Preston Rowe Paterson

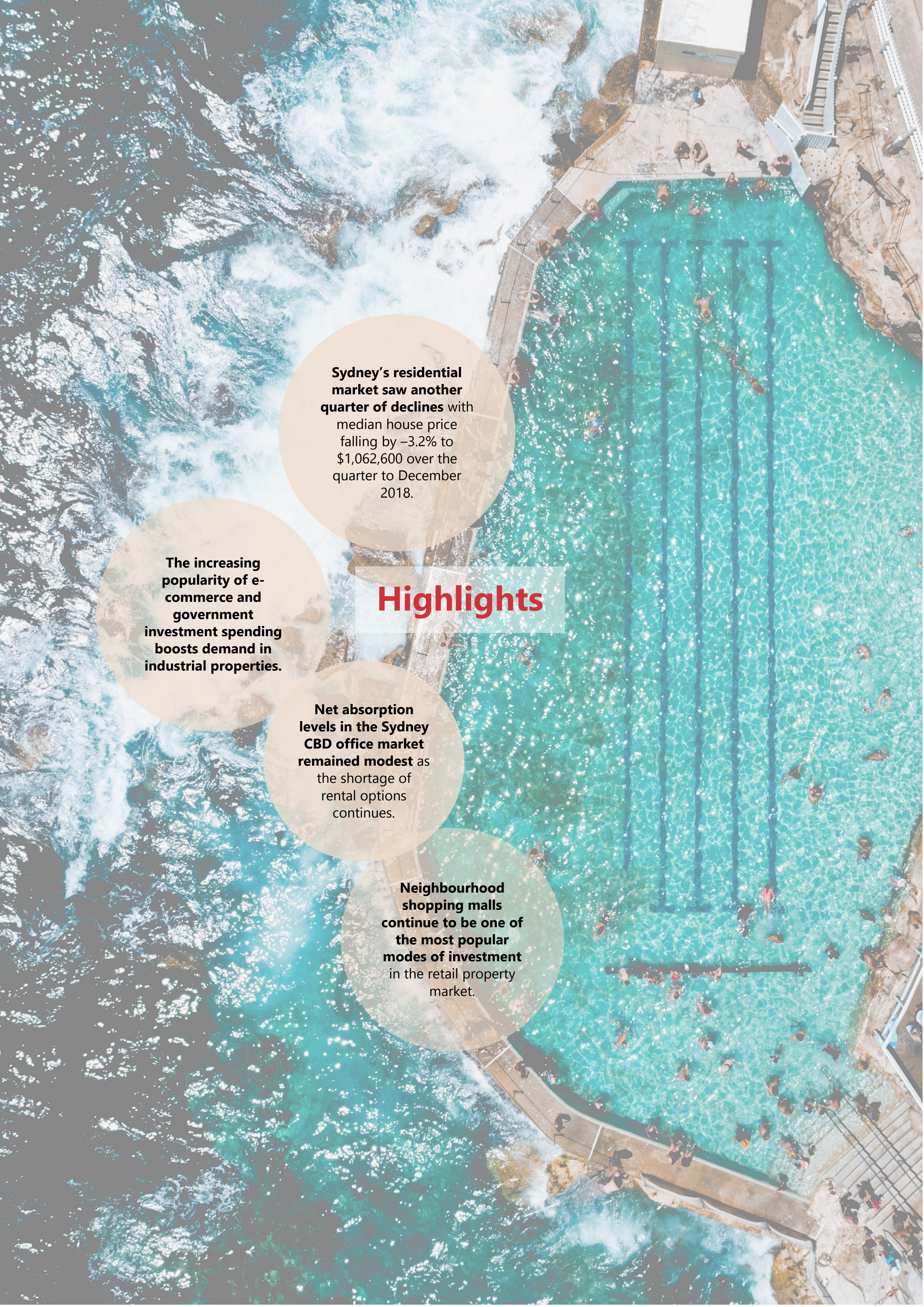
International Property Consultants and Valuers

IN THIS ISSUE

Property Market Report

New South Wales

March 2019



Highlights

Sydney's residential market saw another quarter of declines with median house price falling by –3.2% to $1,062,600 over the quarter to December 2018.

The increasing popularity of e-commerce and government investment spending boosts demand in industrial properties.

Net absorption levels in the Sydney CBD office market remained modest as the shortage of rental options continues.

Neighbourhood shopping malls continue to be one of the most popular modes of investment in the retail property market.

Economic Snapshot

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Cash Rates (%)

1.5	1.5	1.5
Mar 2019	Dec 2018	Mar 2018

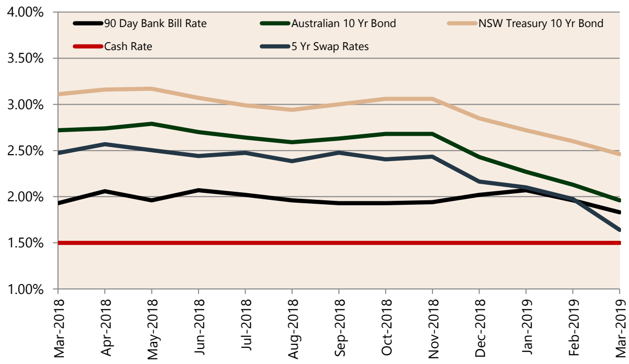
Consumer Price Index Australian All Groups*

Dec 2018
114.1
+0.5

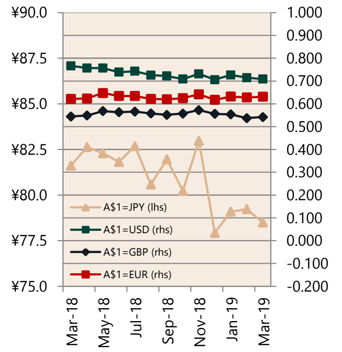
Sep 2018
113.5
+0.4

Dec 2017
112.1
+0.6

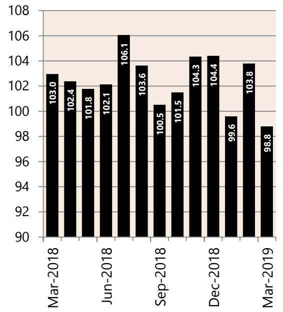
Interest Rates



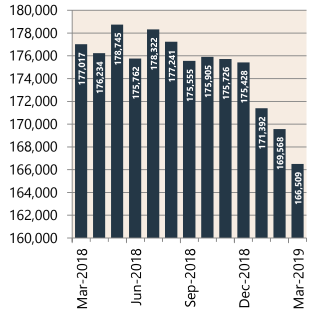
Exchange Rates (per $A)



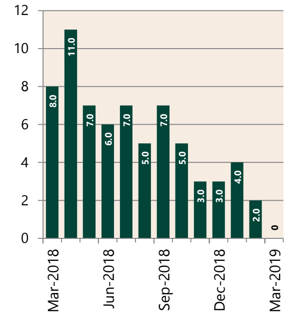
Westpac - Melbourne Institute Consumer Sentiment Index



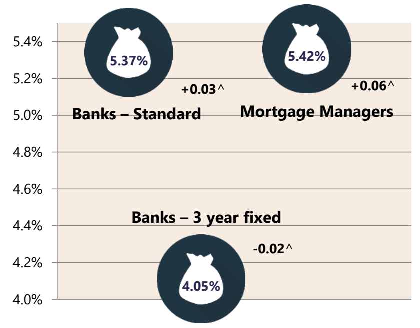
ANZ Job Series (Newspaper and Internet Job Ads)**



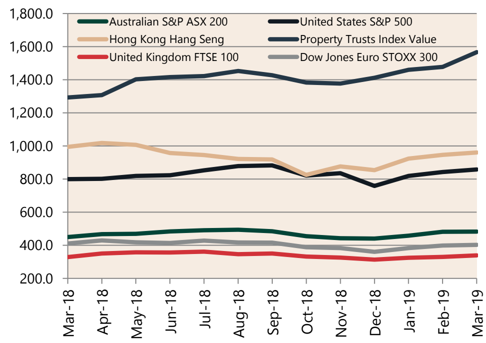
NAB Business Confidence Index***

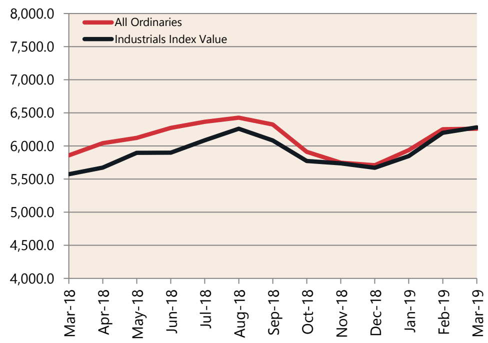


Housing Loan Lending Rates Indicator

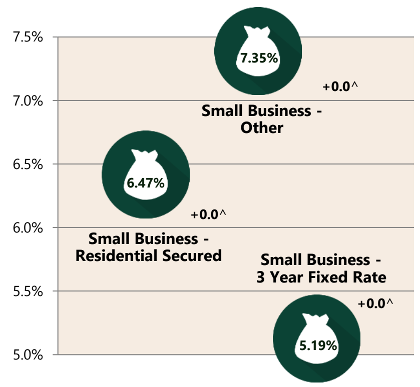


Share Prices and Indices

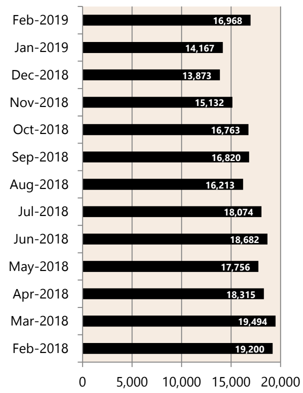


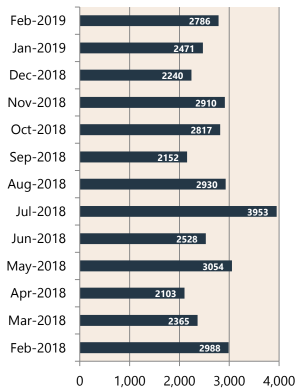


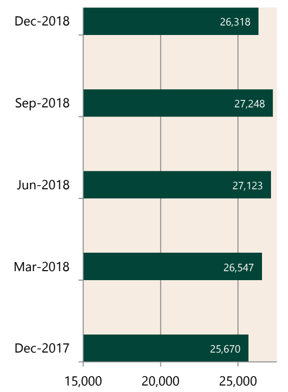
Business Loan Lending Rates Indicator



Private Sector Dwelling Approvals & Investment







^ percentage change from previous quarter
* Based on ABS CPI released 30 January 2019
** Based on ANZ Job Advertisement Series released 8 April 2019
*** Based on NAB Monthly Business Survey released 1 April 2019
# Date of Publication figures based on those available at 12 April 2019

N.B. This data is compiled using publicly available publications which are produced in arrears to the current month.

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Office Market

Sydney CBD

Net Absorption

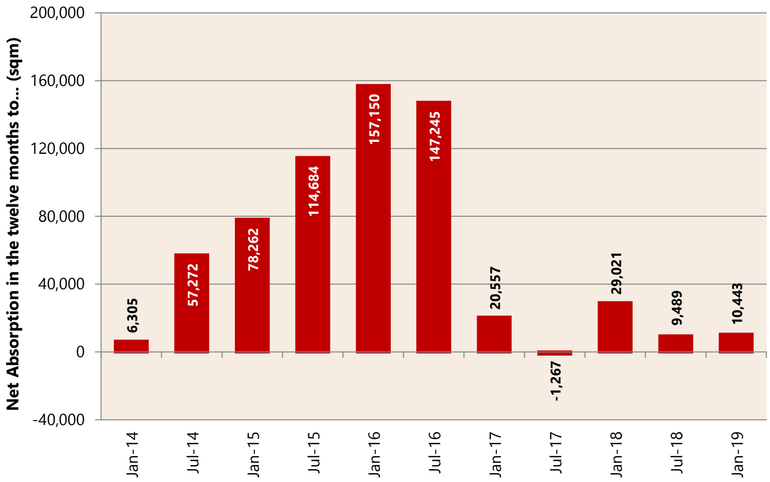


Chart 1— Sydney CBD Office Supply and Withdrawals
Source: PCA / Preston Rowe Paterson Research

Stock withdrawals and the lack of rental options constrained the net absorption figures in the Sydney CBD office market. Primary grade offices recorded net absorption of 44,931 square metres, offset by the secondary office net absorption (-35,442 sqm) bringing the total net absorption over the past twelve months to only 9,489 square metres as of July 2018. The high net absorption of prime grade stock suggests that demand is concentrated in prime grade office stocks.

The Sydney CBD's secondary office stock declined nine per cent over the past two years as withdrawals continue to surge. Thus, options available for prospective tenants are limited.

Tenant Demand & Vacancy Rates

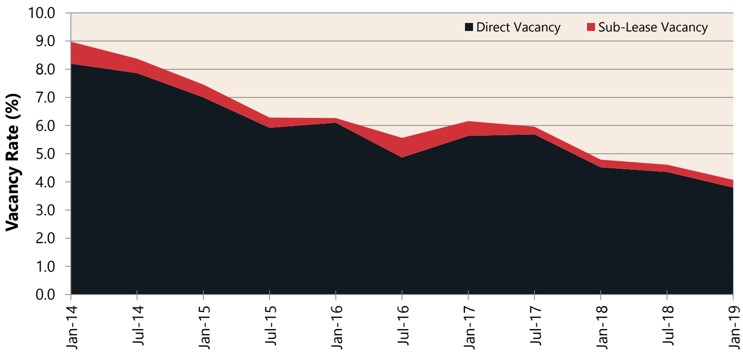


Chart 2— Sydney CBD Office Vacancy Rate
Source: PCA / Preston Rowe Paterson Research

Vacancy rates in the Sydney CBD office market declined over the six months to January 2019 by 0.5% to 4.1%. Over the same period, direct vacancy fell 0.6% to 3.8% while the sub-lease vacancy remained at 0.3%. Primary offices performed better than secondary offices during the half year as the trend of flight to quality continues in the CBD. Vacancies of Premium, A and B Grade offices declined by -1.3%, -1.0% and -0.6% to 3.8%, 3.6% and 4.5% while C and D grade vacancies saw increases of +1.6% and +4.0% to 4.8% and 5.8%.

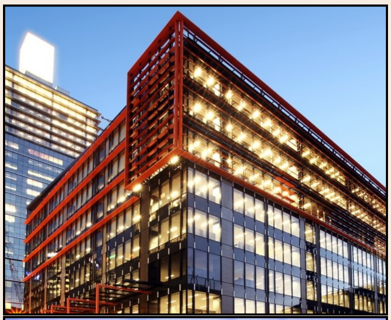
Refurbishment Sites

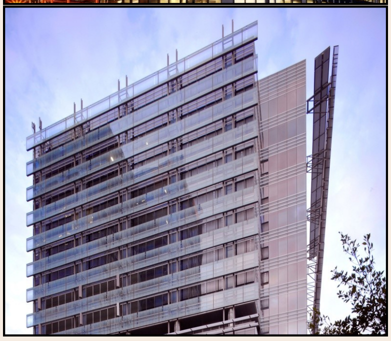
Project	Address	Refurbishment Type	Stage of Development	Owner	Net Lettable Area (SQM)	Completion Date
Charles Plaza Building	66 King Street	Full	Construction	PJP Properties Pty Ltd	6,321	Q4 2019
388 George Street	388 George Street	Full	Construction	Investa Property Group (50%) & Brookfield Australia (50%)	35,000	Q2 2020
Roden Cutler House	24 Campbell Street	Full	Construction	Ausgrid	14,860	Q3 2019
Nelson House	283-285 Clarence Street	Full	Construction	Ausino Properties Pty Ltd	1,878	Q1 2019
Cue Design	222 Clarence Street	Partial	Completed	Cue Design Pty Ltd	1,829	Q4 2018
Lumley House	309 Kent Street	Partial	Construction	Dexus Property Group (50%) & AMP Capital (50%)	3,192	Q3 2019

Chart 3— New Office Developments in Sydney CBD
Source: PCA / Preston Rowe Paterson Research

Investment Activity

10 & 12 Shelley Street, Sydney NSW 2000





$804 million

4.5% Estimated Blended Yield

$19,143 per sqm lettable area

Commercial property fund manager Charter Hall has purchased two neighbouring office buildings in the CBD. The two towers are leased to Suncorp and American Express and are the only two freehold office properties in the precinct. Combined the properties contain 42,000 sqm in net lettable area and have a weighted average lease expiry of 9.5 years. Canadian asset manager *Brookfield* sold the property with a blended yield estimated to be about 4.5%. The two A Grade properties are located right next to the new Barangaroo precinct, the ferry terminal and the new entrance to Wynyard Station. Charter Hall acquired the two properties in a partnership structure involving three of their wholesale office and direct office investment funds. 10 Shelley Street was acquired both the *Charter Hall Prime Office Fund (CPOF) and the Charter Hall Direct Office Fund.* 12 Shelley Street was purchase by the *CPOF and the Charter Hall Direct Office Fund.*

19 Martin Place, Sydney NSW 2000

$425 million (50%)

3.8% Initial Yield

Dexus have continued their investment in prime CBD commercial assets with the acquisition of the remaining 50% stake in the MLC Centre. Dexus bought out Singaporean backed giant *GPT Group* after their decision to offload their stake in the building earlier this year. Dexus were the obvious front runners to purchase the remaining stake as it gives them full operational control of the asset, allowing for the fastracking of the much needed retail re-development. The property was sold on a **4.97% capitalisation rate** and an initial yield of 3.8%. Dexus are of the belief that the property is 22% under rented, which became a key attraction to the decision to buy out the remaining stake. The MLC Centre is bounded by three of the Sydney CBD's prime streets; Martin Place, Castlereagh Street and King Street.

19 Foster Street, Surry Hills NSW 2010

$39.5 million

4.8% Yield

$12,660 per sqm lettable area

A mixed commercial and retail asset has been snapped up by Melbourne-based investor *Marks Henderson*. The property benefits from dual street frontages at the front and rear of the property and comprises of 2,120 sqm of office space and 1,000 sqm of retail space. The five storey building is fully tenanted and has a current **weighted average lease expiry of 2.25 years**, with tenants including **The Guardian Newspaper, TKD Architects**, and design and construction company **Schiavello**. The vendor, West Australian real estate investment group *Security Capital Australia* bought the property in 2014 for $22 million and have refurbished the former warehouse extensively. Surry Hills is located 1km south-east of the Sydney CBD.

Sydney North Shore

North Sydney

Vacancy in the North Sydney office market (6.8% as of January 2019) remains below its long-term average of 8.7%. A Grade office makes up almost one-third of office stock in North Sydney and its vacancy rate is at a low 3.1%.

The continued low vacancy in the CBD and the limited Prime Grade options for tenants in Sydney CBD supports the tightening vacancy. North Sydney becomes an attractive option for Sydney tenants who traditionally have looked into the CBD only.

Supply of Prime Grade space in North Sydney will improve in the second half of 2019 when Dexus' 100 Mount Street is due for completion. Nonetheless, we note that the building is mostly pre-committed.

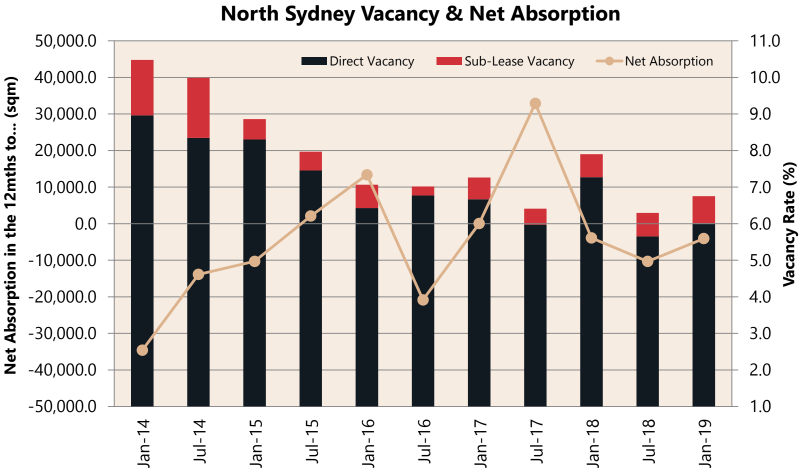


Chart 4— North Sydney Vacancy & Net Absorption
Source: PCA / Preston Rowe Paterson Research

Crows Nest/St Leonards

The latest Property Council of Australia's (PCA) office market review noted that Crows Nest and St Leonard's recorded its first positive net absorption in six years. Through the 12 months to January 2019, the Crows Nest and St Leonard office market recorded net absorption of 14,602 sqm.

Vacancy rate in the Crows Nest and St Leonards office market is also at its lowest since January 2001, at 6.1%. The majority of the drop was due to the Department of Health securing a 10,000 sqm at 100 Christie Street. It is also noted that some single floor tenants took up spaces at 118-120 Pacific Highway and Mastercard securing a 2,300sqm office space at 72 Christie Street.

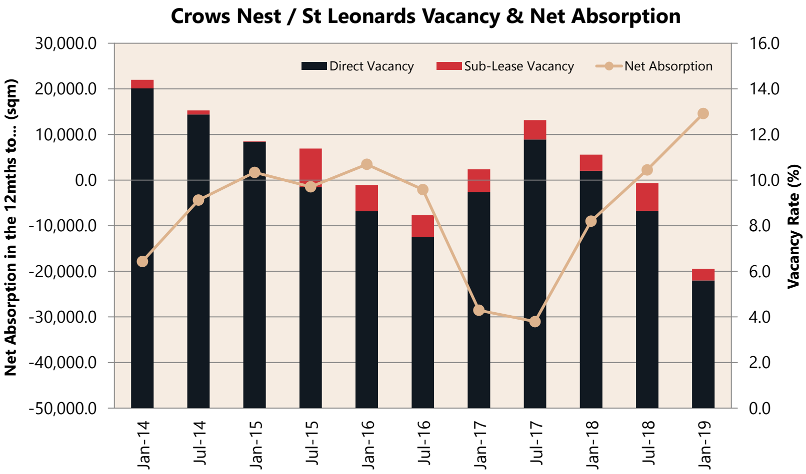


Chart 5— Crows Nest/St Leonards Vacancy & Net Absorption
Source: PCA / Preston Rowe Paterson Research

Chatswood

The Chatswood office market has seen positive net absorption over the past two years, supported by a steady flow of lease deals. As at January 2019, the office vacancy rate measured 6.2%, down from 6.8% a year prior, driven by the positive yearly net absorption of 1,654 sqm. In terms of net absorption by grade, primary offices performed better than secondary offices. Primary offices recorded positive net absorption of 4,000 sqm over 2018 while secondary offices experienced negative absorption of 2,355 sqm over the same period.

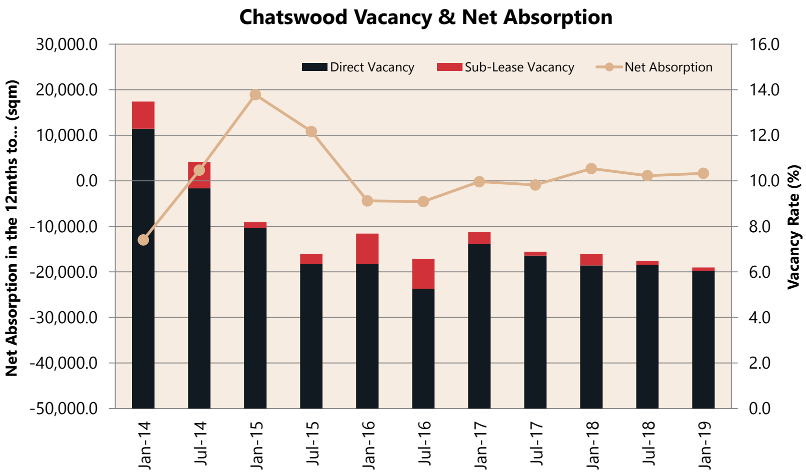


Chart 6— Chatswood Vacancy & Net Absorption
Source: PCA / Preston Rowe Paterson Research

Sydney Western Corridor

Parramatta

Parramatta maintains the record as the tightest office market in Australia with a vacancy rate of 3.0% as of January 2019. There is a shortage of prime grade office in the area with the A grade vacancy currently at 0.8%. The lack of recent supply addition in Parramatta suppressed absorption levels that totalled to 13,614 sqm over the twelve months to January 2019.

The demand for new office space may trigger a period of elevated absorption levels during the next two years. Nonetheless, while the positive outlook for office demand in the area may continue, the delivery of new supply over the next two years may increase backfill availability.

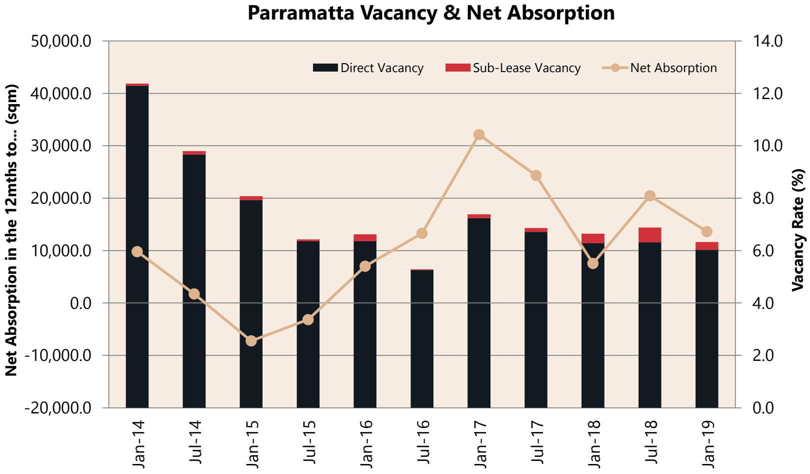


Chart 7— Parramatta Vacancy & Net Absorption
Source: PCA / Preston Rowe Paterson Research

North Ryde/Macquarie Park

As at January 2019, North Ryde/Macquarie Park recorded its lowest vacancy rate at 4.8% since the PCA started recording its vacancy in 2005. The decline in vacancy rate was supported by the withdrawal of Macquarie View Estate on 112 Talavera Road (10,000 sqm) that was being converted into residential use.

North Ryde/Macquarie Park recorded a modest net absorption over the twelve months to January 2019, recording only 4,307 sqm, down from the 21,379 sqm recorded over the twelve months to July 2018. The decline in net absorption may be due to the limited supply of prime options to lease, limiting the flight to quality trend within the precinct.

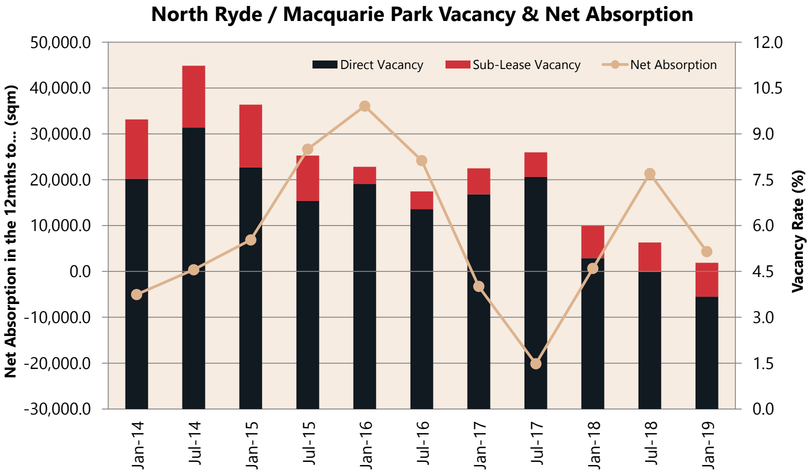


Chart 8— North Ryde/Macquarie Park Vacancy & Net Absorption
Source: PCA / Preston Rowe Paterson Research

Retail Market

The NSW retail turnover increased by +0.2% over the month to March 2019, reflecting a year on year increase of 2.705%. Over the year, the Clothing, footwear and personal accessories category performed best, with its turnover increasing by 5.71% to $801.4 million. This is followed by the Café and restaurant category, increasing by 4.99% over the year to $1,368.7 million. On the contrary, the Household goods and Department stores category continues to underperform with a declining year on year retail turnover of -0.33% and -0.14% respectively.

Within Australia's retail property market, a continued trend of investment demand for neighbourhood shopping centre is seen. This includes the **Windsor Market Place** that was sold for $22.6 million and **Neeta City Mall** sold for $85.3 million over the March 2019 quarter.

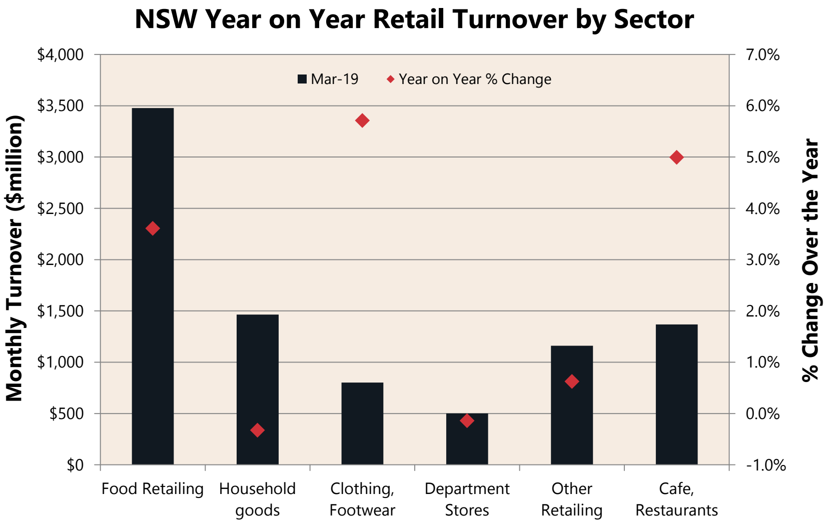


Chart 10— NSW Year on Year Retail Turnover by Sector
Source: ABS / Preston Rowe Paterson Research

Investment Activity

6-16 Kable Street, Windsor NSW 2756

$22.6 million

6.67% Yield

$4,243 per sqm lettable area

Sydney based *Holdmark Property Group*, led by Sarkis Nassif has bought Windsor Marketplace in Sydney's north-west. The Sydney neighbourhood centre is anchored by **Woolworths, BWS and My Health Medical Centre**. Woolworths are under lease until 2033 with four ten year options, which contributes to the properties weighted average lease of 11.4 years. ASX listed fund manager *Centuria Capital* sold the centre after it was completely redeveloped back in 2009. The property produces a **fully leased net income of $1,508,172 per annum.** The 5,326 sqm shopping centre provides 162 car spaces on site. Windsor is located 53 km north-west of the Sydney CBD.

52 Smart Street, Fairfield NSW 2165

$85.3 million

7.8% Yield

$3,446 per sqm lettable area

Listed fund manager *Elanor Investor Group* has acquired the Neeta City Mall in Fairfield. The 24,750 sqm mall sits on a 2.2 hectare site on the corner of Nelson Street and Court Road. The property anchored by **Woolworths** and **Big W,** was deemed to be well under replacement value by the investment group. The property features a large open layout car park on the roof and features 86 small speciality stores located on the street frontage of Smart and Nelson Street. Fairfield is located 23km west of the Sydney CBD.

Online Retail

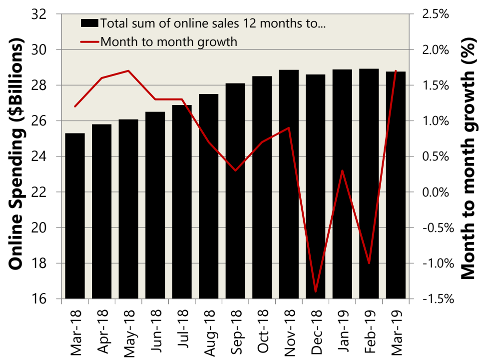


Chart 11— Online Retail Sales Index
Source: NAB / Preston Rowe Paterson Research

The NAB Online Retail Sales Index increased by +1.70% over the month to March 2019, up from a -1.0% decline in February. Year on year, the index grew by 5.0%. NAB indicated that $28.76 billion was spent over the last twelve months, equivalent to approximately 9.0% of spending at traditional retailers (February 2019, ABS). NAB noted that the volume of transactions and the average amount spent increased in March, whereas February's result had indicated retailer price discounting.

Industrial Market

The key drivers of the NSW industrial market continue to be the growing online retail sector and the record infrastructure spending. A significant pipeline of infrastructure projects is on track to be delivered across New South Wales over the coming years and may further push for industrial demand.

Investment Activity

13 Ferndell Street, South Granville NSW 2142

$24.2 million

Approx. 6.2% Yield

$1,581 per sqm building area

The Centuria Metropolitan REIT has sold its last industrial asset in the portfolio as it becomes purely an office trust. The 15,302 sqm industrial facility in western Sydney sits on a 2.67 hectare site and is currently tenanted by ASX-listed Bluescope Steel with the lease expiring in 2020. It was reported that the property produces a **net rent of around $1.5 million per annum**. The acquisition of the property by specialist industrial property investment firm *Pipeclay Lawson* will now manage seven industrial properties in south-east Queensland and Sydney on behalf of wholesale and sophisticated investors. South Granville is located 23 km west of Sydney's CBD.

16 Derby Street, Silverwater NSW 2128

$10 million

$2,940 per sqm lettable area

A private owner-occupier has acquired a 3,401 sqm mixed office/warehouse on a 4,638 sqm site. The property comprises of a 7.4 metre clearance, container access via two roller shitter doors, significant awnings and a hardstand yard area. The office accommodation on the property is situated over two levels and benefits from air conditioning and full staff amenities. At the time of sale the property was leased on a short term basis until July 31st 2019 with no option for **$511,500 pa net**, excluding GST. Silverwater is located 20km west of the Sydney CBD.

Leasing Activity

45 Eastern Creek Drive, Eastern Creek, NSW 2154

$745,000 net p.a

10 Years

$178 per sqm lettable area p.a

Vermeer has relocated its Sydney operations to a purpose built industrial facility in Sydney's west owned by *Fife Capital*. The equipment solutions company agreed to terms on a 4,175 sqm warehouse-showroom, which sits on a 1.1 hectare site. The building comprises of a 10-tonne gantry crane that spans the length of the warehouse. Eastern Creek is located 35km west of Sydney's CBD.

58 Huntingwood Drive, Huntingwood, NSW 2148

$761,310 net p.a

7 Years

$90 per sqm lettable area p.a

Gift, décor and florist suppliers *Koch and Co* has struck a seven year lease with *Primewest Pty Ltd* for the mixed office and warehouse facility in Sydney's west. The property features 8,460 in gross lettable area, three loadings docks, one drive in roller shutter door, large awning covering the loading docks and a separate driveway entrance. The property includes two levels of refurbished office and high clearance warehouse accommodation which is split into to two warehouse area. Huntingwood is located 35km west of the Sydney CBD.

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Residential Market

Building Approvals

The total building approvals in Greater Sydney fell by -22.38% over the month to March 2019, to 3,045 approvals. This figure indicates a slight increase of +3.82% over the quarter and but still reflecting a -29.64% year on year decline. The slowdown in building approvals was driven by the continued declining residential investment sentiment. Approvals for dwelling units declined -32.30% (to 1,830 approvals) in the month to March 2019 while approvals for houses declined by a marginal -0.41% (to 1,215 approvals) over the same period. Nonetheless, year on year, both approvals for houses and units declined by -23.10% and -33.41% respectively.

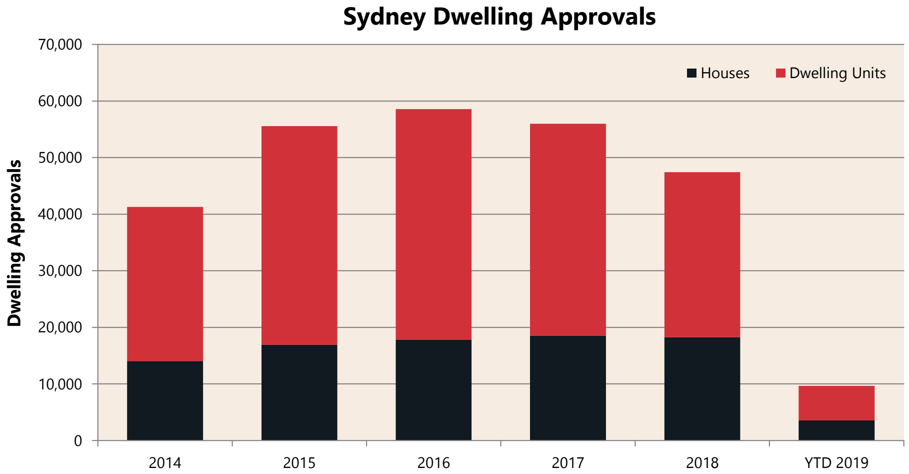

Chart 12— Sydney Dwelling Approvals
Source: ABS / Preston Rowe Paterson Research

Greater Sydney

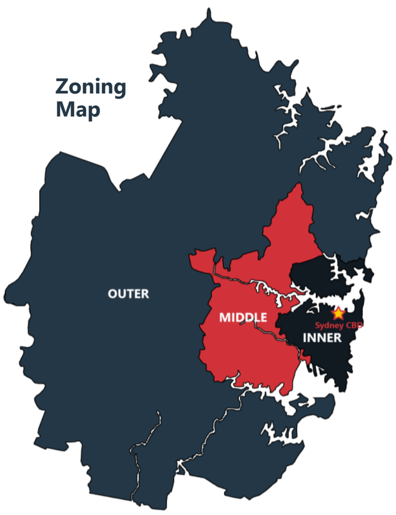

Chart 13— Greater Sydney Residential Zoning Map
Source: Preston Rowe Paterson Research

Market Affordability

Median house price in Sydney fell further through the December quarter 2018 as noted by REIA's real estate market facts. Sydney's overall median house price declined by another -3.2% to $1,062,600 over the quarter, following the -3.1% fall over the September 2018 quarter. The year on year figures shows that Sydney's median house price fell -9.9% over the year to December 2018, reflecting the continuous decline in Sydney house prices in 2018.

All three zones of Greater Sydney saw median house prices fall by -3.2%, -2.7% and -0.7% for Inner, Middle and Outer Sydney to $1,790,000, $1,240,000 and $760,000 respectively.

Units in Greater Sydney saw a similar trend, with Inner Sydney falling furthest through the quarter by 3.3% to $870,000. This is followed by Outer Sydney that declined by -3.1% (to $615,000) while Middle Sydney median unit price declined by a more moderate level of -1.4% to $685,000.

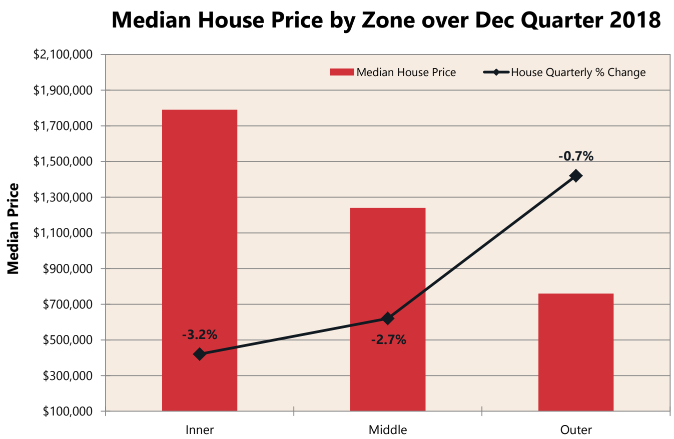

Chart 14— Greater Sydney Median House Price
Source: REIA / Preston Rowe Paterson Research

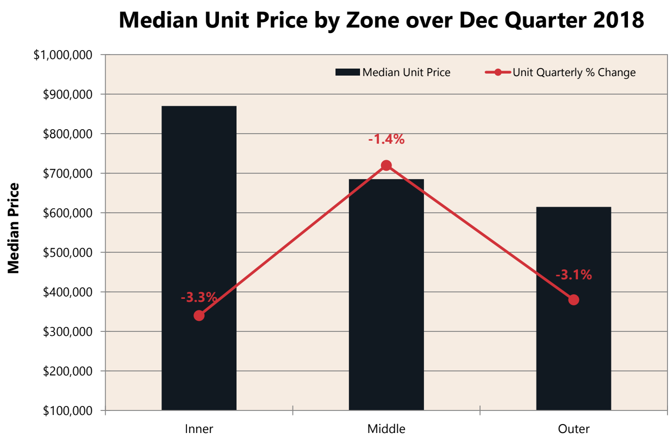

Chart 15— Greater Sydney Median Unit Price
Source: ABS / Preston Rowe Paterson Research

Rental Market

Over the December 2018 quarter, the median rent price for 3 bedroom houses in Sydney remained resilient. 3 bedroom house rents in Inner, Middle and Outer Sydney remained at $950, $600 and $450 weekly. On the same trend, 2 bedroom house rents in Outer Sydney also remained unchanged over the December 2018 quarter at $380 weekly. However, both 2 bedroom house rents for Inner and Middle Sydney saw declines of -2.8% and -1.0% to $700 and $485 weekly respectively.

Weekly rents for units in Greater Sydney also seen declines over the quarter to December 2018. 1 bedroom unit weekly rents for Inner, Middle and Outer Sydney declined by -1.8%, -4.2% and -2.4% to $540, $460 and $410 respectively. 2 bedroom units for Inner and Middle Sydney also seen declines of -1.4% and -1.9% respectively while Outer Sydney 2 bedroom unit weekly rents remained at $450.

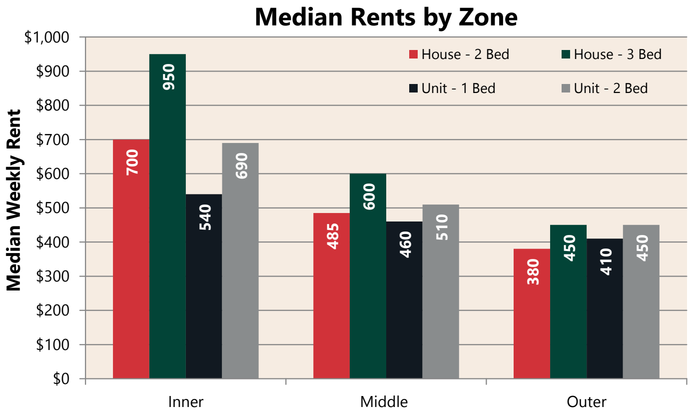

Chart 16— Greater Sydney Median Rents by Zone
Source: REIA / Preston Rowe Paterson Research

Vacancy Rates

The overall residential vacancy rate in Sydney increased by 0.4% to 3.6% over the month to March 2019. The vacancy of all zones in Sydney increased over the year. The highest incline was seen in inner areas of Sydney with a year on year increase of 1.8% to 3.7% vacancy, followed by outer Sydney (+1.2% to 3.5%) and middle Sydney (+0.5% to 3.1%).

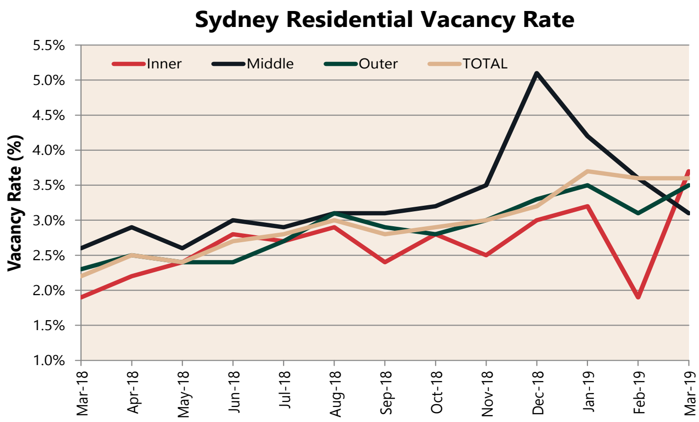

Chart 17— Greater Sydney Residential Vacancy Rate
Source: REINSW / Preston Rowe Paterson Research

Regional New South Wales

Newcastle

In Newcastle, the median house price declined by -1.6% over the year to December 2018. There were 620 house sales recorded over the quarter, with median prices of the lower quartile at $510,000 and the upper quartile at $760,000. Similarly, the median price for units in Newcastle also recorded a negative -8.3% quarterly change. There were 123 unit sales recorded through the quarter with median prices of the lower quartile at $430,000 and the upper quartile at $670,000.

Rents in Newcastle performed well over the December 2018 quarter, with 2 and 3 bedroom house rents recording an increase of 2.6% and 2.3% increase to $400 and $450 weekly. Rents for 2 bedroom units in the area also recorded a 3.9% increase to $400 weekly while 1 bedroom unit rents remained at $300 over the same period.

Wollongong

Over the December quarter, Wollongong's median house and unit price declined by -1.4% to $720,000 and -4.3% to $555,000. There were 505 transacted house sales recorded by the REIA over the quarter, with the median sale price of the lower quartile at $589,000 and the upper quartile at $870,000. At the same time, there were 123 unit sales recorded over the quarter, with the median sale price of the lower quartile at $455,000 and the upper quartile at $700,000.

The median weekly rent for houses in Wollongong shows a year on year decline of -4.8% (to $400 weekly) for 2 bedroom houses and an increase of +0.5% (to $500 weekly) for 3 bedroom houses. As for units in Wollongong, the median weekly rent for 1 bedroom units increased by +3.5% to $250 and 2 bedroom units declined by -2.6% to $380 per week.

Luxury Residential Investment

86b Victoria Road, Bellevue Hill, NSW 2023

$18.6 million

$11,273 per sqm site area

Former Seafolly chief executive *Anthony Halas* has sold his family home in Bellevue Hill**.** The deal comes after his purchase of a waterfront home in Watsons Bay at the end of last year for $15 million. The property underwent renovation in 2018 and won the 2018 Excellence in Housing Award from the Masters Builders Association of NSW. The two storeys home sits on 1,650 sqm of land which comprises five bedrooms, five bathrooms, five car spaces, an in-ground pool and full size tennis court was bought by News Corp Australasia executive chairman *Michael Miller*. The property sold on a **rate of $11,273 psm of site area**. Bellevue Hill is located 5.8 km east of the CBD.

Residential Developments

14-26 Wattle Street, Pyrmont, NSW 2000

More than $200 million

$16,666 per sqm site area

Landream has snapped up the former 1.2 hectare council depot site in Pyrmont. The acquisition of the property is in line with the developer's strategy to pick high quality locations for development. The site which sits across the road from Wentworth Park will feature a 91 place childcare centre and a two court indoor recreational centre for public space and amenities which was under the vendor's provisions of sale. The development will mainly feature apartments, although the number of units has not been finalised yet there has been 48,000 sqm of floor space designated to the site. The site benefits from its proximity to the soon to be redeveloped fish markets, two universities and Chinatown.

Carrington Road, Castle Hill, NSW 2154

$40 million

$4,152 per sqm site area

Ecospective Property has acquired a 9,634 sqm site in in Sydney's north-west growth corridor. The site is an amalgamation of 11 properties along Carrington road will comprise of around 300 apartments spread out across several mid-rise buildings. The apartments will be right next to the Showground station along the new Sydney Metro line linking the CBD to the north west of Sydney. The deal was completed at around $133,333 per unit. Castle Hill is located 41.2km north west of Sydney's CBD.

Corner of Tanderra Avenue & Post Office Street, Carlingford, NSW 2118

$21.5 million

$2,741 per sqm site area

Jin Lian Group have sold the 7,843 sqm residential development site after struggling to finance the project. The site known as Tanderra Residence is an amalgamation of 11 properties, with plans to develop 120 apartments. The developer struggled with weak pre sales of only 43 units, which were offered at a heavy upfront discount. Carlingford is located 18 km north-west of the Sydney CBD.

Rural

Juanbung and Boyong Stations, Oxley, NSW 2711

Approx. $60million

$1,714 per ha

Melbourne businessman Tim Roberts-Thomson and his family have sold Juanbung and Boyong Stations in an off market deal. The stations were one of three enterprises under Mr Roberts-Thomson's TRT Pastoral Group which also include Howquadale Station in North East Victoria and five individual holdings located in King Island, Tasmania. Juanbung and Boyong Stations comprise 35,000 hectares of land in southern Riverina, with a 55 km southern boundary frontage to the Murrumbidgee River and the ability to stock 4000-10,000 head of cattle annually. In addition to the cattle operation the property also runs a dry firewood processing plant. The property is located 65 km due west of Hay in the southern part of the Riverina.

Netley Station, Broken Hill NSW 2880

$10.6 million

$145 per ha

The historic outback property **Netley Station** has sold to Swiss aviation executives Oskar J Schwenk's *Swiss Australia Farm Holding.* The 73,299 hectare property was sold by long-time owner Gary Radford (OAM). The property has undergone an intensive fencing campaign since Radford's purchase of the property in 1987. The property has five major dams and eight bores located throughout the 20 main larger paddocks and 11 smaller paddocks, which have reticulated water supply via pipelines and tanks to over 65 watering points. The property sold with the opportunity to access permanent water via the new Broken Hill pipeline. The improvements on the property include four bedroom homestead, managers cottage, eight stand shearing shed, cattle yards, sundry shedding, fuel supplies, a workshop and a wash -down bay. The station which is suited to cattle, merino and dorpers is located 70km south of Broken Hill.

Specialised Properties

2 Town Hall Place, Wollongong NSW 2500

Childcare Centre

$3.9 million

7.0% Yield

$2,600 per sqm lettable area

A private investor has purchased a leased childcare centre in Wollongong with approval for 82 licensed places. The 1,500 sqm property is leased to **Oxford Multicultural Childcare** on a 10 year lease plus options and generates a **net income of $275,000** with annual rent reviews of the greater of 4% or CPI. The property benefits from indoor and outdoor areas along with basement parking. Wollongong is located 60km south of Sydney's CBD.

109 Riley Street, Darlinghurst NSW 2010

Art Gallery

$5.5 million

$9,516 per sqm lettable area

For the first time is 50 years the Watters Gallery in Sydney's has exchanged hands. The three storey property was known for representing non-mainstream artists since the gallery's inception in 1964 and in December of last year the 578sqm gallery closed its doors. The corner allotted property has a rooftop terrace and garden and parking. Darlinghurst is located 1km from the Sydney CBD.

Hotels & Leisure Market

121 Baxter Road, Mascot NSW 2020

About $12 million

$404,000 per hotel room

The **Felix Hotel** at Sydney Airport has been snapped up by Singapore's *Ascott REIT,* as the investment vehicle increases its exposure to the Australian hotel market. Through the acquisition of the 150-room limited service Mascot hotel the portfolio now owns up to 900 hotel rooms nationally over six hotels. The trust already owns the neighbouring Quest Mascot Apartment Hotel, Quest Campbelltown and Quest Sydney Olympic Park. The Felix Hotel, which was previously operated by 8Hotels, will be rebranded to Citadines Connect from May and Managed by The Ascott Limited. Mascot is located 7km south of the Sydney CBD.

199 Clarence Street, Sydney NSW 2000

About $12 million

5 Years

$2,000 per sqm site area

A top floor office and its adjoining rooftop outdoor space have been converted into a new bar. The 88 sqm space which was previously leased to an IT firm has been taken over by **Old Mates Place.** The fully renovated bar can be accessed through an internal staircase. The property is located within the Sydney CBD.

Property Funds & Capital Raisings

Accor Hotel Portfolio

$330.4 million

$397,593 per room

Paris based *AXA Investment Managers* has acquired a portfolio of four Accor Hotels from the *Abu Dhabi Investment Authority.* The portfolio consists of the five-star, 218 room Pullman Sydney Olympic Park, the 177-room Novotel Sydney Olympic Park, the 150 room Ibis Novotel Sydney Olympic Park and the 286 room Novotel Canberra, which adds up to a combined 831 hotel rooms. The three Sydney Olympic Park hotels were developed for the 2000 Sydney Olympics and benefit from sport and concert events in the precinct along with the future public transport links running through the precinct. All four hotels are managed by Accor on long term agreements.

Our Research

At Preston Rowe Paterson we take pride in the extensive research we prepare for the market sectors within which we operate in. These include Commercial, Retail, Industrial, Hotel and Leisure and Residential property markets, as well as Infrastructure, Capital, Asset, Plant and Machinery markets.

We have **property** covered.

We have **clients** covered

Preston Rowe Paterson acts for a diverse range of clients with all types of property needs, covering real estate, infrastructure, asset, plant and machinery interests, these include:

Accountants, auditors & insolvency practitioners
Banks, finance companies & lending institutions
Commercial & residential non-bank lenders
Co-operatives
Developers
Finance & mortgage brokers
Hotel owners & operators
Institutional investors
Insurance brokers & companies
Investment advisors
Lessors & lessees
Listed & private companies & corporations
Listed & unlisted property trusts
Local, state & federal government departments & agencies
Mining companies
Mortgage trusts
Overseas clients
Private investors
Property syndication managers
Real Estate Investment Trusts (REITS)
Rural landholders
Solicitors & barristers
Sovereign wealth funds
Stockbrokers
Superannuation funds
Trustee & custodial companies

We have **real estate** covered

We regularly provide valuation, advisory, research, acquisition, due diligence management, asset and property management, consultancy and leasing services for all types of Real Estate, including:

Metropolitan & CBD commercial office buildings
Retail shopping centres & shops
Industrial, office/warehouses & factories
Business parks
Hotels (accommodation) & resorts
Hotels (pubs), motels & caravan parks
Residential developments projects
Residential dwellings (houses/apartments/units)
Property Management
Rural properties
Hospitals & aged care
Special purpose properties
Extractive industries & resource based enterprises
Infrastructure including airports & port facilities

We have **asset, plant and machinery** covered

We regularly undertake valuations of all forms of asset, plant and machinery, including:

Mining & earth moving equipment/road plant
Resort & accommodation, hotel furniture, fittings & equipment
Office fit outs & equipment
Farming equipment
Transport equipment
Industrial/factory equipment
Licensed club furniture, fittings & equipment
Building services equipment (lifts, air conditioning, fire services & building maintenance equipment)

We have your **needs** covered

Our clients seek our property (real estate, infrastructure, asset, plant and machinery) services for a multitude of reasons, including:

Acquisitions & Disposals
Alternative use & highest and best use analysis
Asset Management
Asset Valuations for financial reporting to meet ASIC, AASB, IFRS & IVSC guidelines
Compulsory acquisition and resumption
Corporate merger & acquisition real estate due diligence
Due Diligence management for acquisitions and sales
Facilities management
Feasibility studies
Funds management advice & portfolio analysis
Income & outgoings projections and analysis
Insurance valuations (replacement & reinstatement costs)
Leasing vacant space within managed properties
Listed property trust & investment fund valuations & revaluations
Litigation support
Marketing & development strategies
Mortgage valuations
Property Management
Property syndicate valuations & re-valuations
Rating and taxing objections
Receivership, Insolvency & liquidation valuations & support/advice
Relocation advice, strategies and consultancy
Rental assessments & determinations
Sensitivity analysis
Strategic property planning

We have all **locations** covered

From our capital city and regional office locations we serve our client's needs throughout Australia. Globally, we have three offices located in New Zealand, as well as associated office networks located in the Asia-Pacific region.

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http://www.appraisalchina.com/

Japan via Daiwa Realty Appraisal
http://daiwakantei.co.jp/eng/about

Thailand via Capital and Co.
http://www.cpmcapital.co.th/

Philippines via Cuervo Appraisal Incorporated
http://cuervoappraisers.com.ph/

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