



**Preston
Rowe
Paterson**

National Property Consultants

Property *Market* Report

New South Wales

About This Report

Preston Rowe Paterson prepare standard research reports covering the main markets within which we operate in each of our capital cities and major regional locations.

The markets covered in this research report include the commercial office market, industrial market, retail market, hotel and leisure market and residential market as well as economic factors impacting on the real estate markets within we operate.

We regularly undertake valuations of commercial, retail, industrial, hotel and leisure, residential and special purpose properties for many varied reasons, as set out later herein. We also provide property management services, asset and facilities management services for commercial, retail, industrial property as well as plant and machinery valuation.

To compile the research report we have considered the most recently available statistics from known sources. Given the manner in which statistics are compiled and published they are usually 3-6 months out of date at the time we analyse them. Where possible we consider short term movement in the statistics by looking at daily published data in the financial press. Where this shows notable fluctuation, when compared to the formal published numbers we have commented accordingly.

September Quarter 2013

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Economic Fundamentals

GDP

GDP figures for the September quarter are not available until 4th December 2013, however PRP research over the June 2013 quarter has revealed that the Australian economy recorded steady growth, with the quarter GDP growth at 0.6% seasonally adjusted which resulted in annual growth to June 2013 increasing by 2.6%. The main contributors to GDP over the June quarter were Financial and Insurance Services which increased by 2.1% reflecting a 0.2% contribution to the GDP growth and Construction which increased by 1.9% reflecting a 0.1% contribution to GDP growth.

The Terms of Trade over the quarter rose by a marginal 0.1% following a 3.1% increase in the March quarter. Over the twelve months to June 2013 the Terms of Trade has fallen 4.9% signalling that export prices are declining at a faster rate than import prices.

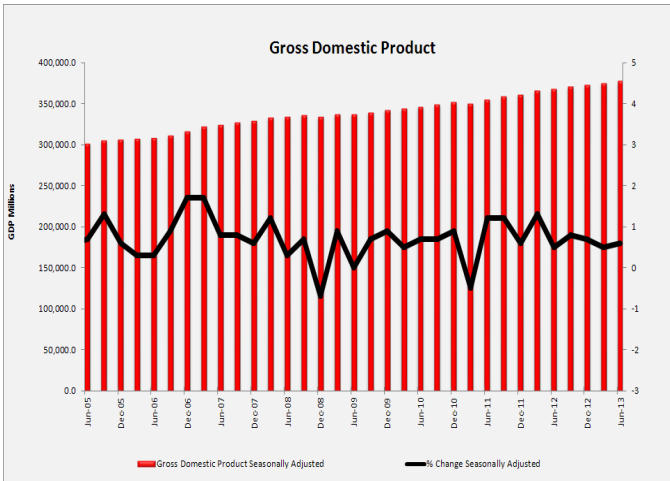


Chart 1 – Gross Domestic Product (GDP) – Source ABS

Labour force

The official employment figures released from the Australian Bureau of Statistics revealed that the unemployment rate decreased by 0.2 percentage points to 5.6% seasonally adjusted as at September 2013.

Employment over the month to September 2013 recorded an increase of 9,106 persons from 11,636,716 in August to 11,645,822 in September a percentage increase of 0.08%.

Full time employment over the month to September increased by 0.06 percentage points from 8,128,742 to 8,133,731 an increase of 4,989 persons. Part time employment recorded growth of 0.12% over the month to September to 3,512,091 persons. In comparison to September 2012, there was a 2.95% growth which is an increase of 100,691 persons.

The participation rate recorded a marginal decline of 0.1 percentage points to 64.9% as at September 2013, with year on year comparison revealing a 0.5 percentage point decline.

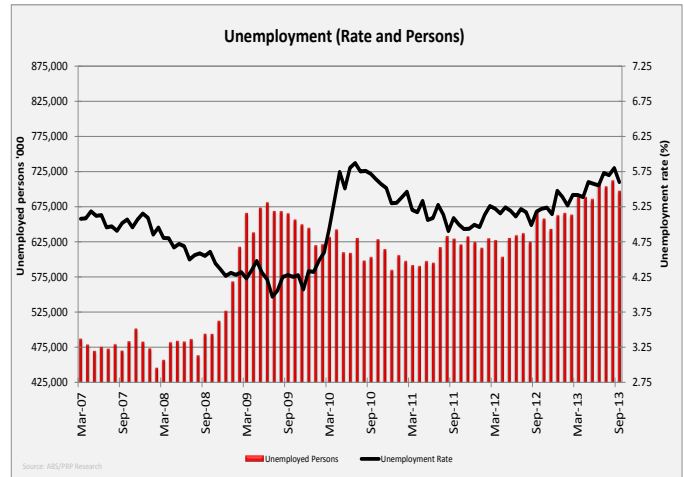


Chart 2 – Unemployment – Source ABS

Interest Rates

At the date of publishing, the official Cash Rate over the September quarter 2013 declined by 25 basis points to 2.50%. The decline took place in May and remained unchanged for the months of April and June. The Reserve Bank of Australia’s Media Release for August 2013 explained that;

“In Australia, the economy has been growing a bit below trend over the past year. This is expected to continue in the near term as the economy adjusts to lower levels of mining investment. The unemployment rate has edged higher. Recent data confirm that inflation has been consistent with the medium-term target. With growth in labour costs moderating, this is expected to remain the case over the next one to two years, even with the effects of the recent depreciation of the exchange rate.”

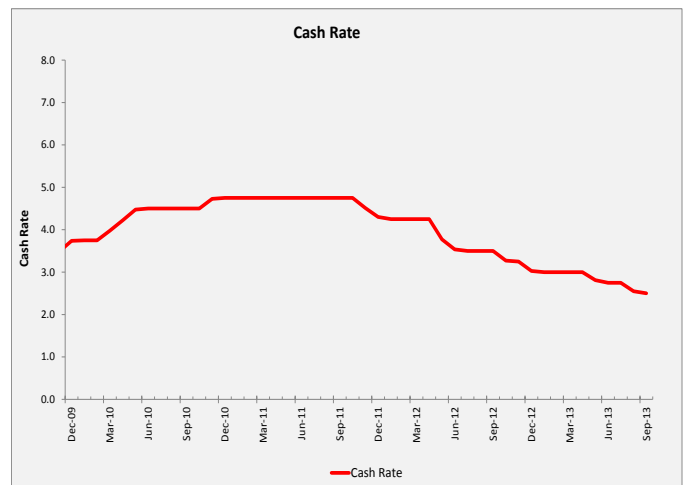


Chart 3 – Cash Rate – Source RBA

CPI

The Consumer Price Index (CPI) rose by 1.2% in the September quarter 2013 with the index now recording 104.0, reflecting an annual growth to September of 2.2%. The most significant price rises this quarter were for water and sewerage, property rates and charges and automotive fuel with increases of 9.7%, 7.9% and 7.6% respectively.

The most significant price decline over the September 2013 quarter was attributed to vegetables, which declined by 4.5%.

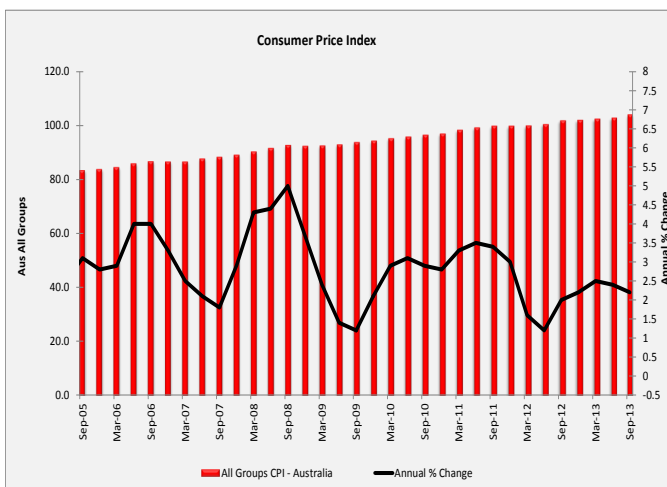


Chart 4- Consumer Price Index—Source—ABS

Consumer Sentiment

The Westpac Melbourne Institute of Consumer Sentiment Index increased by 4.7% in September from 105.7 in August to 110.6 in September. Over the quarter the index has increased by 8.4 points, an increase of 8.24%. Over the twelve months to September the Index increased by 12.4 Index points, reflecting a percentage increase of 12.64%.

The Index has now reached its highest level since December 2010, when it was recorded at 111 Index Points. Westpac's Chief Economist, Bill Evans, stated "Confidence is also high around the housing market. The sub-index tracking assessments of 'whether now is a good time to buy a dwelling' jumped 6.5% to its highest level since August 2009".

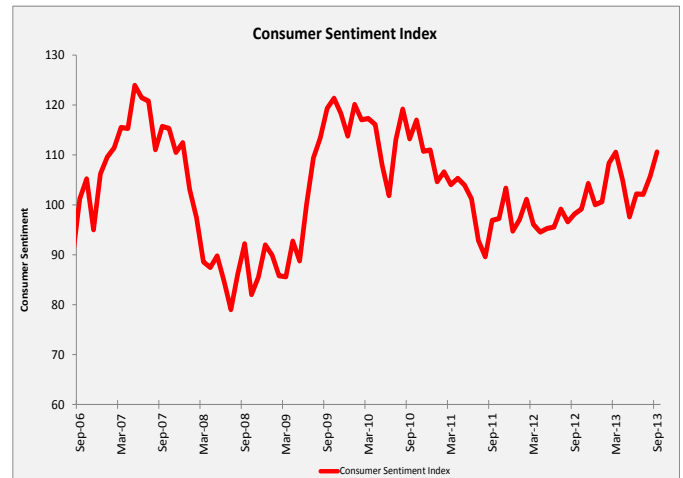


Chart 5- Consumer Sentiment Index – Source - Westpac—Melbourne Institute Survey

Commercial Office Market

Sydney CBD

Investment Activity

PRP Research recorded a number of reported sales transactions that occurred in the Sydney CBD Office Market during the three months to September 2013.

AMP Capital has paid a reported **\$317 million** for a half stake in Mirvac Group's office development at **200 George Street in the Sydney CBD**. The development is due for completion in 2016 and has been subsequently pre let to accounting firm Ernst and Young, for a term of 10 years from completion.

Leasing Activity

PRP Research recorded several notable leasing transactions that occurred in the Sydney CBD Office Market during the three months to September 2013.

Government Property Australia has taken out a 5 year lease over **2,140 sqm** of office space over 2 levels at **88 Cumberland Street, Sydney**. The space has been leased at a rate of **\$740 per sqm**, displaying a net rental of **\$1,583,600 per annum**.

Credit Insurance and risk management company Atradius has leased a new office at **1 Market Street, Sydney CBD**. The **1,092 sqm** of office space has been leased for annual rent of more than **\$764,400** reflecting a **rate per sqm of more than \$700**.

The following tables display further reported sales and leasing transactions over the September 2013 quarter:

ADDRESS	SALEPRICE	VENDOR	PURCHASER	SALE DATE	BLG AREA m2	RATE/m2	YIELD
1 Dixon Street	\$8,050,000	Hyperion Property Syndicate No 11	Undisclosed	26-Sep-13	3,524	\$2,284	-
130-134 Elizabeth Street	\$50,000,000	GE Real Estate Capital	Blackstone	14-Sep-13	10,308	\$4,851	-
396-412 Kent Street	\$58,000,000	The Trust Company Ltd	Kent Street Real Estate Holdings	7-Aug-13	10,461	\$5,544	7.85%
46-50 Margaret Street	\$65,300,000	Margaret Street Investments	The Trust Company (Australia) Ltd	19-Sep-13	8,722	\$7,487	5.57%
1 Martin Place	\$220,000,000 (50%)	Charter Hall Group	Charter Hall Office Trust	15-Aug-13	40,676	\$10,817	-
16 Spring Street	\$21,900,000	Standard Life	Malaysian Group	24-Aug-13	3,172	\$6,904	6.62%

Table 1—Sydney CBD Sales Transactions

ADDRESS	RENT PSM	RENT PA	LESSEE	AREA SQM	TERM	LEASE DATE
8-12 Chifley Square	\$1,000	\$2,494,000 Net	Quantium	2,594	7	15-Aug-13
88 Cumberland Street	\$740	\$1,583,600 Net	Government Property Australia	2,140	5	1-Aug-13
407-419 Elizabeth Street	\$400	\$1,517,200 Net	Nationwide News	3,793	-	26-Aug-13
205-235 George Street	\$1,225	\$2,048,200 Gross	Barclays	1,672	3	1-Jul-13
264-278 George Street	\$650	\$3,900,000 Net	HWL Ebsworth	6,000	10	19-Sep-13
1-15 Market Street	\$700	\$764,400 Net	Atradius Credit Insurance	1,092	10	15-Aug-13
11-31 York Street	\$595	\$658,963 Gross	Employment Innovations	1,107	3	27-Aug-13

Table 2—Sydney CBD Leasing Transactions

Development Sites

There is one new development expected to be completed this year, which is located at 8-12 Chifley Square comprising 19,320 sqm and owned by K-REIT Asia. The completion of the development at 180 Thomas Street has been pushed back to the first quarter of 2014 which will add 13,941 sqm of office space to the market.

In 2015+ there is over 300,000 sqm of office space anticipated to enter the market with construction having commenced at International Towers – T3 located at Barangaroo. This tower is expected to add a 78,000 sqm of office space to the market. Site works have commenced on International Towers – T2, with the T1 tower having been DA Approved. The remaining two towers of T1 and T2 are expected to add 101,000 sqm and 87,500 sqm of office space to the market respectively.

Property Council of Australia

The latest statistics from the Property Council of Australia's (PCA) Office Market Report July 2013 have been analysed to derive at the following findings:

Supply by Grade (Stock)

Over the six months to July 2013, there has been 90,843 sqm of new supply added to the market which was offset by 29,191 sqm of withdrawals resulting in net supply of 61,652 sqm. This brings total Sydney CBD office stock to 4,917,944 sqm. New supply was attributed to completion of the development at 161-163 Castlereagh Street which accounted for 57,200 sqm. Partial supply of 33,643 sqm made up the remainder of supply additions due to various building refurbishments.

A Grade office space continues to hold the majority of the Sydney CBD Office market with 36.9%, an increase of 0.1% compared to January 2013. B Grade follows with 31.6% and the remaining grades of Premium, C and D grade comprise of 15.8%, 11.8% and 4% respectively.

As at July 2013, there is an expected 47,124 sqm of new supply expected to enter the Sydney CBD Office market later in the year. In 2014 there is an estimated 53,192 sqm of supply expected with 41.84% pre-committed. In 2015+ there is a further 322,167 sqm of new supply anticipated, with 49.8% having been pre-committed. The International Towers T3 & T2 at Barangaroo will account for 78,000 sqm and 87,500 sqm of this new supply respectively.

There are 3 new developments which are currently mooted and will account for 138,500 sqm of the supply. All 3 developments have been DA Approved and are the International Towers – T1 at Barangaroo, 33 Bligh Street and 383 George Street. The developments will provide office supply of 101,000 sqm, 24,000 sqm and 13,500 sqm respectively.

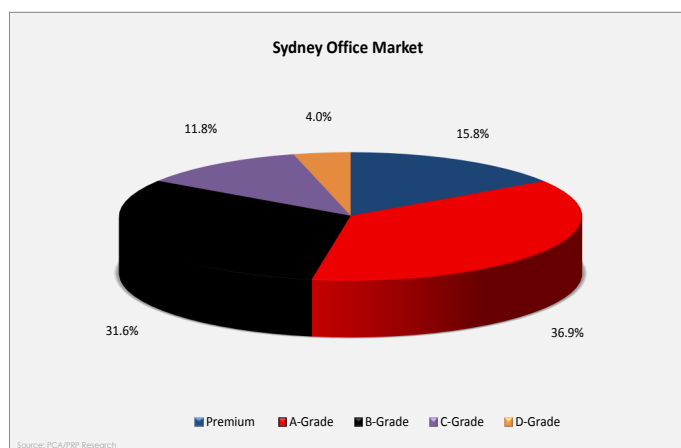


Chart 6 – Sydney CBD Total Stock by Grade – Source PCA

Occupation Levels

In regard to occupied stock levels, the Sydney CBD Office Market recorded a decline of 0.4% in the twelve months to July 2013.

Over twelve months to July 2013, all grades of office space apart from Premium Grade recorded declines in the occupied stock levels, premium grade increasing by 7.3%. B grade experienced the greatest decline of 2.4% followed by C grade with 2.2%, D grade with 1.8% and A grade with 1.1%.

Net Absorption & Vacancy Levels

Latest figures from the Property Council of Australia's (PCA) Office Market Report July 2013 have shown an increase in the Vacancy factor for the Sydney CBD commercial office market.

Total vacancy for the Sydney CBD commercial office market increased from 7.2% in January 2013 to 8.9% in July 2013, an increase of 1.7%. This is the largest six-monthly increase recorded since July 2009, when the vacancy rate increased from 5.4% to 7.8%.

All grades of office space contributed to the increase in vacancy, with the greatest increase attributed to A Grade, with a 2.8% increase to 10.2%. Premium grade followed with a 2.3% increase to 8.3%. The remaining 3 grades of B, C and D grade recorded increases of 0.8%, 0.2% and 0.9% to vacancy levels of 8%, 8.6% and 7.4% respectively.

The entire Sydney CBD office market recorded net absorption of -26,984 sqm, reflecting net absorption of -19,083 sqm in the twelve months to July 2013. All grades of office space recorded declines in net absorption in the six months to July 2013 apart from Premium grade which recorded positive absorption of 36,393 sqm. A grade and B grade office stock recorded the most significant declines in net absorption with 27,846 sqm and 27,070 sqm respectively. C grade and D grade reported negative net absorption of 2,753 sqm and -5,708 sqm respectively.

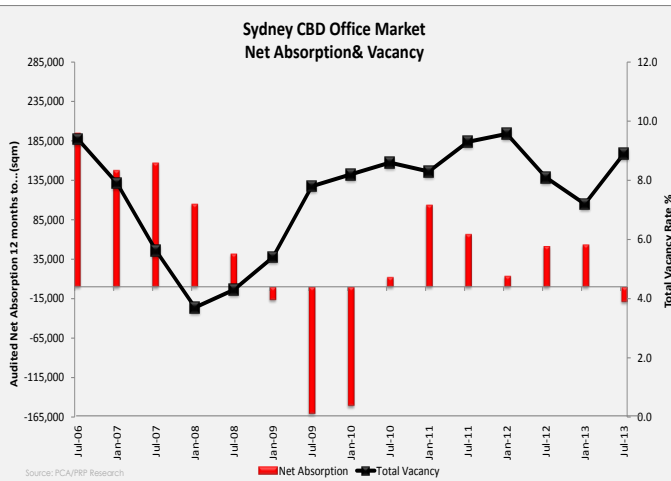


Chart 7 – Sydney CBD Commercial Vacancy Rates – Source PCA

North Sydney

Investment Activity

PRP Research recorded few major transactions that occurred during the three months to September 2013.

Investa Office Fund has purchased a **17,200 sqm** office tower from GE Capital at **99 Walker Street, North Sydney** for a reported **\$124.9 million** on a **yield of 7.9%**.

Centuria Proeprty Fund has sold the Transfield House office tower at **30 Alfred Street, Milsons Point in North Sydney** for **\$26.65 million**. The tower as a net lettable area of **3,706 sqm** with ground floor retail space, six upper floors of office space and basement parking for 20 cars.

Leasing Activity

PRP Research recorded few notable leasing transactions that occurred in the Sydney CBD Office Market during the three months to September 2013.

Meat & Livestock Australia has leased **2,470 sqm** of space at **40 Mount Street, North Sydney** at a gross rental of **\$645 per sqm** for a term of **10 years**.

Property Council of Australia

The latest statistics from the Property Council of Australia's (PCA) Office Market Report July 2013 have been analysed to derive at the following findings:

Supply & Occupation

Over the six months to July 2013, the North Sydney Office Market total stock has decreased by 1,093 sqm from 861,554 sqm to 860,461 sqm. B Grade recorded supply addition of 350 sqm and C Grade recorded stock withdrawal of 1,443 sqm. All other grades of office stock remained unchanged.

Over the six months to July 2013, occupied stock levels declined in all grades apart from Premium grade which remained unchanged. The most significant decline was attributed to C grade with a decline of 9.4%, followed by A grade with 2.3%, B grade with 1.3% and D grade with 0.2%.

Analysis of the PCA July 2013 office market report has revealed that B Grade office stock continues to maintain over 50% of the market, followed by A grade with 21.6%, C grade with 21.5%, Premium grade with 4.2% and D grade with 2.5%.

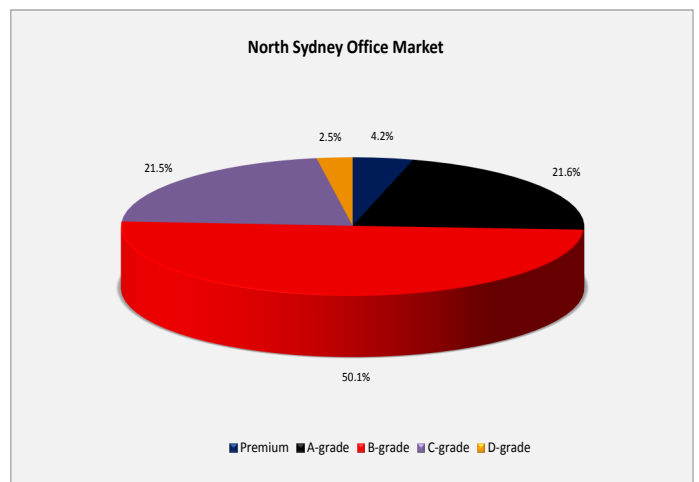


Chart 8 – North Sydney CBD Stock Levels By Grade – Source PCA

Vacancy Rates

In the six months to July 2013, the North Sydney office market total market vacancy has increased by 2.8% to 10.6% reflecting its highest vacancy rate since July 2010. All grades apart from Premium grade office space recorded increases in total vacancy, with C grade accounting for the greatest increase of 8.2% to 18.2%. Premium grade office space remained unchanged at 1.6%.

A grade recorded the second highest increase in total vacancy of 2.2% to 7.5%, followed by B grade with 1.2% to 9% and D grade, which increased by 0.2% to 17.9%.

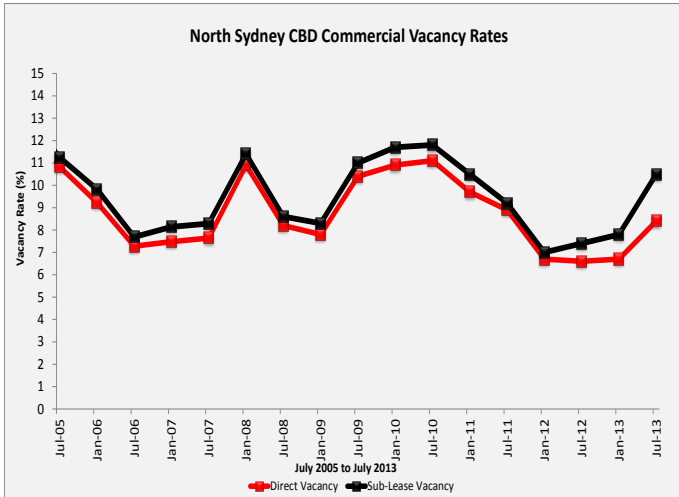


Chart 9 – North Sydney CBD Commercial Vacancy Rates – Source PCA

Net Absorption

The North Sydney office market recorded a decline of 24,773 sqm in total net absorption over the six months to July 2013. This declined reflected an annual decline of 27,904 sqm. Over the twelve months to July 2013 all grades of office space recorded negative net absorption apart from Premium grade which recorded positive 716 sqm. C Grade office space recorded the greatest decline of 15,234 sqm, followed by A grade with 10,146 sqm, B Grade with 2,784 sqm and D Grade with a mere 456 sqm decline.

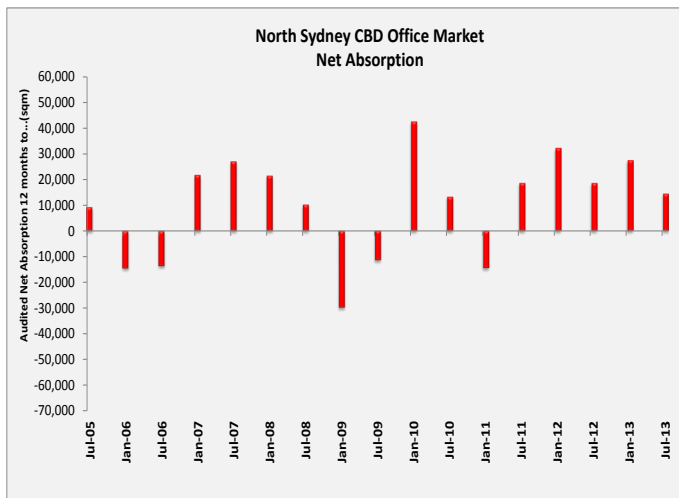


Chart 10 – North Sydney CBD Office Market Net Absorption – Source PCA

Crow's Nest/St Leonards

Property Council of Australia

The latest statistics from the Property Council of Australia's (PCA) Office Market Report July 2013 have been analysed to derive at the following findings:

Supply & Occupation

Over the six months to July 2013, the Crow's Nest & St Leonards Office market total stock declined by 4,668 sqm from 368,596 sqm to 363,928 sqm. The stock withdrawal was attributed to C Grade due to a building demolition. The majority of the office market comprises of C Grade office space with 48.5%, followed by A Grade with 28.2%, B Grade with 19% and D Grade with 4.3%.

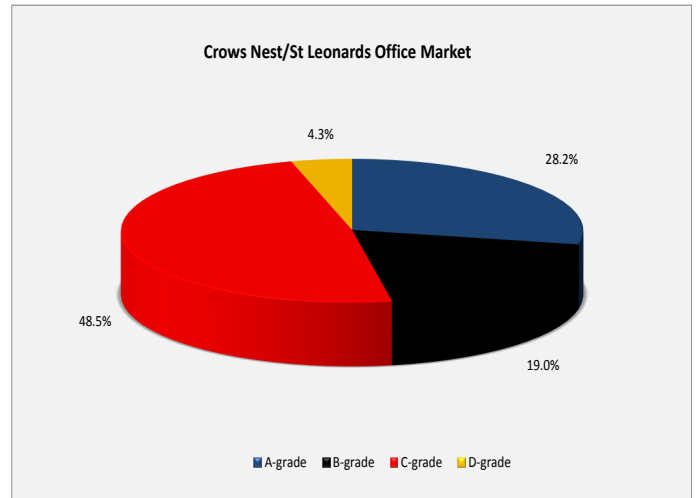


Chart 11 – Crow's Nest/St Leonards Stock Levels by Grade – Source PCA

Total Vacancy

Total office market vacancy in the Crow's Nest/St Leonards market tightened over the six months to July 2013 by 1.8% from 12% to 13.8%. There were mixed results with total vacancy across the four grades of office space, with A Grade and C Grade increasing by 2.5% and 2.9% respectively. B Grade and D Grade recorded declines of 1.8% and 0.8% respectively.

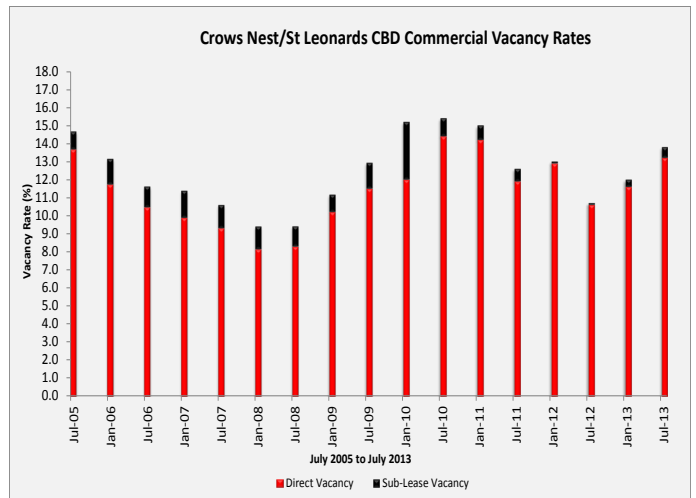


Chart 12 – Crow's Nest CBD Commercial Vacancy Rates – Source PCA

Net Absorption

Total market net absorption in the Crow's Nest/St Leonards market for the six months to July 2013 recorded -10,436 sqm. Positive net absorption was experienced in the B Grade and D Grade markets, with absorption of 1,280 sqm and 119 sqm respectively. Negative net absorption was reported in the A Grade and C Grade markets, with absorption of -2,506 sqm and -9,329 sqm respectively.

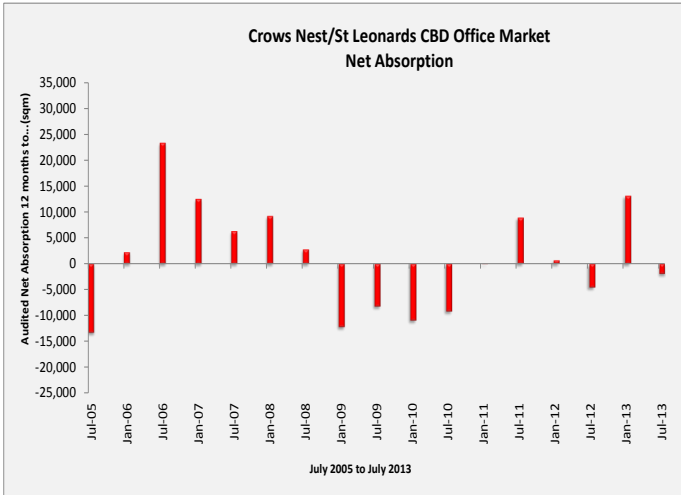


Chart 13 – Crow's Nest CBD Office Market Net Absorption – Source PCA

Parramatta

Property Council of Australia

The latest statistics from the Property Council of Australia's (PCA) Office Market Report July 2013 have been analysed to derive at the following findings:

Supply & Occupation

The Parramatta CBD office market total stock recorded a decline of 11,018 sqm from 702,721 sqm to 691,703 sqm in the six months to July 2013. A Grade and C Grade office stock remained unchanged with no new supply additions or withdrawals whereas B Grade recorded supply additions of 881 sqm and withdrawal of 4,070 sqm to total stock levels of 155,467 sqm. D Grade reported no supply additions, however withdrawals accounted for 7,829 sqm.

A Grade office space continues to maintain the majority share of the office market with 255,017 sqm of stock reflecting 36.9% of the market. B Grade follows, with 22.5%, C Grade with 20.9% and D Grade with 19.7%. 9,785 sqm of supply is expected to enter the Parramatta office market in 2014 due to a refurbishment of 1-3 Fitzwilliam Street. In 2015+ there is 54,000 sqm of new supply anticipated due to Westfield Groups development at 159-175 Church Street which will comprise 30,000 sqm. The remaining 24,000 sqm is due to Leighton Properties development at 169 Macquarie Street.

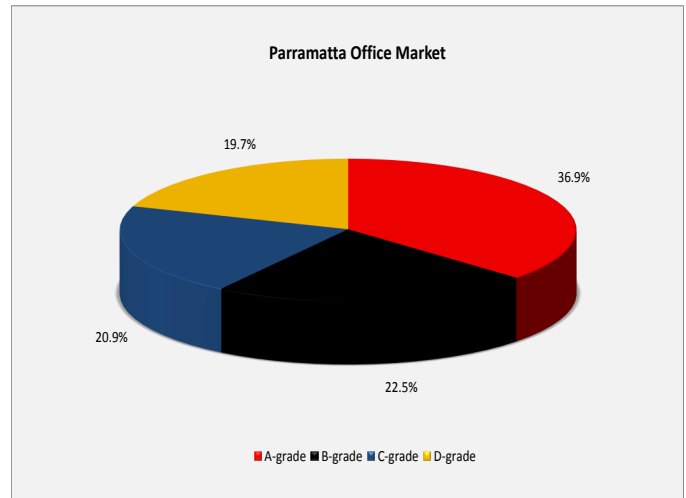


Chart 14 – Parramatta CBD Stock Levels by Grade – Source PCA

Vacancy Rates

Vacancy rates for the Parramatta CBD Office Market have tightened from 9.7% to 7.5%, a decline of 2.2% over the six months to July 2013. All grades of office space recorded declines in total vacancy, with the most significant decrease attributed to D Grade of 4.7%, followed by C Grade with 2.2%, A Grade with 1.7% and B Grade with 0.8%.

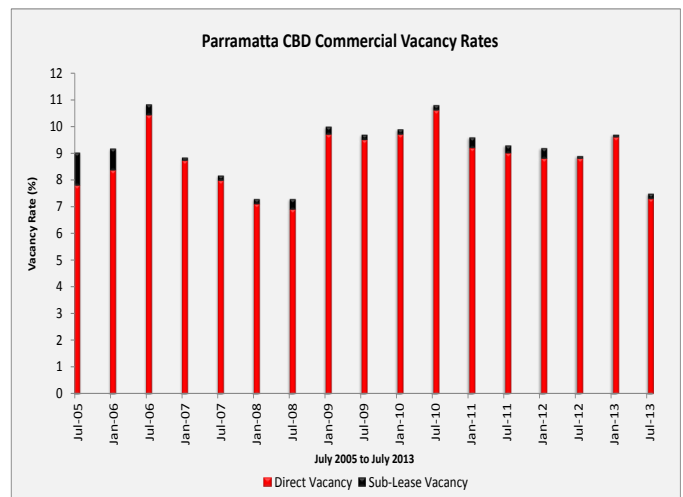


Chart 15 – Parramatta CBD Commercial Vacancy Rates – Source PCA

Net Absorption

Total market net absorption in the Parramatta office market was recorded at 5,281 sqm over the six months to July 2013. A Grade and C Grade office space recorded positive net absorption over the six month period of 4,124 sqm and 3,190 sqm respectively. B Grade and D Grade reported negative net absorption of -1,732 sqm and -301 sqm respectively.

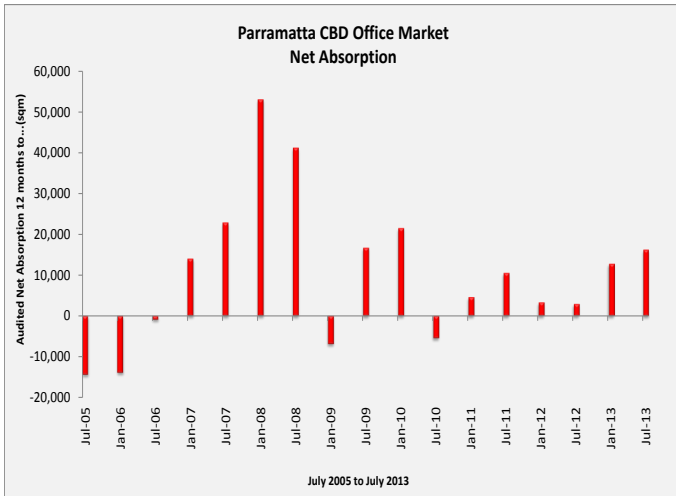


Chart 16 – Parramatta CBD Office Market Net Absorption – Source PCA

Chatswood

Property Council of Australia

The latest statistics from the Property Council of Australia's (PCA) Office Market Report July 2013 have been analysed to derive at the following findings:

Supply & Occupation

The Chatswood Office Market total stock recorded in the six months to July 2013 declined by 1,617 sqm to 279,228 sqm. The entirety of the withdrawal was attributed to A Grade stock. In 2014 there is an expected 4,400 sqm of new supply to enter the market due to completion of 7 Railway Street.

Following the decline of A grade stock over the six months to July, A grade's share of the market declined marginally by 0.2% to 55.8%. B Grade follows with a 27.5% share, C Grade with 16.6% and D Grade with 0.2%.

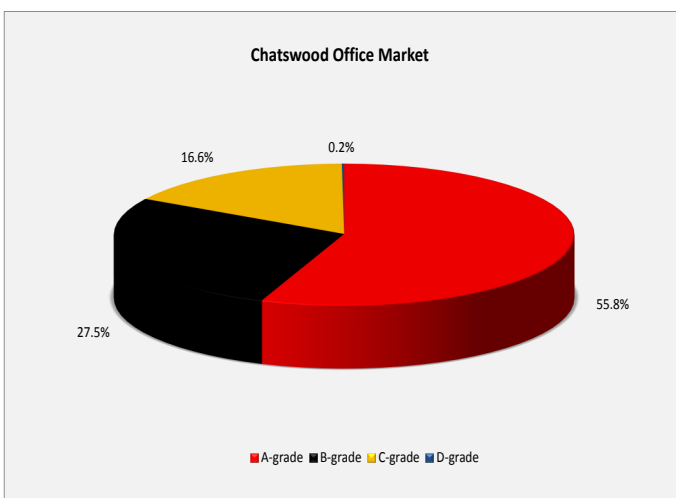


Chart 17 – Chatswood CBD Total Stock Levels – Source PCA

Total Vacancy

The Chatswood Office Market total vacancy rates have increased by 0.9% from 8.9% to 9.8%. All grades apart from D Grade recorded increases in total vacancy, with B Grade experiencing the most significant increase of 2.4% to 13%, followed by C Grade with 1.2% and A Grade with a marginal 0.1%. Sub-lease vacancy for the total Chatswood office market tightened by half a percentage point to 0.5% as at July 2013.

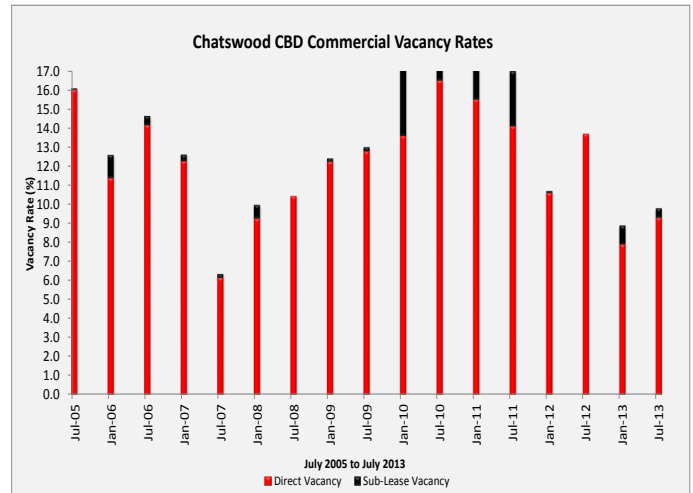


Chart 18 – Chatswood CBD Commercial Vacancy Rates – Source PCA

Supply & Occupation Levels

Market Net Absorption in the Chatswood CBD office market reflected -3,982 sqm in the six months to July 2013. This negative net absorption resulted in net absorption over the twelve months to July of 9,680 sqm. All grades of office stock contributed to the negative net absorption apart from D Grade which remained unchanged. A Grade office stock recorded -1,576 sqm, B Grade recorded -1,849 sqm and C Grade recorded -554 sqm between January and July.

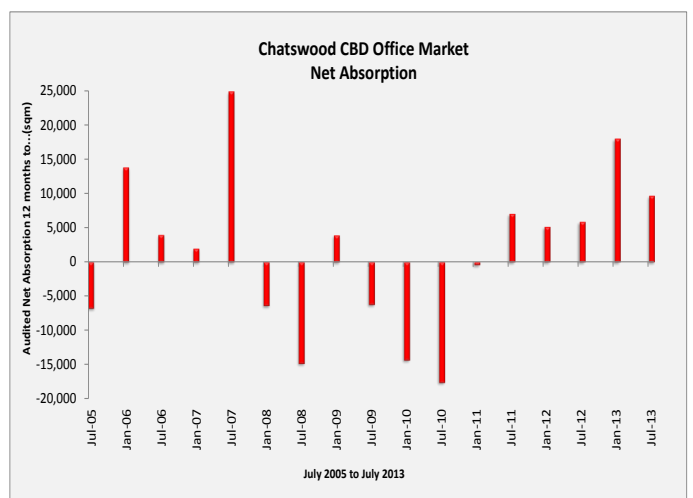


Chart 19 – Chatswood CBD Office Market Net Absorption – Source PCA

North Ryde/Macquarie Park

Property Council of Australia

The latest statistics from the Property Council of Australia's (PCA) Office Market Report July 2013 have been analysed to derive at the following findings:

Supply & Occupation

The North Ryde office market total stock recorded a decline of 5,504 sqm of stock in the six months to July 2013 to 834,445 sqm. A Grade and C Grade were responsible for the decline of stock, with withdrawals of 3,419 sqm and 2,085 sqm respectively.

A Grade stock still accounts for a vast majority of the total stock with 69.3% (578,427 sqm) of the market, followed by B Grade with 28.1% (234,812 sqm), C Grade with 2.2% (18,485 sqm) and D Grade with 0.3% (2,721 sqm).

The North Ryde/Macquarie Park office market has 4 developments in the pipeline which are currently mooted. 3 of the four developments have been DA Approved, with the fourth DA Applied. These four developments are anticipated to provide 100,604 sqm of new supply to the market.

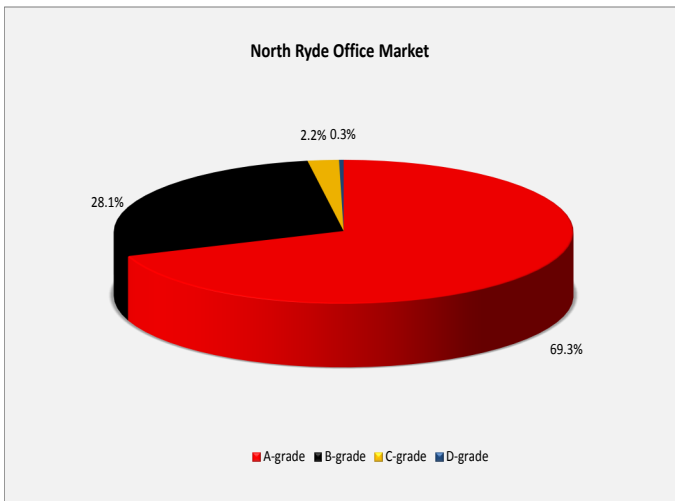


Chart 20 – North Ryde Office Market – Source PCA

Vacancy Rates

Vacancy rates in the North Ryde commercial office market experienced a 0.5% increase to 7.8% in total vacancy over the six months to July 2013. Over the year, total vacancy has increased by 0.7%.

All grades apart from D Grade of office space recorded increases over the six months to July 2013, with C Grade experiencing the most marked increase of 3% to 28.9%, followed by A Grade with 0.5% to 5.2% and B Grade with 0.4% to 12.8%.

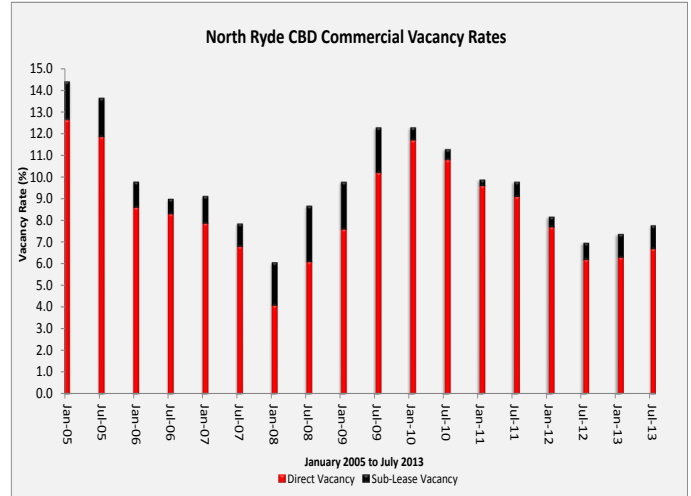


Chart 21 – North Ryde CBD Commercial Vacancy Rates – Source PCA

Net Absorption

Market Net Absorption in the North Ryde commercial office market recorded -9,078 sqm in the six months to July 2013. Over the twelve months to July net absorption was recorded at 6,887 sqm. All Grades of office stock experienced negative net absorption in the six months to July apart from D Grade which remained unchanged. A Grade recorded -6,209 sqm, B Grade; -784 sqm and C Grade; -2,085 sqm.

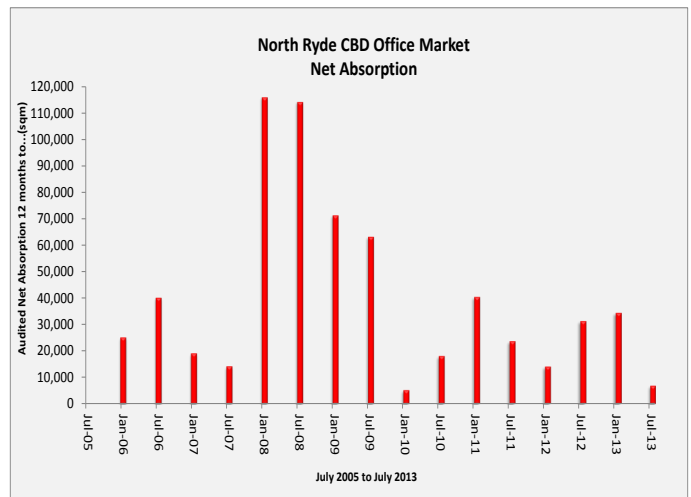


Chart 22 – North Ryde CBD Office Market Net Absorption – Source PCA

Retail Market

Investment Activity

PRP Research recorded a number retail transactions that occurred in New South Wales during the September quarter 2013.

Shopping Centres

The Auburn Homemaker Megamall situated at **265 Parramatta Road, Auburn** has been purchased by Primewest, a Western Australia based syndicator for **\$55 million**. The property spans **32,347 sqm** with anchor tenants including Freedom Furniture, The Good Guys, ByDesign and Fantastic Furniture. The property was purchased on a **yield of approximately 10.5%**.

The Harrington Property Group has purchased the West Gosford Hometown Centre located at **356 Manns Road, West Gosford** for a reported **\$20 million**. The bulky goods retail centre consists of 17 tenancies across four buildings and has a gross lettable area of **15,886 sqm**.

The NSW Leagues Club building at **165 Phillip Street in the Sydney CBD** has been purchased by property investor Greg Shand for **\$15.5 million**.

Private Investors

A private investor has purchased the **5,200 sqm** Centro Kiama in **Terralong Street, Kiama** for a reported **\$22.7 million**. The centre is fully occupied and was purchased on a capitalisation rate of 8.75%. The centres anchor tenant is Woolworths.

Leasing Activity

PRP Research recorded a number of leasing transactions that occurred in the Sydney and Metropolitan Retail Market during the three months to September 2013.

Woolworths has pre-committed to leasing **4,000 sqm** of retail space at the **Ponds Shopping Centre in Blacktown** for a **20 year term**. The centre is due for completion in late 2014 and will be approximately 7,000 sqm with 25 specialty stores.

The following table show further reported sales transactions over the September quarter 2013:

ADDRESS	SUBURB	SPACE USE	SALE PRICE	PURCHASER	SALE DATE	BLG AREA m2	BLG RATE/m2	YIELD
283-289 Pacific Highway	ARTARMON	Showroom & Office	\$5,000,000	Bayswater Car Rental	22-Aug-13	1,030	\$4,854	-
4-6 Niangala Close	BELROSE	Regional Shopping Centre	\$88,000,000	BB Retail Capital Belrose Fund	22-Aug-13	32,053	\$2,745	8.26%
892 Watkins Avenue	GRIFFITH	Neighbourhood Shopping Centre	\$12,500,000	Betgal Pty Ltd & Ezk Pty Ltd	2-Jul-13	19,070	\$655	-
2 Memorial Drive	SHELLHARBOUR	Retail & Office	\$6,060,000	Dreadnought Trading No.1 Pty Ltd	8-Jul-13	2,271	\$2,668	10.08%
49-53 Dixon Street	SYDNEY	Restaurant	\$12,400,000	Wh Dixon Street Holdings Pty Ltd	26-Jul-13	-	-	-

Table 3 – Retail Sales Transactions

Economic Statistics

According to the Australia Bureau of Statistics category 8501.0 Retail Trade (August 2013), the retail turnover figures recorded in New South Wales produced varied results.

The total retail turnover in New South Wales grew by 0.36% over the month of August 2013, with an annual total retail turnover growth of 2.10% seasonally adjusted.

Varied results were experienced over the month of August with Food Retailing, Department Stores & Cafes, Restaurants and Takeaway Food Services recording growth of 0.1%, 7.6% and 2.6% to monthly turnover of \$2,724.5 million, \$475.3 million and \$873.2 million respectively.

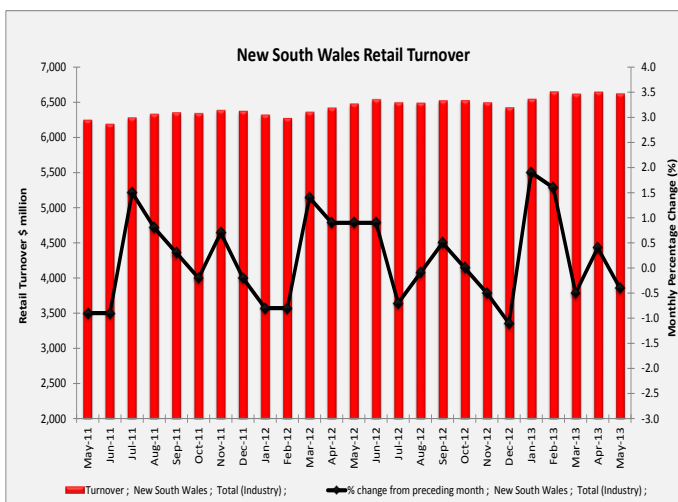


Chart 23 – New South Wales Retail Turnover – Source ABS

Declines over the month of August were experienced in Household Goods Retailing, Clothing, Footwear and Personal Accessory Retailing and Other Retailing with declines of 1.5%, 1.4% and 1% to monthly turnover of \$1,023.8 million, \$554.3 million and \$970.7 million respectively.

Year on year analysis of the six categories recorded positive results with only Household Goods Retailing and Department Stores experiencing declines of 3.9% and 2.1%. All other groups of Food Retailing, Clothing, Footwear and Personal Accessory Retailing, Other Retailing and Cafes Restaurants and Takeaway Food Services recorded growth over the year of 3.5%, 5.8%, 7% and 0.3% respectively.

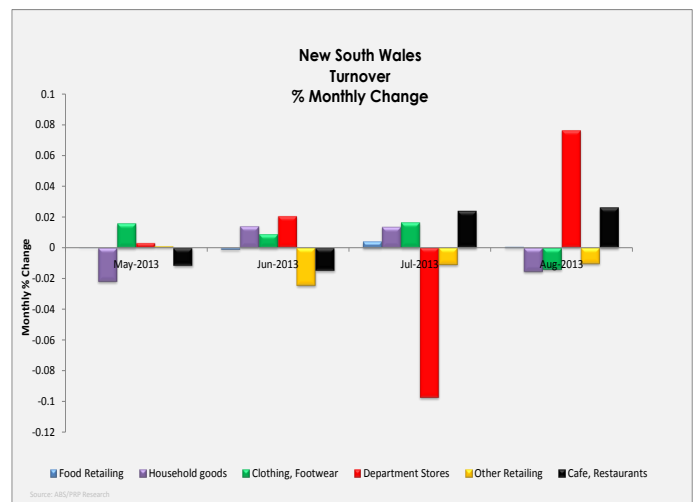


Chart 24 – New South Wales Turnover % Monthly Change – Source ABS

Analysis over the twelve months to August 2013 has revealed various sub-categories recording significant growth and declines. The most marked annual growth was attributed to Other Recreational Goods Retailing, which increased by 23.72% to turnover of \$121.5 million. Other Specialised Food Retailing followed, recording annual growth of 16.71% to turnover of \$253.5 million. The most marked declines over the year were for Newspaper and Book Retailing which declined by 25.25% to turnover of \$80.5 million. Hardware, Building and Garden Supplies Retailing followed, with an annual decline of 8.6% to turnover of \$305.8 million.

Industrial Market

Investment Activity

PRP Research recorded a number of sales transactions that occurred in the Sydney and Metropolitan Industrial Market, during the three months to September 2013;

The DEXUS Wholesale Property Fund has purchased an industrial distribution facility at **4 Inglis Road, Ingleburn** for **\$34.45 million**. The property spans **43,442 sqm** and was purchased on an initial yield of **13.5%**.

The DEXUS Property Group has sold an industrial investment at **10-16 South Street, Rydalmere** in Sydney's western suburbs to Kingsmede, a private property group for **\$43.25 million**.

Private Investors

A **1,596 sqm** mixed-use zoned building located at **410-412 Botany Road, Alexandria** has been purchased by a private investor for a reported \$3.25 million.

A **1,133 sqm** industrial building located at **48-54 Fitzroy Street in Marrickville** has sold for a reported **\$2.2 million** to a private investor.

Leasing Activity

PRP Research recorded a number of leasing transactions that occurred in the Sydney and Metropolitan Industrial Market during the three months to September 2013.

Kick Furniture has leased **1,260 sqm** of industrial space at **Prestons in Sydney's south west**. Kick Furniture agreed to a one year lease with a gross face rental of **\$138,600 per year** with a **rate per sqm of \$110**.

Industrial Parks of Australia has secured two new leasing deals at its **Gateway Estate in Sydney's Mount Kuring-gai**. Firstly, John S. Hayes Pty Ltd, a paper cleaning, sanitary and medical product supplier has leased **3,233 sqm** of space for a five year term at a **net rental of \$129 per sqm**.

Secondly, Woger Trading, an international importer and internet retailer has leased **1,800 sqm** of industrial and warehouse space for a one year term at a net rental of **\$115 per sqm**.

Kele Formwork and Scaffolding has leased a **1,830 sqm** warehouse at **34 Fourth Avenue, Blacktown** for a gross annual rental of **\$170,700**, showing a **rate per sqm of approximately \$94**.

AMP Capital has leased a **1,130 sqm** office warehouse space at **14/38-46 South Street, Rydalmere** to Industrial printing specialist Mimaki. The facility consists of a high office to warehouse ratio displaying a net **rate per sqm of \$135**, reflecting **annual net income of \$152,550**.

Goodman has leased a **1,027 sqm** office and warehouse at **Unit 17, Slough Business Park Silverwater** to Climate Technologies. The property was leased at a net rate of **\$120 per sqm**.

Carpet Maker, Godfrey Hirst Australia has leased a **3,110 sqm** industrial warehouse in **Smithfield** for a term of 5 years at a reported rental of **\$88 per sqm**.

Stratton Fleet Services has leased **750 sqm** office and warehouse property at **Unit 7, 4 Avenue of Americas in Newington** for a four year term at a net rental of **\$112,545 per annum**.

The Independent Bulk Network Pty has leased a **3,203 sqm** industrial property at **1/15 Kerr Road, Ingleburn** for a two year term with a five year option at a gross face rental of **\$264,165 per annum**.

The following tables show further reported industrial sales and leasing transactions over the September 2013 quarter:

ADDRESS	SUBURB	SPACEUSE	SALE PRICE	AREA	RATE/m2	SALE DATE	PURCHASER	YIELD
122 Euston Road	ALEXANDRIA	Office & Warehouse	\$6,200,000	-	-	26-Jul-13	Alexandria Euston Pty Ltd	-
49-51 Riverside Road	CHIPPING NORTON	Warehouse & Office	\$9,500,000	20,110	\$472	2-Jul-13	Macalpine Property Pty Ltd	-
20-28 Rodborough Road	FRENCHS FOREST	Office & Warehouse	\$46,200,000	7,460	\$6,193	31-Jul-13	Austaliagen Office Portfolio Sub Tc Pty	11.23%
34 Williamson Road	INGLEBURN	Warehouse & Office	\$5,825,000	12,200	\$477	1-Jul-13	Pennells Property Group Pty Ltd	-
566-594 Princes Highway	KIRRAWEE	Industrial Development Site	\$61,000,000	42,500	\$1,435	9-Aug-13	Undisclosed	-
40-52 Talavera Road	MACQUARIE PARK	Office & Warehouse	\$28,200,000	25,030	\$1,127	1-Aug-13	The Trust Company (Australia) Ltd	-
146 O'Riordan Street	MASCOT	Factory, Warehouse & Office	\$7,000,000	2,789	\$2,510	3-Jul-13	JKN Park Pty Ltd	-
280 Garfield Road East	RIVERSTONE	Warehouse & Office	\$6,500,000	171,200	\$38	17-Jul-13	Jaa Investment Nominees Pty Ltd	-
10-16 South Street	RYDALMERE	Office & Warehouse	\$43,250,000	52,500	\$824	23-Aug-13	Kingsmede	8.00%
69 O'Connell Street	SMITHFIELD	Office & Warehouse	\$5,910,000	10,500	\$563	3-Sep-13	Undisclosed	-
239-251 Woodpark Road	SMITHFIELD	Distribution Centre	\$5,900,000	20,120	\$293	2-Jul-13	Mutual Street Property Group Pty Ltd	-
10 Herbert Street	ST LEONARDS	Car Showroom	\$14,200,000	8,770	\$1,619	5-Jul-13	The Trust Company (Australia) Ltd	-
10-38 Forrester Road	ST MARYS	Warehouse & Office	\$21,150,000	62,200	\$340	12-Sep-13	Core Plus Industrial Fund	-
52 Turrella Street	TURRELLA	Office & Warehouse	\$15,990,000	13,410	\$1,192	1-Jul-13	ZF Two Pty Ltd	-
810-822 Elizabeth Street	WATERLOO	Office & Warehouse	\$22,750,000	5,622	\$4,047	7-Aug-13	Icon	12.23%
105-115 Portman Street	ZETLAND	Industrial Development Site	\$90,000,000	17,900	\$5,028	6-Aug-13	Bridgehill (Zetland)	-

Table 4—Industrial Sales Transactions

ADDRESS	SUBURB	RENT PA	LESSEE	AREA m2	TERM	LEASE DATE
34 Lidco Street	ARNDPELL PARK	\$529,396 Net	Veolia Environmental Services	2,902	7	21-Aug-13
208 Walters Road	ARNDPELL PARK	\$175,059 Net	Pick Packers	1,945	5.5	3-Sep-13
34 Fourth Avenue	BLACKTOWN	\$170,700 Gross	Kele Forwork & Scaffolding	1,830	-	6-Aug-13
26 Steel Street	BLACKTOWN	\$402,411 Net	CSR Industrial Products Ltd	4,960	2	15-Aug-13
131-139 Parramatta Road	FIVE DOCK	\$128,250 Gross	Angeles Fine Foods	1,026	5	31-Aug-13
26 Ferndell Street	GRANVILLE	\$107,000 Net	Fire Containment	2,427	5	3-Sep-13
4 Lancaster Street	INGLEBURN	\$137,000 Net	Skel Hire Australia	5,500	-	10-Aug-13
4/11 Orion Road	LANE COVE	\$143,106 Net	Reece Plumbing	1,037	7	1-Jul-13
102 Enterprise Crescent	PRESTONS	\$462,400 Net	ALP Products	3,330	5	29-Aug-13
38-46 South Street	RYDALMERE	\$152,550 Net	Mimaki Australia	1,130	5	20-Aug-13
13A Stanton Road	SEVEN HILLS	\$555,390 Net	Rema Industries	6,534	5	14-Sep-13
7 Rachael Close	SILVERWATER	\$163,125 Net	Select Fresh Providores Pty Ltd	1,124.6	10	7-Sep-13
Silverwater Road	SILVERWATER	\$123,240 Net	Climate Technologies	1,027	4	20-Aug-13
15 Long Street	SMITHFIELD	Undisclosed	Northline	16,500	8	21-Sep-13
10-38 Forrester Road	ST MARYS	Undisclosed	Arrium	18,038	10	12-Sep-13

Table 5—Industrial Leasing Transactions

Residential Market

Economic Statistics

According to the Australia Bureau of Statistics category 8731.0 Building Approvals May 2013, the total number of house dwelling approvals in the Sydney Statistical Division over the month of May has showed a significant increase of 28.7% from 791 approvals in April 2013 to 1,018 approvals in May 2013. This increase reflects an annual growth of 19.2% when compared to March 2012 house dwelling approvals.

The total number of non-house dwelling approvals has declined by 39.53% from 2,021 to 1,222 dwelling approvals over the month of May 2013. This reflects an annual decline of 39.05% when compared to May 2012.

According to the Real Estate Institute of Australia the Sydney Median House price increased from \$673,681 in March to \$690,064 in June, reflecting growth of 2.7%. Over the twelve months to June a 6.7% increase was recorded.

They Sydney Median House price over the quarter showed growth across all Sydney zones of Inner, Middle and Outer Sydney, with the most marked growth recorded by Middle Sydney by 5.9% (\$794,500) followed by Inner Sydney by 5.2% (\$1,210,000) and Outer Sydney by 2.1% (\$495,000).

Over the twelve months to June 2013 all Sydney zones recorded growth, with the Inner Sydney median house price increasing by 12%, followed by Middle Sydney and Outer Sydney by 10.3% and 4.2% respectively.

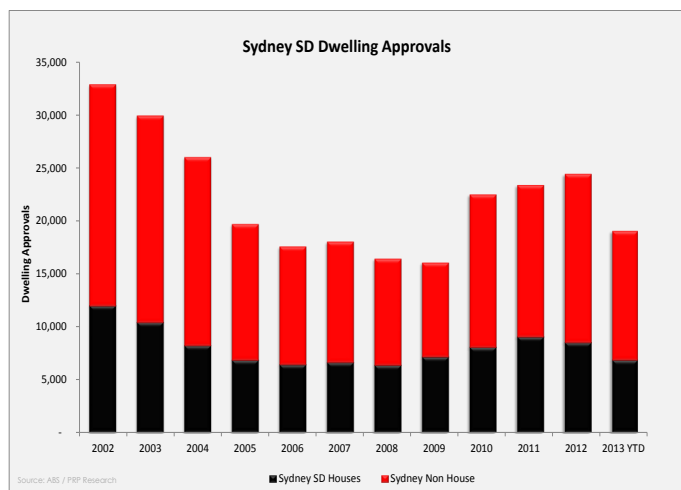


Chart 25 – Sydney SD Dwelling Approvals—Source ABS

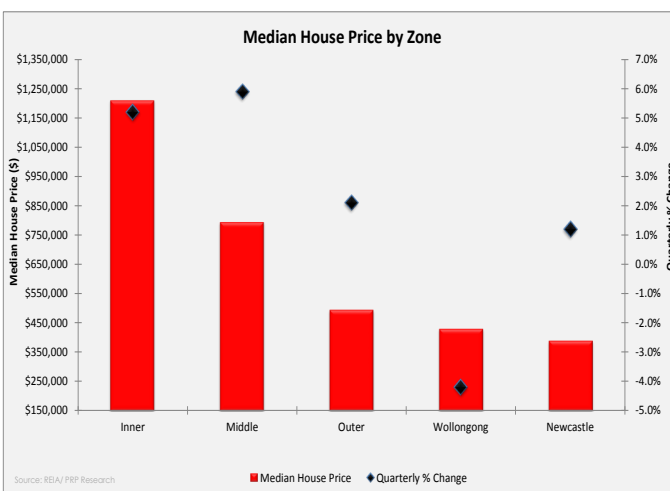


Chart 26 – Median House Price by Zone – Source REIA

SYDNEY

Market Affordability

Other Dwelling Median House prices in Sydney also recorded growth across all zones over the quarter, with Inner Sydney experiencing the greatest growth of 3.7% (\$630,000) followed by Middle Sydney by 1.4% (\$490,000) and Outer Sydney by 0.7% (\$423,000). Over the year, Inner Sydney recorded the most significant growth of 6.2% followed by Middle Sydney and Outer Sydney increasing by 2.7% and 2.5% respectively.

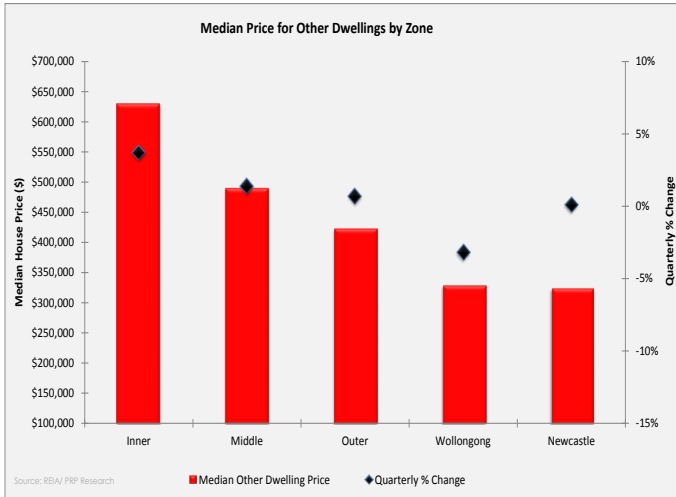


Chart 27 – Median Price for Other Dwellings by Zone – Source REIA

Rental Market

Over the twelve months to June 2013, all zones of Sydney house rents recorded growth, with the most marked increase recorded by Outer Sydney 2 bedrooms increasing by 4.7% to \$335 per week, followed by Inner Sydney 3 bedrooms and Outer Sydney 3 bedrooms with increases of 4% and 3.9% to median weekly rental of \$780 and \$400 respectively.

Over the June quarter, the only zone to record a decline in median weekly rental was Inner Sydney 3 bedrooms by 1.3% to \$780 per week. The most significant growth was experienced by Inner Sydney 2 bedrooms and Middle Sydney 2 bedrooms increasing by 2.4% and 2.3% to median rental of \$635 and \$440 per week respectively.

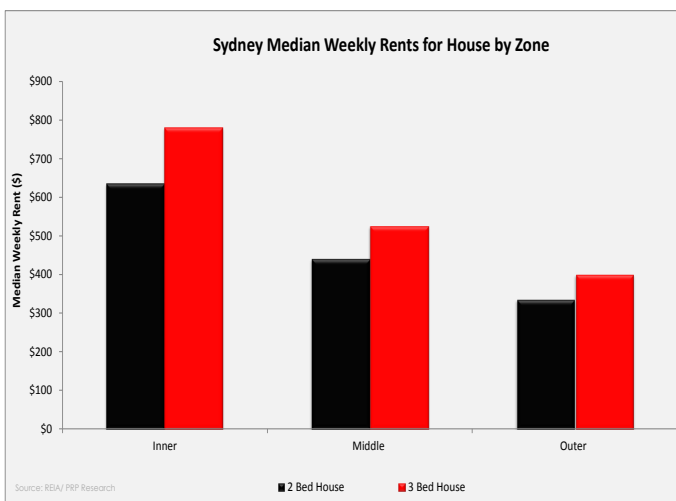


Chart 28 – Sydney Median Weekly Rents for House by Zone – Source REIA

Over the twelve months to June 2013, rental rates for Sydney Other Dwellings recorded growth across all zones. The greatest growth was in Outer Sydney 1 bedrooms increasing by 6.7% to \$320 per week, followed by Middle Sydney 1 bedroom and Middle Sydney 2 bedrooms increasing by 6.5% to \$410 & 6% to \$445 per week respectively.

Over the June quarter 2013, all zones recorded increases apart from Middle Sydney 1 bedrooms which declined by 2.4% to \$410 per week, and Outer Sydney 2 bedrooms which remained unchanged at \$380 per week. The most marked growth was reflected in Outer Sydney 1 bedrooms and Middle Sydney 2 bedrooms which increased by 4.1% to \$320 per week & 3.5% to \$445 per week respectively.

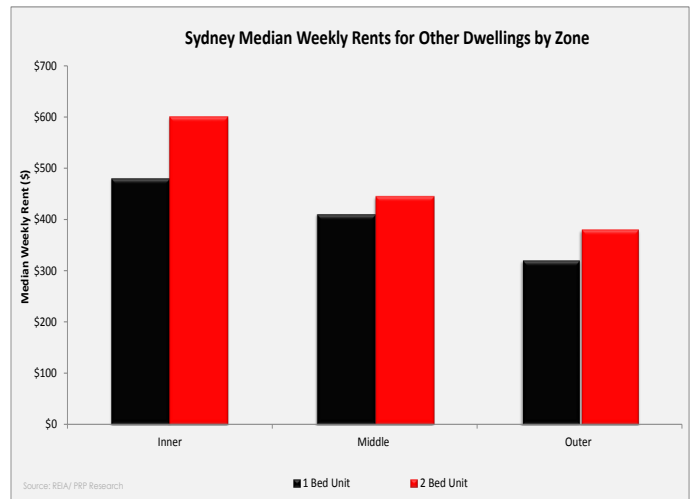


Chart 29 – Sydney Median Weekly Rents for House by Zone – Source REIA

NEWCASTLE

Market Affordability

Over the June quarter 2013, the Median House price in Newcastle increased by 1.2% to \$389,700, with an annual growth of 3.9%. Other Dwelling sales in the Newcastle Region increased by 0.1% over the June quarter which reflected a 0.3% annual decline. Median Other Dwellings sale prices in the Newcastle region were recorded at \$324,000 over the June quarter.

Rental Market

Two bedroom house rents in the Newcastle Region declined over the June quarter by 2.8% to \$350 and three bedroom house rents remained unchanged at \$400 per week. Over the twelve months to June 2013, two bedroom Newcastle house rents remained unchanged and three bedroom rents increased by 2.6%.

Quarterly results for Other Dwelling rentals in the Newcastle Region recorded growth of 8% for 1 bedrooms and a decline of 5.4% for 2 bedrooms, to median weekly rentals of \$276 and \$350 respectively. Over the twelve months to June 2013 Newcastle 1 bedrooms increased by 14.8% and 2 bedrooms increased by 2.9%.

WOLLONGONG

Market Affordability

According to the Real Estate Institute of Australia, Wollongong has experienced declines over the three months to June 2013 and annually with a quarterly decline of 4.2% and an annual decline of 1.6% which resulted in a median house price of \$430,000. The Other Dwelling median price in the Wollongong region also recorded a decline in the median sale price over the quarter by 3.2% to \$329,000. Over the twelve months to June 2013 the median sale price reflected a decline of 0.3%.

Rental Market

Two bedroom median house rents in the Wollongong Region remained unchanged over the June quarter with the average rental per week at \$340. Three bedroom median house rents recorded a decline of 2.5% over the June quarter to \$390 per week. Analysis of house rentals over the twelve months to June 2013 in the Wollongong Region remained unchanged, whereas two bedroom rentals increased by 3%.

Other Dwellings median rents over the quarter in the Wollongong region recorded an increase of 2.3% for 1 bedrooms to \$225 per week, whereas 2 bedroom remained unchanged at \$310 per week. Year on year analysis reflected rental growth in 1 and 2 bedroom other dwellings of 7.1% and 5.1% respectively.

Hotels & Leisure Market

Investment Activity

PRP Research recorded few Hotel and Leisure transactions that occurred in New South Wales during the September quarter 2013;

Minor International, a Thai Hotel Group has purchased the Cypress Lakes resort at **15 Thomsons Road, Pokolbin in the Hunter Valley** for a reported **\$10 million**. The property is situated on a **100 hectare site** which includes a golf course, club house and two pieces of development land, approved for a 120 room hotel and 225 apartments and villas.

The following table displays further reported hotel/leisure sales transactions over the September 2013 quarter:

ADDRESS	SUBURB	SPACE USE	SALE PRICE	AREA m2	VENDOR	PURCHASER	SALE DATE
53 Lions Drive	MUDGEES	Resort	\$7,200,000	4,219	Undisclosed	Ingenia Communities Group	28-Aug-13
199 George Street	SYDNEY	Hotel	\$340,000,000	5,314	Eureka Funds Management	Mirae Asset Global Investments	22-Aug-13
105 Goulbourn Street	SYDNEY	Hotel	\$41,724,000	1,164	Trust Company of Australia Ltd	Toga Hotel Property Investments Pty Ltd	7-Aug-13
482 Kent Street	SYDNEY	Hotel-Pub	\$5,400,000	186	Kavia Holdings Pty Ltd	Oscars Hotel	14-Aug-13
8-10 Lee Street	SYDNEY	Hotel	\$11,250,000	-	Toga Pty Ltd	YHA Ltd	29-Aug-13
36 Golding Street	YAMBA	Caravan Park	\$6,000,000	80,940	Gavico Pty Ltd	Portnordica Ltd	2-Jul-13

Table 6—Hotel/Leisure Sales Transactions

Our Research

At Preston Rowe Paterson, we pride ourselves on the research which we prepare in the market sectors within which we operate. These include Commercial, Retail, Industrial, Hotel & Leisure and Residential property markets as well as infrastructure, capital and plant and machinery markets

We have *property* covered

- Investment
- Development
- Asset
- Corporate Real Estate
- Mortgage
- Government
- Insurance
- Occupancy
- Sustainability
- Research
- Real Estate Investment Valuation
- Real Estate Development Valuation
- Property Consultancy and Advisory
- Transaction Advisory
- Property and Asset Management
- Listed Fund, Property Trust, Super Fund and Syndicate Advisors
- Plant & Machinery Valuation
- General and Insurance Valuation
- Economic and Property Market Research

We have all *real estate* types covered

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

- CBD and Metropolitan commercial office buildings
- Retail shopping centres and shops
- Industrial, office/warehouses and factories
- Business parks
- Hotels (accommodation) and resorts
- Hotels (pubs), motels and caravan parks
- Residential development projects
- Residential dwellings (individual houses and apartments/units)
- Rural properties
- Special purpose properties such as: nursing homes; private hospitals, service stations, oil terminals and refineries, theatre complexes; etc.
- Infrastructure

We have all types of *plant & machinery* covered

We regularly undertake valuations of all forms of plant, machinery, furniture, fittings and equipment including:

- Mining & earth moving equipment/road plant
- Office fit outs, equipment & furniture
- Agricultural machinery & equipment
- Heavy, light commercial & passenger vehicles
- Industrial manufacturing equipment
- Wineries and processing plants
- Special purpose plant, machinery & equipment
- Extractive industries, land fills and resource based enterprises
- Hotel furniture, fittings & equipment

We have all *client profiles* covered

Preston Rowe Paterson acts for an array of clients with all types of real estate, plant, machinery and equipment interests such as:

- Accountants
- Banks, finance companies and lending institutions
- Commercial and Residential non bank lenders
- Co-operatives
- Developers
- Finance and mortgage brokers
- Hotel owners and operators
- Institutional investors
- Insurance brokers and companies
- Investment advisors
- Lessors and lessees
- Listed and private companies corporations
- Listed Property Trusts
- Local, State and Federal Government Departments and Agencies
- Mining companies
- Mortgage trusts
- Overseas clients
- Private investors
- Property Syndication Managers
- Rural landholders
- Self managed super funds
- Solicitors and barristers
- Sovereign wealth funds
- Stock brokers
- Trustee and Custodial companies

We have all *locations* covered

From our central office location within the Sydney Central Business District we serve our clients' needs throughout the Sydney CBD, greater Sydney metropolitan area, throughout the state of New South Wales. For special purpose real estate asset classes, infrastructure, and plant & machinery we operate throughout Australia and globally either directly or through our relationship offices.

We have *your needs* covered

Our clients seek our property (real estate, infrastructure, 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 and outgoings projections and analysis
- Insurance valuations (replacement & reinstatement costs)
- Leasing vacant space within managed properties
- Listed property trust & investment fund valuations & re-valuations
- Litigation support
- Marketing & development strategies
- Mortgage valuations
- Property Management
- Property syndicate valuations and re-valuations
- Rating and taxing objections
- Receivership, Insolvency and liquidation valuations and support/advice
- Relocation advice, strategies and consultancy
- Rental assessments and determinations
- Sensitivity analysis
- Strategic property planning

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Capital City Offices

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Brisbane

Melbourne

Sydney

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Ballarat

Bendigo

Cairns

Central Coast/Gosford

Geelong

Gold Coast

Gippsland

Mornington

Newcastle

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Canberra

Darwin

Hobart

Perth

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