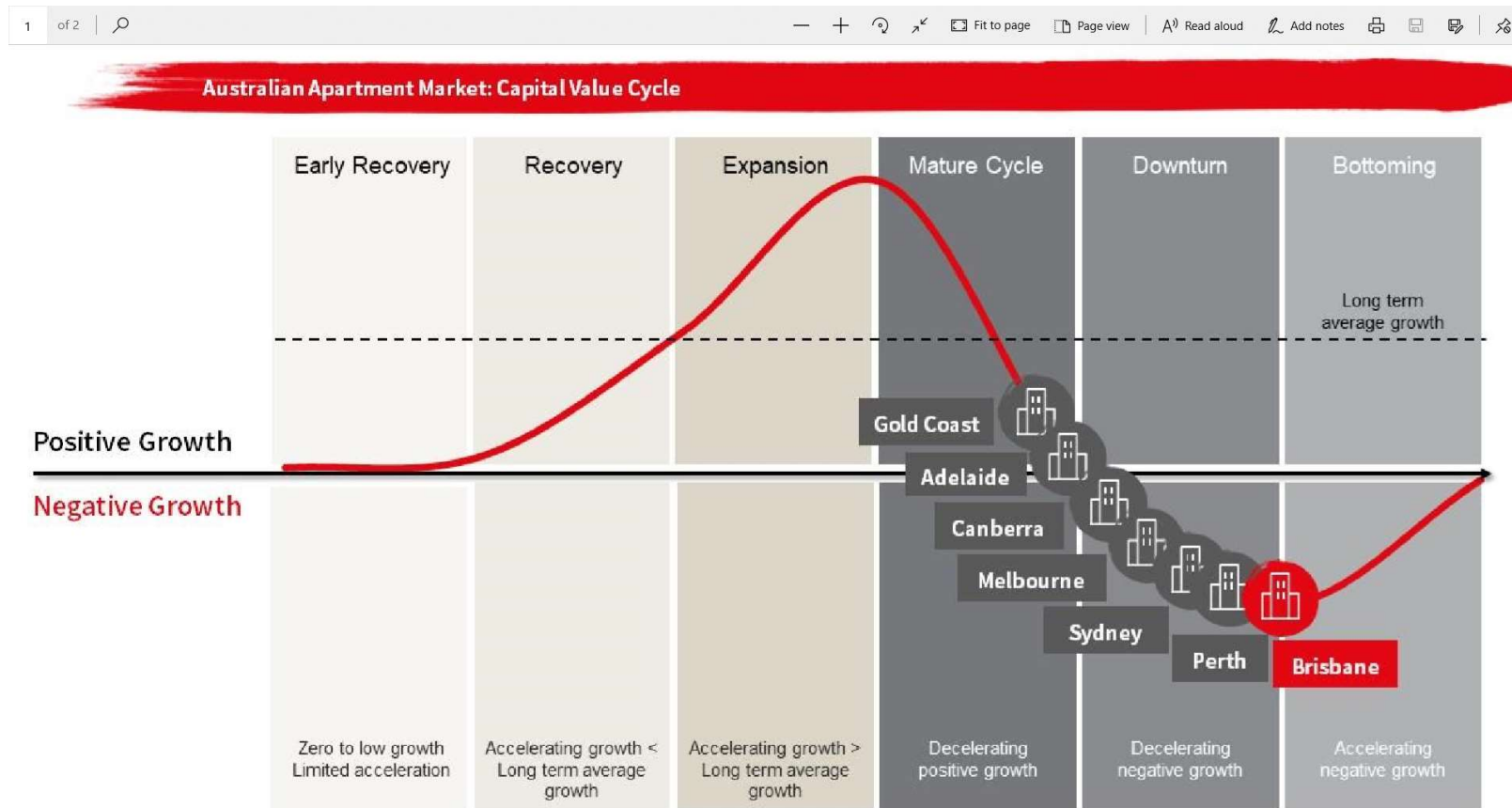
Key Market Indicators – Inner Brisbane



Indicator	Latest	Y-o-Y % Change
Apartment Approvals (as at May 2019)	1,734	-51.7%
Sales Volumes – Units* (12 months to 1Q19)	2,994	-4.6%
Median Unit Price* ** (12 months to 1Q19)	\$383,000	-2.0%

Source: JLL report (<file:///C:/Flora%20Mok/Personal/Australian%20property/australia-brisbane-apartment-market-commentary-2q19.pdf>)

JLL Report on Australian Apartment Market



Source: JLL Research, as at 2Q19

* Please note: a condensed market Snapshot is completed in Q2 and Q4, while a full market report is completed in Q1 and Q3.

Source: JLL report (<file:///C:/Flora%20Mok/Personal/Australian%20property/australia-brisbane-apartment-market-commentary-2q19.pdf>)

CBD Office Building Vacancy Rates as of July 2019

Key Points

- Overall, the **Australian** office market vacancy rate decreased to 8.3 per cent for July 2019 (down from 8.5 per cent in January 2019)
- Net tenant demand grew by only 0.1 per cent for CBDs and 0.4 per cent for non-CBDs in the six months to July 2019, compared with 0.7 per cent and 0.2 per cent in the previous period
- **Melbourne CBD** and **Sydney CBD** remain Australia's strongest and best performing CBD markets with very tight vacancies; at 3.3 per cent and 3.7 per cent, respectively
- **Brisbane's CBD** vacancy rate fell for the third consecutive period to 11.9 per cent compared to 12.9 per cent in January
- The **Perth CBD** vacancy rate tightened slightly to 18.4 per cent in July, while **Canberra's** vacancy rate was unchanged at 11 per cent
- **Adelaide's** vacancy fell to 12.8 per cent, down from 14.2 per cent, supported by the strongest growth of positive net tenant demand of any Australian CBD of 1.1 per cent

Source: Property Council of Australia website (<https://research.propertycouncil.com.au/research-and-data/office-market-report>)

NAB Quarterly Australian Commercial Property Survey Q2 2019

Key Points:

- Overall market sentiment (measured by the **NAB Commercial Property Index**) lifted 9 points to +7 in Q2. It rose in all states (bar SA/NT), and was highest in VIC & NSW.
- Sentiment was highest in Office (led by VIC & NSW). Industrial also out-performed with solid gains in the Eastern states.
- A strong lift in confidence was noted in Q2 perhaps reflecting the outcome of the Federal election and firming expectations around rate cuts.
- Capital growth expectations for the next year are highest for Office (1.9%), with the best prospects in VIC & NSW.
- National office vacancy rate was steady at 7.9% in Q2 and National vacancy rate is expected to inch down to 7.7% in 2 years' time.
- Office property expected to provide the highest rental returns the next 1 -2 years (2.0% & 1.9%), with VIC out-performing.
- The number of property developers planning to start new works in the next 6 months fell to 38% – well below average (49%).
- Property professionals signalled an improvement in their ability to access credit in Q2.

Source: NAB website (<https://business.nab.com.au/nab-quarterly-australian-commercial-property-survey-q2-2019-36046/>)

CBRE MarketView Report: Australian office market

- Record low office vacancies, higher rents and low borrowing rates have underpinned a busy period of asset sales across the country with data showing **\$8.5 billion** worth of property changing hands.
- Sydney and Melbourne were the two most active markets in the country in the first half of 2019 as investors continued to seek out office investment opportunities. The total sales in the six-month period were up 21 per cent on the previous corresponding period.
- Sydney recorded the lion's share with \$4.4 billion, which was boosted by Scentre Group's \$1.52 billion, 299-year leasehold office tower sale above Westfield Sydney to Blackstone.
- Predictions are the vacancy rates will be about 3 to 4 per cent in the two major markets, boosted by the influx of demand from the co-working office operators. WeWork has recently signed its largest lease in the country at 320 Pitt Street, Sydney.
- With the low vacancy rate there has been a corresponding rise in rents for tenants, which has made being an owner more attractive. But there are some concerns of new supply coming into the market next year, particularly in Melbourne.

Source: Sydney Morning Herald website (<https://www.smh.com.au/business/companies/investors-pump-4-4b-into-cbd-markets-20190730-p52c3z.html>)

Updated Lending and Tax Policies for Properties

Key Points

- The Australian Prudential Regulatory Authority (APRA) announced in early July 2019 that new borrowers will no longer have to prove they can pay back a mortgage at an interest rate of at least 7%. Instead, APRA has told the banks to enforce, effective immediately, a mortgage serviceability buffer of at least 2.5 per cent.
- The buffer means if a buyer has taken a loan at an interest rate of 3%, the buyer will now have to show lenders that he/she can make repayments at a rate of 5.5%.
- **Victoria's** additional stamp duty for foreign buyers of residential properties increases to 8% from 1 July 2019.
- From 1 January 2019, foreign buyers duty imposes an additional duty of 7% on the dutiable value for certain transactions and landholder acquisitions involving foreign persons or entities acquiring residential property in **Western Australia**.

Source: The West Australian, The New South Wales and Victorian Government websites (<https://thewest.com.au/lifestyle/real-estate/apra-works-to-ease-lending-rules-c-295193>; https://www.finance.wa.gov.au/cms/State_Revenue/Duties/Foreign_Buyers_Duty.aspx; <https://www.sro.vic.gov.au/foreignpurchaser>)

New Government Proposal - First Home Loan Deposit Scheme

Key Points

- The Morrison Government is helping first home buyers into their first home.
- Our First Home Loan Deposit Scheme helps eligible first home buyers purchase a house with a deposit as low as **5%**.
- First home buyers could save around \$10,000 in Lenders Mortgage Insurance under our scheme.
- Smaller lenders will be prioritised to help boost competition.
- First home buyers with an income of up to \$125,000 (or \$200,000 for a couple) will be eligible.
- The First Home Loan Deposit Scheme, which will start on **1 January 2020**, will be targeted towards first home buyers earning up to \$125,000 annually or \$200,000 for couples. The value of homes that can be purchased under the Scheme will be determined on a regional basis, reflecting the different property markets across Australia.
- The National Housing Finance and Investment Corporation will partner with private lenders to deliver the First Home Loan Deposit Scheme, prioritising smaller lenders to boost competition.

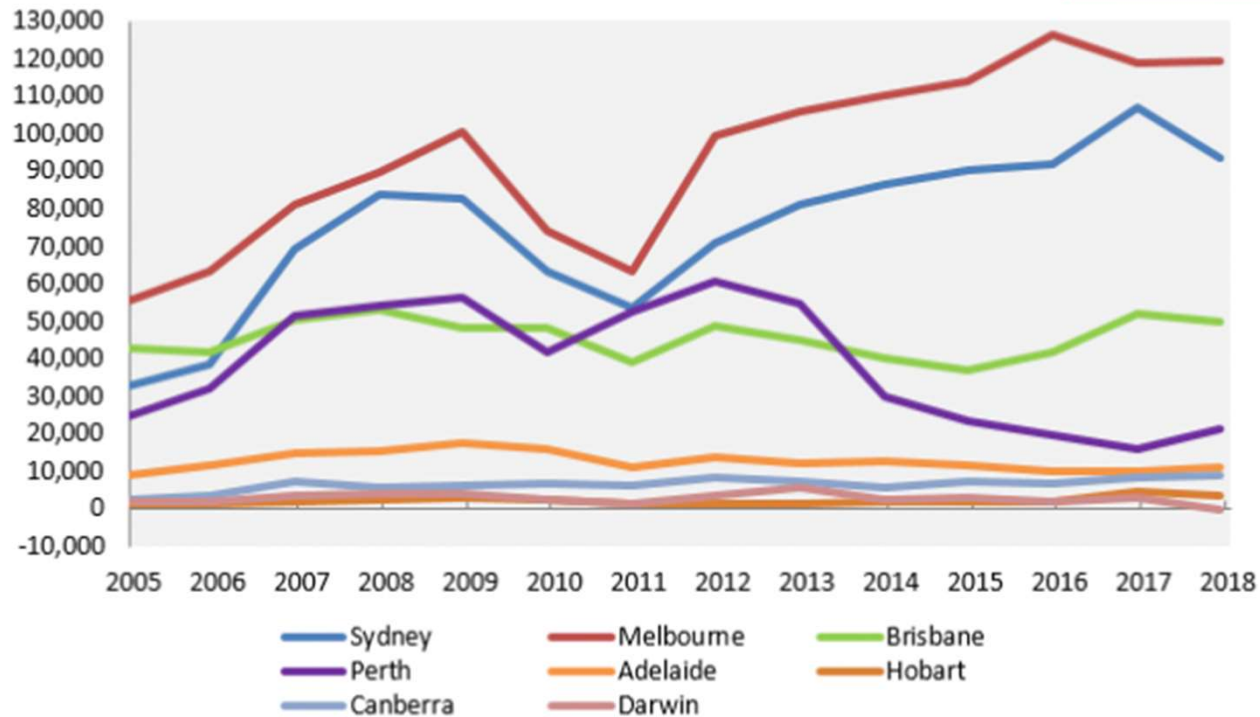
Source: The Liberal Party of Australia website (<https://www.liberal.org.au/latest-news/2019/05/12/helping-australians-buy-their-first-home>)

Strong immigration fueled Australia's property bubble?

Australian Population Change: Capital Cities

Source: Australian Bureau of Statistics

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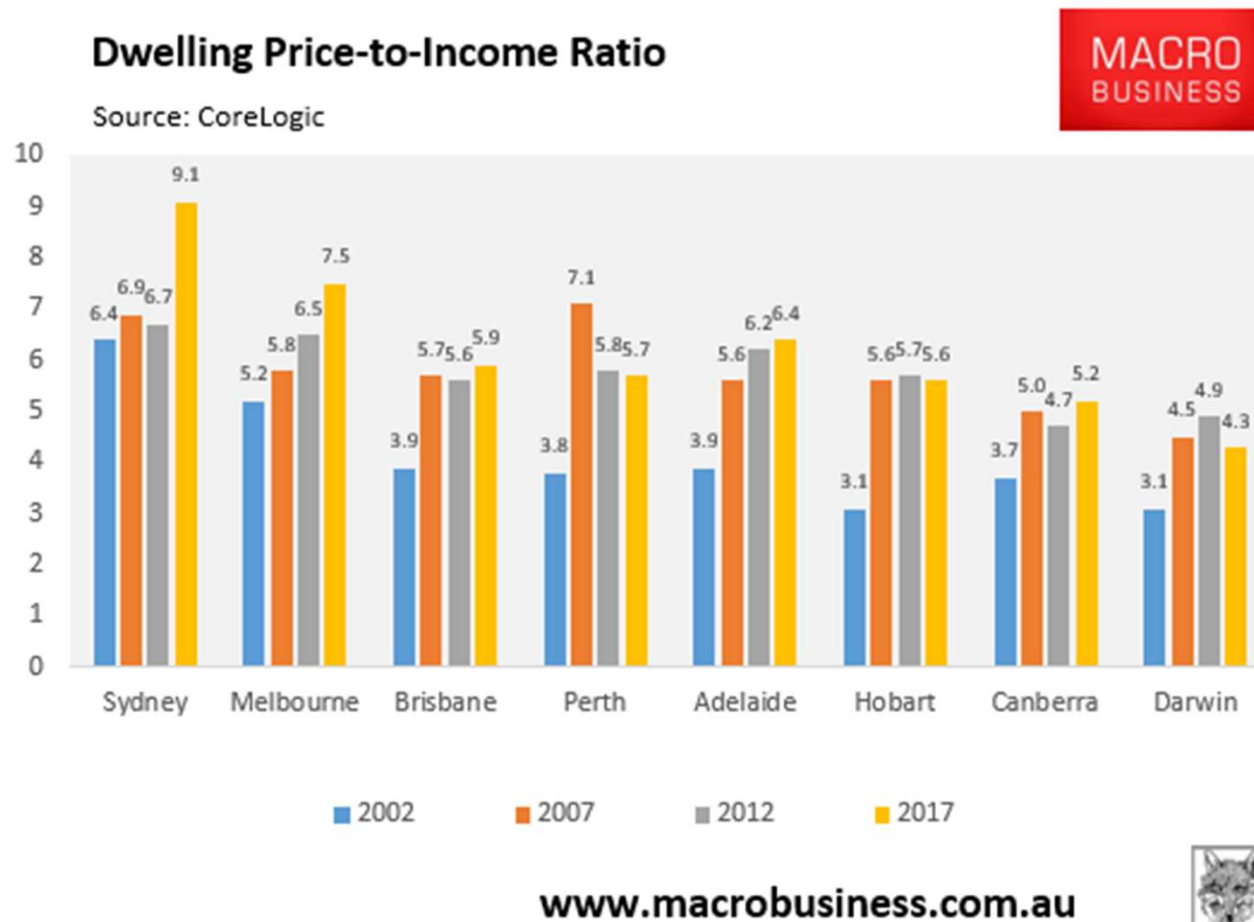


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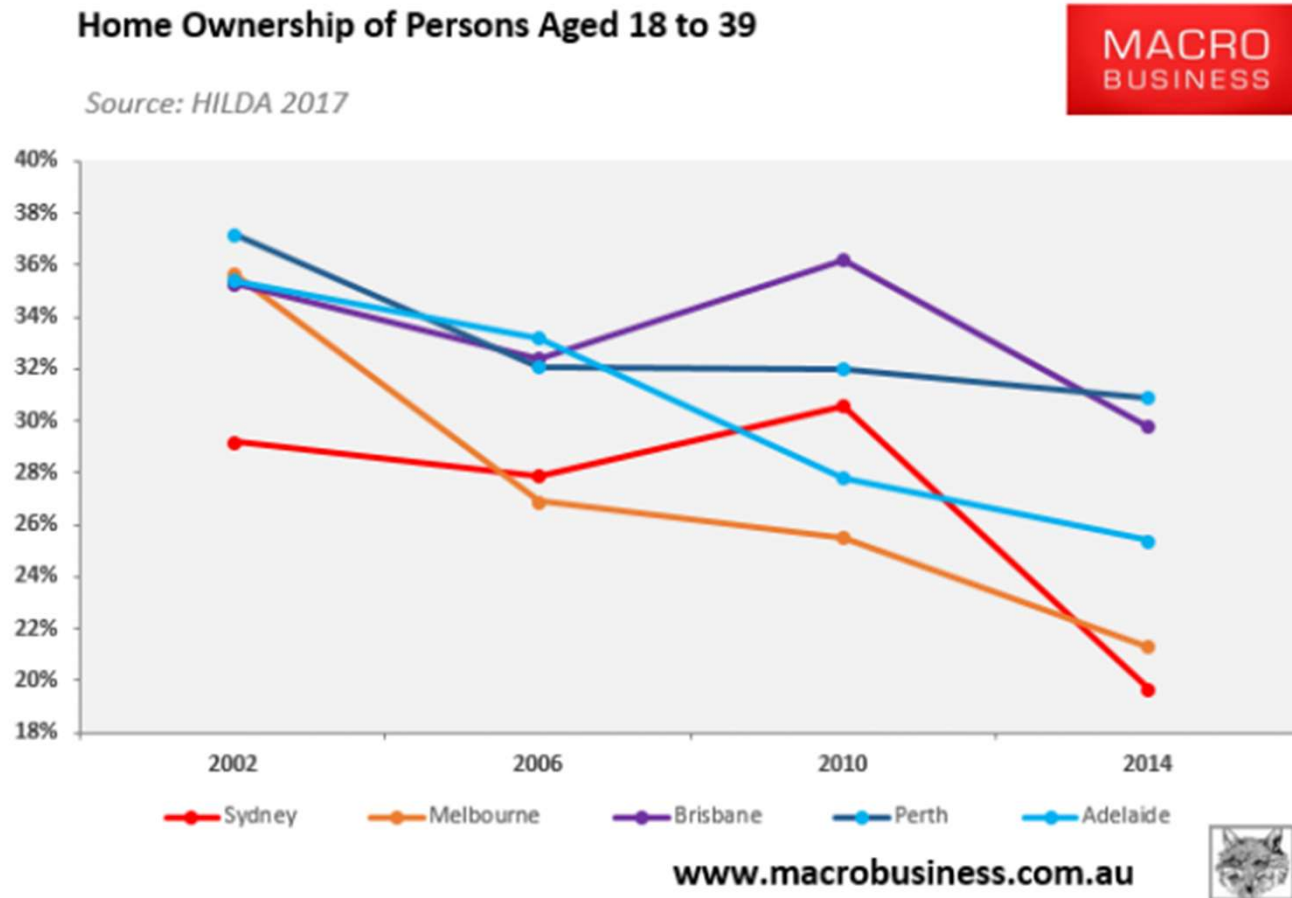
Source: The Macrobusiness website (<https://www.macrobusiness.com.au/2019/08/rba-boss-strong-immigration-fueled-australias-property-bubble/>)

Strong immigration fueled Australia's property bubble? (Cont'd)



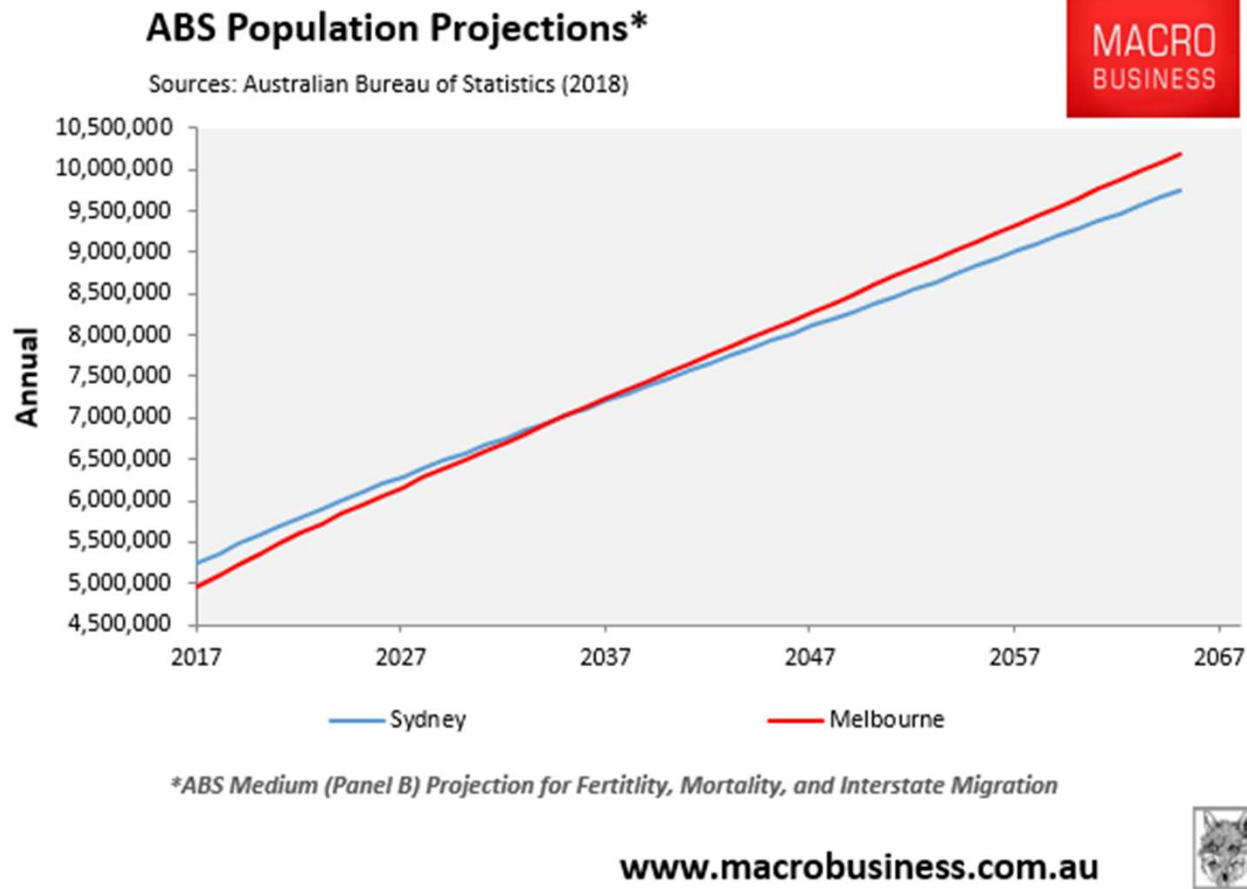
Source: The Macrobusiness website (<https://www.macrobusiness.com.au/2019/08/rba-boss-strong-immigration-fueled-australias-property-bubble/>)

Strong immigration fueled Australia's property bubble? (Cont'd)



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Strong immigration fueled Australia's property bubble? (Cont'd)



Source: The Macrobusiness website (<https://www.macrobusiness.com.au/2019/08/rba-boss-strong-immigration-fueled-australias-property-bubble/>)

Our Insights on Australian Property Market

- Given the change in global economic and trade conditions, the Australian Government has taken some measures to keep the economy growing (e.g. reducing the interest rates, relaxing the lending requirements for property buyers, etc.)
- Australian economy keeps on improving while the interest rate stays at the current level in the near future, the Australian dollar remains relatively low when compared to the US dollar
- Search for investment opportunities in growing and recovering markets such as Brisbane, Adelaide, Canberra and Perth, etc.
- Invest into different asset class (e.g. industrial properties, retirement villages, child care centres, farmlands, etc.) to diversify the investment risk
- Residential property construction slowing down may lead to under-supply of residential housing in the next few years



Why Us

- BlueMount Capital is an international capital markets firm with offices in Australia, Hong Kong and China (www.bluemountcapital.com). BlueMount Capital, through its global network, skilled professionals, and global platforms delivers comprehensive solutions to our clients via a broad range of capital market services.
- We have a capable team, deep industry expertise, extensive platforms, databases and networks, and are confident in supporting your investment banking needs.
- We are specialists in supporting profitable businesses with corporate strategy, exit and financing options.
- We have good relationships with potential investors including family offices, private equity and stock brokers around funding and exits.
- Our directors have extensive experience assisting private and public companies, and sophisticated investors and have an excellent track record.

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