



Preston
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International Property Consultants

Sydney Impact Report

Industrial Market

INCREASING INTEREST IN WESTERN SYDNEY

In the first half of 2015, many property funds purchased property within the Western Sydney region. Large warehouses, logistics facilities and estates that are close to major transport infrastructure were the main types of property that many investors purchased in the Outer and South West regions.

It is observed that many property funds have purchased in the Central and South Sydney region with the purpose of developing mixed-use residential towers due to council rezoning. The recycling of industrial sites to residential is one of the factors that will increase industrial rents in these regions and the scarcity of quality industrial properties may increase its sales price.

Many major tenants leased property in the western regions due to of the availability of large industrial facilities and the proximity to major distribution routes such as the Sydney Orbital Network. In the six months to June, the leasing market was the most active in the Outer West with growing interests in Eastern Creek and Erskine Park. The demand for industrial property in the western regions was further stimulated by the State Government's development plans for the second Sydney airport at Badgerys Creek and its connecting arterial roads and infrastructure.

JUNE Quarter 2015 Update

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ECONOMIC FUNDAMENTALS

GDP

GDP figures for the June quarter 2015 are not available until the 2nd September 2015, however, over the March 2015 quarter revealed that the Australian economy recorded growth of 0.93% seasonally adjusted which reflected growth of 2.31% seasonally adjusted over the twelve months to March 2014.

In seasonally adjusted terms, the main industry gross value added contributors to GDP were Mining (+0.5%), Financial and insurance services (+0.5%), Information media and telecommunications (+0.3%) and Healthcare and social assistance (+0.3%). In trend terms, the largest detractor were the Professional, scientific and technical services (-0.4%) and Construction (-0.2%).

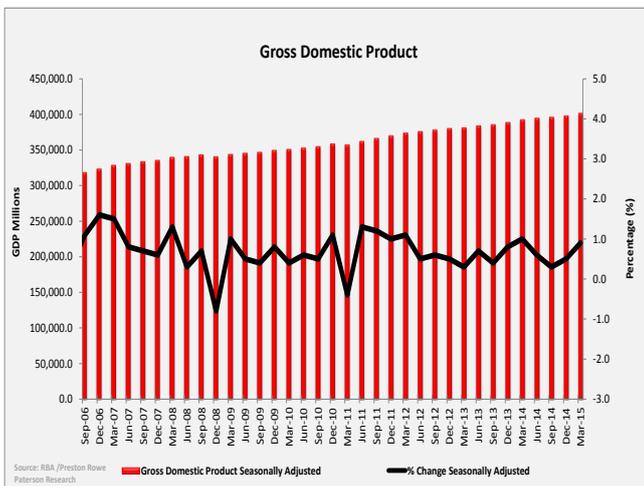


Chart 1 – Gross Domestic Product (GDP) – Source ABS

Interest Rates

As at the date of publishing, the official Cash Rate over the June quarter 2015 has decreased by 25 basis points to 2%. The Reserve Bank of Australia's Media Release for June 2015, released 2nd June 2015 explained that;

"In Australia the available information suggests the economy has continued to grow, but at a rate somewhat below its long-term average. Household spending has improved, including a large rise in dwelling constructions, and exports are rising. But the key drag on private demand is weakness in business capital expenditure in both mining and non-mining sectors and this is likely to persist over the coming year...Low interest rates are acting to support borrowing and spending...Dwelling prices continue to rise strongly in Sydney, though trends have been more varied in a number of other cities...In other asset markets, prices for equities and commercial property have been supported by lower long-term interest rates."

The media release also stated that inflation is as expected to be consistent with its 2%-3% target over the next two years, even with a lower interest rate.

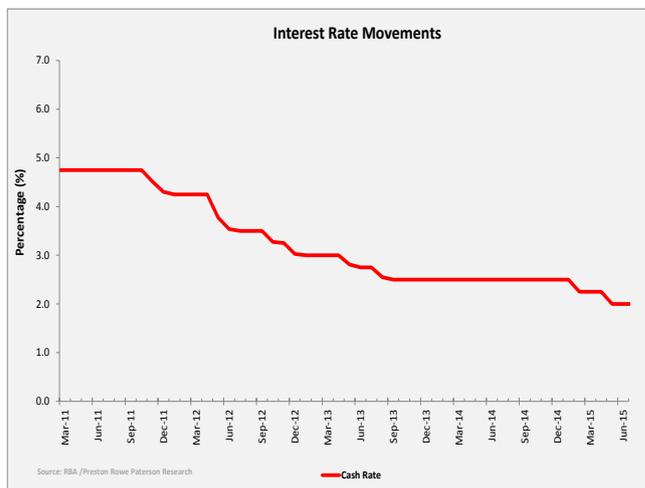


Chart 3 – Cash Rate – Source RBA

CPI

According to the Australian Bureau of Statistics (June 2015), the Australia's All Groups CPI increased by 0.7% over the June quarter from 106.8 to 107.5. The annual CPI change to June 2015 recorded a growth of 1.5%.

The most significant price rises over the June quarter were automotive fuel (+12.2%), medical and hospital services (+4.5%) and new dwelling purchases by owner-occupiers (+1.5%). The greatest price fall over the quarter was attributed to are domestic holiday travel and accommodation (-5.4%) and pharmaceutical products (-1.8%).

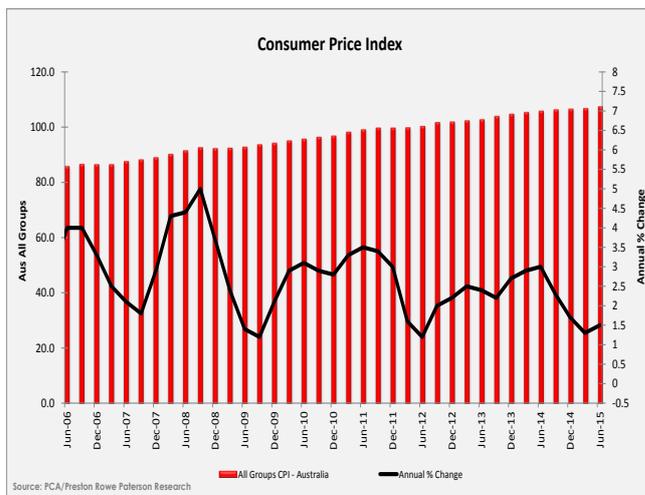


Chart 6– Consumer Price Index—Source—ABS

10 Year Bond & 90 Day Bill Rate

In the twelve months to June 2015, the monthly 10 Year Bond Rate has decreased by 72 basis points to 2.98%. Similarly, the monthly 90 Day Bill Rate fell by 55 basis points to 2.15%.

Over the June 2015 quarter, the 10 Year Government Bonds recorded a growth of 50 basis points from 2.48%. The 90 Day Bill Rate recorded a 15 basis points decrease over the quarter from 2.30%.

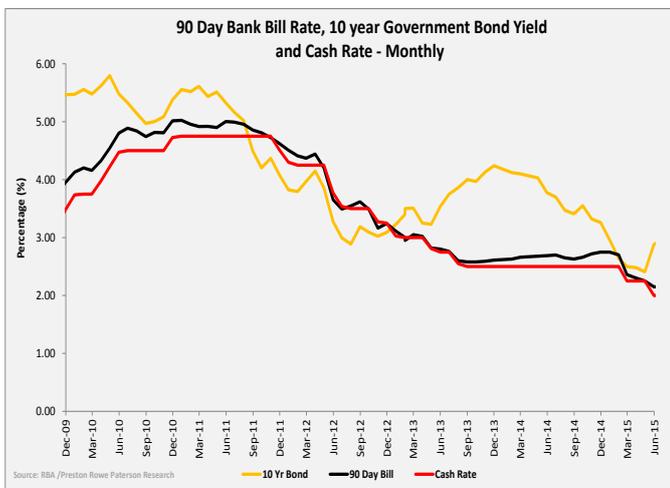


Chart 4 – 90 Day Bill, 10 year bond and cash rate - MONTHLY – Source RBA

Labour force

Over the month to June 2015, the number of unemployed people increased by 12,791 from 743,358 in May to 756,149 in June which is a 1.72% increase. In comparison to June 2014, the number of unemployed people has increased by 10,451 which reflected an annual increase of 1.40%. The unemployment rate as at June 2015 is 6%.

The number of unemployed seeking full time employment recorded an increase over the month of June by 27,200 to 541,200 persons. The number of unemployed seeking part time employment recorded a decrease over the month by 14,500 to 214,900 persons.

New South Wales experienced a large absolute increase in seasonally adjusted employment by 11,300 persons to 3.704 million persons. The unemployment status in New South Wales over the June Quarter 2015 decrease by 0.1% to 5.8%.

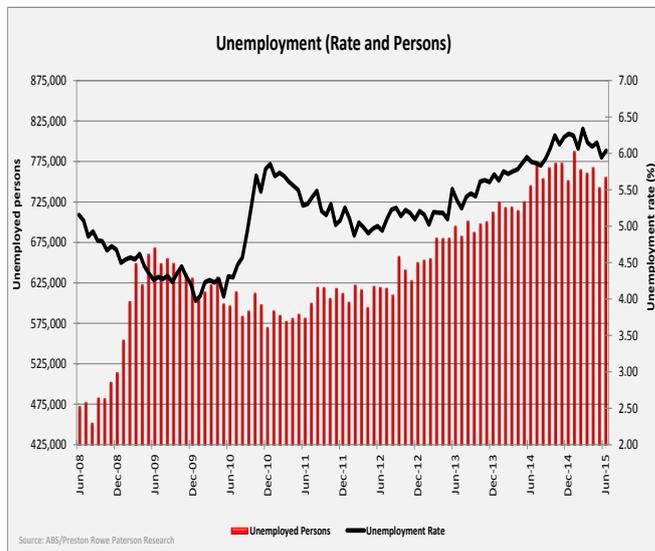


Chart 2 – Unemployment – Source ABS

Consumer Sentiment

The Westpac Melbourne Institute of Consumer Sentiment Index fell by 6.9% in June from 102.4 index points in May to 95.3 index points in June. Over the quarter the index has decreased by -4.2 points. Over the twelve months to June 2015 the index recorded a 2.25% growth.

The Index is now below to its pre-budget level in May. Westpac's Senior Economist, Matthew Hassan commented; "Several factors are likely to have refocused attention...further falls in the share market...ongoing uncertainty in Europe; more signs of soft conditions in labour markets; and added nervousness about the outlook for house prices."

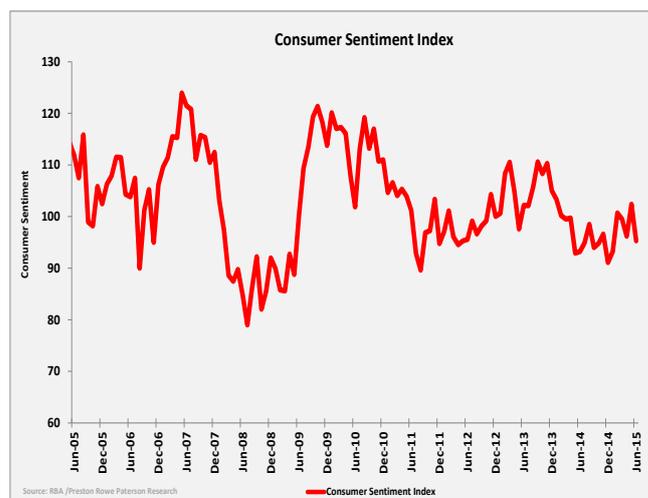


Chart 7 – Consumer Sentiment Index – Source - Westpac—Melbourne Institute Survey

INDUSTRIAL MARKET - ECONOMIC STATISTICS

Data and information from the National Australia Bank Quarterly Australian Commercial Property Survey: Q2 2015 has been analysed to derive at the following findings; industrial property capital values recorded a 2.1% growth in the June quarter. Capital values are expected to grow in 1 & 2 years time of 3.9% and 4.2% respectively.

Industrial market rents in NSW has risen by 1.6% over the quarter. The industrial rents are forecasted to increase in next 2 years by 2.3% and 2.7% respectively. Leasing incentives has fallen in the June quarter in correlation to the lower vacancy rate. Industrial vacancy has tightened by 0.5% to 5.9% in the past quarter.

Supply conditions in the NSW industrial property market were considered slightly undersupplied in the next twelve months and is forecasted well balanced through to the next 3-5 years. The expectation of slight undersupply may be attributed to the acquisition of CBD and city fringe industrial properties that are being converted into residential or mixed-use developments.

Over the June quarter 2015, the NAB Industrial Property Index is +8 which was an increase of 7 index points since the March quarter. Over the next year, the industrial property index is expected to rise to +24 points and in 2 years to +32 points. The index showed that property professionals are expecting the NSW industrial conditions to deliver improvements and positive returns in the next few years.

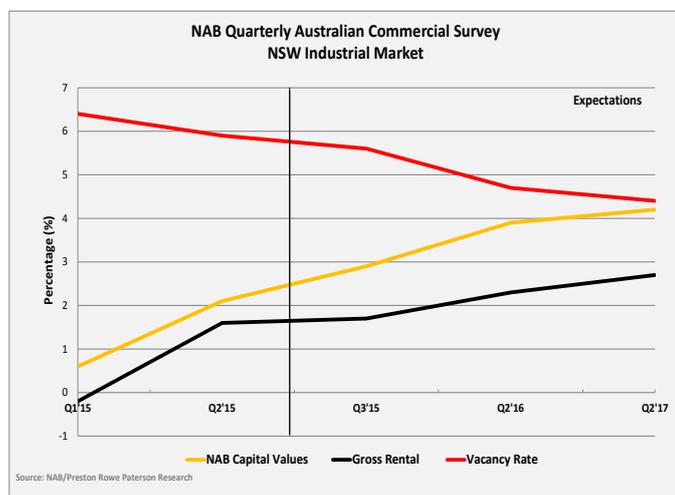


Chart 8 – NSW Industrial Market Expectations - Source NAB

INDUSTRIAL PROPERTY MARKET

North Shore Region

Preston Rowe Paterson Research classifies the North Shore region of Sydney's industrial market to include suburbs of: **Artarmon, Balgowlah, Belrose, Brookvale, Chatswood, Frenchs Forest, Hornsby, Lane Cove, Manly Vale, Mona Vale, Mount Ku-ring-gai, St Leonards, Turramurra, Warringah and Willoughby**

Building/Investment Sales

The North Shore investment market has been relatively stable where there has been limited significant sales greater than \$5 million in the region over six months to June 2015.

The most significant sales transaction in the North Shore region was the sale **175 Gibbes Street, Chatswood**. *S & P Foods* has purchased the warehouse and office units number 5 to 8 from *Charles Parsons* for **\$5.8 million**. The warehouses features a high clearance and clear span with container and truck access, and the units can be combined to give larger warehousing area of 3,601 sqm.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
2 Lincoln Street, Lane Cove NSW 2066	\$ 16,875,000	Mar-15	9.70%	Centuria Property Fund	private investor	9,438
175 Gibbes Street, Chatswood NSW 2067	\$5,800,000	Jun-15	N/A	Charles Parsons	S & P Foods Pty Ltd	3,601

Table 1—North Shore Building/Investment Sales—Source Preston Rowe Paterson Research/CPM
N/A = not currently available

North Western Region

Preston Rowe Paterson Research classifies the NSW North Western region of Sydney's industrial market to include suburbs of: **Baulkham Hills, Bella Vista, Castle Hill, Epping, Kings Park, Macquarie Park, Meadow Bank, North Rocks, North Ryde, Seven Hills and Thornleigh**.

Building/Investment Sales

The following table displays reported investment sales transactions over \$5 million which occurred over six months to June 2015.

The only significant sale recorded by Preston Rowe Paterson Research is the sale of the freestanding industrial building located at **7-9 Gibbon Road, Winston Hills**. *Micraig* sold the property in vacant possession to *Eastern & LG Holding* for **\$8.5 million**. The 6,918 sqm building facilitates an office and warehouse area as well as a modern coolroom storage area. It comprise of 28 docks on the hardstand area, large power capacity with two 1000kVA transformers on site. The property is located near the M2 and M7 motorways.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
7-9 Gibbon Road, Winston Hills NSW 2153	\$8,500,000	Apr-15	VP	Micraig Pty Ltd	Eastern & LG Holding Pty Ltd	6,918

Table 2—North West Building/Investment Sales—Source Preston Rowe Paterson Research/CPM
VP = vacant possession

Rentals

The following table displays reported leasing transactions which occurred over six months to June 2015.

The most significant rental transaction in the North West region was located at **11 Columbia Way, Baulkham Hills**. The office and warehouse facility is leased to *MSA Safety* on a 5 year lease at an annual rent of approximately \$207,160. The property features 2-container sized roller doors with clear span warehouse clearance, separate car and truck access and has 33 onsite car spaces. The property is located within 750m to the Norwest train station which is under construction.

ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	Date
3/25 Loyalty Road, North Rocks NSW 2151	\$75	\$81,900 Net	1,092	Decorator Centre	Gragame Cook Plumbing Supplies Sales	2 + 2	Jan-15
11 Columbia Way, Baulkham Hills 2153	\$115	\$207,160	1,433	Capital Corporation	MSA Safety	5	Feb-15

Table 3—North West Building/Investment Rentals—Source Preston Rowe Paterson Research/CPM

Central West Region

Preston Rowe Paterson Research classifies the Central West Region of Sydney's Industrial Market to include the suburbs of: **Auburn, Croydon, Ermington, Granville, Homebush, Lidcombe, Melrose Park, Parramatta, Regents Park, Rhodes, Rosehill, Rydalmere, Silverwater, Strathfield**

Building/Investment Sales

The following table displays reported investment sales transactions over \$5 million which occurred over six months to June 2015.

The most significant sales transaction in the Central West region was the sale of *Balverona* industrial facility located at **312-326 Church Street, Granville**. The property sold privately to *Sime Darby Automobiles* is located on the Parramatta 'Auto Alley' area. The 5,300 sqm building comprise of an office, 1,600 sqm of showroom area, storage area, service area, basement car parking and onsite parking for about 70 cars.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
211-215 Canterbury Road, Canterbury NSW 2193	\$10,000,000	Jan-15	VP	private investors	undisclosed	5,426
312-326 Church Street, Granville NSW 2141	\$14,500,000	Feb-15	N/A	Balverona Pty Ltd	Sime Darby Automobiles Pty Ltd	5,300
1-15 River Street, Silverwater NSW 2128	\$5,850,000	Jun-15	5.03%*	The Commissioner for Motor Transport	private investor	5,952

Table 4—Central West Building/Investment Sales—Source Preston Rowe Paterson Research/CPM

*equated yield VP = vacant possession N/A = not currently available

Rentals

The following table displays reported leasing transactions which occurred over six months to June 2015.

The most significant rental transaction in the Central West region was the leasing of **5-7 Shirley Street, Rosehill** to the courier service *Couriers Please*. The courier service will lease 19,338 sqm of warehouse and office space. The property has high clearance warehouse, 9 sunken loading docks and awnings over all warehouse access doors.

ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	Date
5-7 Shirley Street, Rosehill NSW 2142	\$115	\$2,223,870 Net	19,338	undisclosed	Couriers Please	10	Feb-15
26-32 Cosgrove Road, Enfield NSW 2136	\$105	\$175,770 Net	1,674	undisclosed	Parcel Freight Logistics	4	Mar-15
2-16 Salisbury Street, Silverwater NSW 2128	\$105	\$236,200 Net	2,240	Venarti Pty Ltd	Topdeck Flooring	3	May-15

Table 5—Central West Building/Investment Rentals—Source Preston Rowe Paterson Research/CPM

Outer West Region

Preston Rowe Paterson Research classifies the Outer West region of Sydney's Industrial Market to include the suburbs of: **Arndell Park, Blacktown, Bonnyrigg, Eastern Creek, Erskine Park, Fairfield, Glendenning, Giraween, Greystanes, Holroyd, Huntingwood, Penrith, Smithfield, St Marys, Wetherill Park and Yennora.**

Building/Investment Sales

The following table displays reported investment sales transactions over \$5 million which occurred over six months to June 2015.

The most significant sales transaction in the Outer West region was **300 Victoria Street, Wetherill Park**. GWA Group sold the 40,955 sqm property on a sale and leaseback agreement to *Charter Hall Core Plus Industrial Fund* for **\$33 million**. The deal reflects an initial passing yield of 10.61%. The property is situated on an 8 ha corner-site which is improved by a high clearance 11,460 sqm warehouse and a medium clearance 28,385 sqm factory area. The property is located close to the M4 and M7 motorways.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
375-381 Victoria Street, Wetherill Park NSW 2164	\$ 6,800,000	Feb-15	VP	GHJC	private investor	5,472
66 Glendenning Road, Glendenning NSW 2761	\$ 19,170,000	Apr-15	7.73%	DEXUS Property Group	Investec Australia Property Fund	16,461
300 Victoria Street, Wetherill Park NSW 2164	\$ 33,000,000	Apr-15	10.61%	GW A Group	Charter Hall Core Plus Industrial Fund	40,955
122 Newton Road, Wetherill Park NSW 2164	\$ 14,500,000	May-15	N/A	undisclosed	Propertylink	9,450
331 Woodpark Road, Smithfield NSW 2164	\$ 7,550,000	Jun-15	N/A	Simons Properties	WTT Pty Ltd	7,073

Table 6—Outer West Building/Investment Sales—Source Preston Rowe Paterson Research/CPM
VP = vacant possession N/A = not currently available

Rentals

The following table displays reported leasing transactions which occurred over six months to June 2015.

The observed Outer West industrial rent ranges from \$67-\$115 psm.

The most significant rental transaction in the Outer West region was a 9,824 sqm modern facility property located at **29A Davis Road, Wetherill Park**. The industrial facility owned by *Lend Lease Group* is leased by *A&J Packaging* on a 12 year term at a **net rental of \$75 psm**, reflecting **\$7.368 million p.a.** The freestanding 9,824 sqm building features a high clearance warehouse, ground floor office area, onsite substation with minimum capacity of 1,250 amps per phase, 75 onsite car spaces, a separate amenity building with a lunch room, locker room, showers and BBQ facilities. The property is located adjacent to the M4 motorway link

ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	Date
21 Cox Place, Glendenning NSW 2761	\$106	\$2,904,400 Net	27,400	GNS Ceramics Pty Ltd	Onsite Rentals	6	Feb-15
29A Davis Road, Wetherill Park NSW 2164	\$75	\$7,368,000 Net	9,824	Lend Lease Group	A&J Packaging	12	Feb-15
Unit C/21-25 Interchange Drive, Eastern Creek NSW 2766	\$113	\$836,200 Net	7,400	undisclosed	Frucor	7	Feb-15
Unit A&B/21-25 Interchange Drive, Eastern Creek NSW 2766	\$100	\$1,480,000 Net	14,800	undisclosed	Provet	15	Feb-15
EC4 Kangaroo Avenue, Eastern Creek NSW 2766	\$100	\$1,340,000 Net	13,400	undisclosed	Fisher & Paykel	10	Feb-15
EC4 Kangaroo Avenue, Eastern Creek NSW 2766	\$98	\$4,037,600 Net	41,200	undisclosed	Techtronic Industries (Ryobi)	7	Feb-15
Cnr Lockwood Road and Templar Road, Erskine Park NSW 2759	\$105	\$1,606,500 Net	15,300	undisclosed	Pelikan Artline	10	Feb-15
11 Huntingwood Drive, Huntingwood NSW 2148	\$115	\$619,850 Net	5,390	Charter Hall Core Industrial Fund	Just Group	5	Feb-15
57-75 Templar Road, Erskine Park NSW 2579	\$110	\$601,260 Net	5,466	DEXUS	Icehouse Logistics	6	May-15
24 Coz Place, Glendenning NSW 2761	\$95	\$332,500 Gross	3,500	De Bortoli Wines	By Dezign	5	Apr-15
35 Britton Street, Smithfield NSW 2164	\$98	\$125,342 Net	1,279	C Neil & Cuschieri	TJ Andrews	5	Jun-15
324-336 Woodpark Road, Smithfield NSW 2164	\$105	\$456,015 Gross	4,343	undisclosed	Prestige Australia	3	Jun-15
801 Tyrone Place, Erskine Park NSW 2759	\$67	\$806,144 Net	12,032	Fife Capital	SCT Logistics	5	Jun-15
1 Old Wallgrove Road, Eastern Creek NSW 2766	Pre-commitment		58,225	Goodman Group	DHL Supply Chain	10	Jun-15

Table 7 —Outer West Building/Investment Rentals—Source Preston Rowe Paterson Research/CPM



South Sydney Region

Preston Rowe Paterson Research classifies the South Sydney region of Sydney's Industrial Market to include the suburbs of: **Alexandria, Banksmeadow, Botany, Erskineville, Marrickville, Mascot, Matraville, Redfern, Rosebery, Tempe and Waterloo**

Building/Investment Sales

The following table displays reported investment sales transactions over \$5 million which occurred over six months to June 2015.

The most significant sale in the South Sydney region was the purchase of the logistics facility located at **Simblist Road, Port Botany**. *Altis Property Partners* purchased the facility for **\$44 million**. The property is located adjacent to the Port Botany container shipping terminals and the *Sydney International Airport*. Altis has acquired the ground lease from *NSW Ports*. The property features 40,000 sqm GLA of high clearance warehouse, fully serviced office space, 1.7 Ha of hardstand on a 9.8 Ha site and security gatehouse access. It is the largest logistics facility at the major NSW container port. It is currently tenanted by *Australian Container Freight Services*.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
Botany NSW 2019	\$20,300,000	Feb-15	7.60%	undisclosed	Stockland	9,550
15 Bourke Road, Mascot NSW 2020	\$35,000,000	Feb-15	N/A	Capital Corporation	C.R. Kennedy	8,874
Simblist Road, Port Botany NSW 2036	\$44,000,000	Mar-15	11.00%	undisclosed	Altis Property Partners	40,000
47-61 Princes Highway, St Peters NSW 2044	\$10,650,000	Mar-15	VP	undisclosed	undisclosed	4,400
11 Bowden Street, Alexandria NSW 2015	\$8,000,000	Apr-15	N/A	W Property	Marshall Investments	4,475
19 Military Road, Matraville NSW 2036	\$19,000,000	May-15	10.00%	Indigenous Business Australia	EG Funds Management	13,000
Cnr Denison Street, & Corish Circle, Pagewood NSW 2035	\$20,000,000	May-15	N/A	Orica	private equity group	40,000

Table 8 —South Sydney Building/Investment Sales—Source Preston Rowe Paterson Research/CPM
VP = vacant possession N/A = not currently available

Rentals

The following table displays reported leasing transactions which occurred over six months to June 2015.

The observed rental rates in South Sydney ranged from \$140-\$157 psm. The most significant rental transaction in the South Sydney region over six months to June is located at **166 Rothschild Avenue, Rosebery**. *CSR Building Products* has leased the 1,562 sqm warehouse on a **net rent of \$146 psm**, reflecting \$228,052 p.a.

ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	Date
116 Rothschild Avenue, Rosebery NSW 2020	\$146	\$228,052 Net	1,562	Mentmore 60	CSR Building Products	3	Feb-15
5 Burrows Road, St Peters NSW 2044	\$140	\$143,920 Net	1,028	JCD Business Solutions	Noah's Trading Company	3	Feb-15
77 Burrows Road, Alexandria NSW 2015	\$143	\$110,000 Net	772	Redden Wooster Fabrics	Esther Clothing	3	Jun-15
62-64 O'Riordan Street, Alexandria NSW 2015	\$157	\$125,600 Gross	800	Alfa Logistics	MNR Constructions	3.5	Jun-15
1 Hale Street, Botany NSW 2019	\$146	\$1,197,200 Net	8,200	Goodman Group	Paul's Customs & Forwarding Solutions	7	Jun-15

Table 9 —South Sydney Building/Investment Rentals—Source Preston Rowe Paterson Research/CPM



South West Region

Preston Rowe Paterson Research classifies the South West region of Sydney's Industrial market to include suburbs of: **Bankstown, Bexley, Campbelltown, Chipping Norton, Chullora, Enfield, Ingleburn, Kingsgrove, Lakemba, Liverpool, Milperra, Minto, Moorebank, Padstow, Peakhurst, Prestons, Punchbowl, Revesby, Riverwood, Smeaton Grange and Villawood**

Building/Investment Sales

The following table displays reported investment sales transactions over \$5 million which occurred over six months to June 2015.

The most significant transaction in the South West region was the sale of bedsheet franchising company *Joyce Corporation's* industrial site at **5-9 Bridges Road, Moorebank**, sold to a private developer for **\$25 million**. The 20,000 sqm property is leased to the *Joyce Foam* business which will run until November 2015 with two 5 year options. The site area of the property is approximately 41,840 sqm.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
67-73 Gow Street, Padstow NSW 2211	\$12,500,000	Feb-15	VP	undisclosed	undisclosed	15,771
5-7 Garema Circuit, Kingsgrove NSW 2208	\$5,800,000	Mar-15	N/A	undisclosed	Markcross Pty Ltd	3,765
5-9 Bridges Road, Moorebank NSW 2170	\$25,000,000	Mar-15	N/A	Joyce Corporation	private developer	41,840
36 Mavis Street, Revesby NSW 2212	\$5,600,000	Apr-15	VP	undisclosed	BN Revesby PT Pty Ltd	4,655
90 Ashford Avenue, Milperra NSW 2214	\$10,000,000	May-15	N/A	Tsolon Investments	a.hartrodt	20,210
186-190 Kingsgrove Road, Kingsgrove NSW 2208	\$7,300,000	Jun-15	N/A	Alpha Pty Ltd	Danjess Pty Ltd	6,710
373 Horsley Park Road, Milperra NSW 2214	\$10,625,000	Jun-15	6.77%	GDI No. 38 Diversified Property Trust	private investor	9,314

Table 10 —South West Building/Investment Sales—Source Preston Rowe Paterson Research/CPM
VP = vacant possession N/A = not currently available

Rentals

The following table displays reported leasing transactions which occurred over six months to June 2015.

The observed rental rates were lower than elsewhere in Sydney ranging between \$50-\$139 psm. The most significant rental transaction in the South West region was a 9,334 sqm warehouse leased to *Mainfreight* at a rate of \$139 psm, reflecting an annual net rent of \$6,334,369. Mainfreight will lease the site on a 15 year term.

ADDRESS	RATE /SQM	RENT P.A	AREA (SQM)	LESSOR	LESSEE	TERM	Date
8 Austool Place, Ingleburn NSW 2565	\$119	\$309,995.00	2,605	undisclosed	Roadworx	6	Feb-15
20C/361 Milperra Road, Bankstown NSW 2200	\$50	\$329,250 Net	6,585	Bankstown Airport Limited	Taren Point Auto Traders	3	Feb-15
Cnr Pembrok Road and Rose Payten Drive, Minto NSW 2566	\$110	\$880,000 Net	8,000	undisclosed	Quantum Solutions	5	Feb-15
30-50 Yarrawa Street, Prestons NSW 2170	\$139	\$6,334,369 Net	9,334	undisclosed	Mainfreight	15	Feb-15
6B Phiney Place, Ingleburn NSW 2565	\$121	\$237,765 Gross	1,965	undisclosed	True Food International	5	Mar-15
28B Williamson Road, Ingleburn NSW 2565	\$86.25	\$260,000 Net	3,015	Combelle Nominees	Multipack	3 + 3	Apr-15
51 Heathcote Road, Moorebank NSW 2170	\$130	\$646,750 Net	4,975	undisclosed	Evolution Traffic Control	5	Jun-15

Table 11 —South West Building/Investment Rentals—Source Preston Rowe Paterson Research/CPM

Southern Shire Region

Preston Rowe Paterson Research classifies the Southern Shire region of Sydney's Industrial market to include suburbs of: **Kirrawee, Kurnell, Sutherland and Taren Point**

The Southern Shire industrial market is a very small market and in the past six months that there had been limited significant sales and leases in the region over six months to June 2015.

The only recorded significant transaction was the sale of **36 Bay Road, Taren Point**. Office/warehouse property was sold for **\$6.5 million** in vacant possession. The 3,650 sqm industrial facility was purpose built for *Shimano Fishing* in 2006, comprising of two levels of A grade office and showroom area, 12m internal warehouse clearance with 30 car spaces and an electric gate on a 4,059 sqm site. The lease to Shimano expires in April 2015. The property has the potential to be split into two units.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
36 Bay Road, Taren Point NSW 2229	\$6,500,000	Jan-15	VP	Shimano Inc.	Cacale Pty Ltd	3,650

Table 12—Southern Shire Building/Investment Rentals—Source Preston Rowe Paterson Research/CPM
VP = vacant possession

Land Sales

Significant industrial land sales in the past 6 months to June was recorded in the South West and Outer West of the Sydney industrial regions. The following table displays reported significant sales transactions which occurred over six months to June 2015.

The most significant land sales in Sydney was the sale of a 11.5 ha land parcel located at **Hume Highway, Warwick Farm** in the South West industrial region. *Stockland* bought the industrial site from the *Australian Turf Club* for **\$17.2 million**, reflecting a rate of \$150 per sqm.

ADDRESS	SALE PRICE	RATE /SQM	AREA (SQM)	VENDOR	PURCHASER	SALE DATE
Hume Highway, Warwick Farm NSW 2170	\$17,200,000	\$150	115,000	Australian Turf Club	Stockland	Feb-15
449 Victoria Street, Wetherill Park NSW 2164	\$4,650,000	\$379.59	12,250	ABBCA Investments	undisclosed	Jul-15

Table 13—Industrial Land Sales in NSW—Source Preston Rowe Paterson Research/CPM



INVESTMENT YIELD ANALYSIS

\$5 million to \$20 million

Listed below are all the major reported investment transactions between \$5 million and \$20 million which have occurred over six months to June 2015 within New South Wales. From these sales, average yields have been analysed.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
2 Lincoln Street, Lane Cove	\$ 16,875,000	Mar-15	9.70%	Centuria Property Fund	private investor	9,438
66 Glendenning Road, Glendenning	\$ 19,170,000	Apr-15	7.73%	DEXUS Property Group	Investec Australia Property Fund	16,461
19 Military Road, Matraville	\$ 19,000,000	May-15	10.00%	Indigenous Business Australia	EG Funds Management	13,000
1-15 River Street, Silverwater	\$ 5,850,000	Jun-15	5.03%	The Commissioner for Motor Transport	private investor	5,952
373 Horsley Park Road, Milperra	\$ 10,625,000	Jun-15	6.77%	GDI No. 38 Diversified Property Trust	private investor	9,314

Table 14—\$5 million to \$20 million Sales—Source Preston Rowe Paterson Research/CPM

Yield Analysis

According to the displayed investment sales above, Preston Rowe Paterson Research observed that the average yield of industrial property was approximately 7.85%. The observed yields ranged from 5.03% for a 5,952 sqm warehouse in Silverwater to 10% for a 13,000 sqm warehouse and hard stand in Matraville.

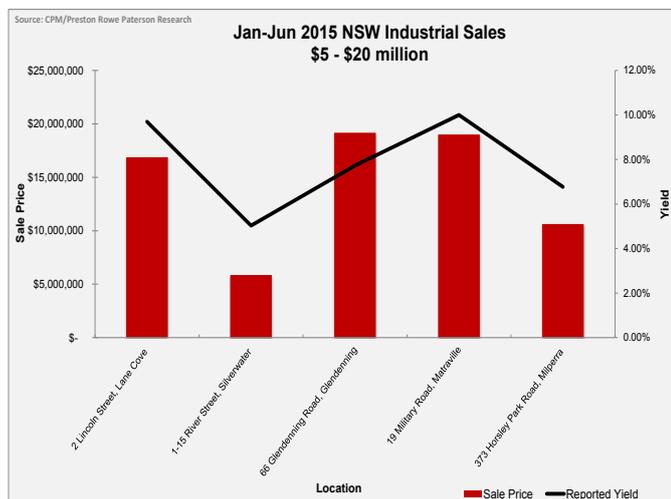


Chart 9 – Jan-Jun 2015 NSW Industrial Sales \$5 million to \$20 million - Source - Preston Rowe Paterson Research/CPM

Sales Information:

Preston Rowe Paterson Research had observed that there were many significant transactions recorded with several companies purchasing more than one property over six months to June 2015.

The largest sales transaction that was recorded below \$20 million in the June quarter was the sale **66 Glendenning Road, Glendenning**. *DEXUS Property Group* sold the industrial warehouse for **\$19.17 million** to *Investec Australia Property Fund*. The 16,461 sqm property is fully leased to *McAlpine Hussman* and has a WALE of 4.5 years with lease expiring in November 2019. The high clearance warehouse reflects an initial yield of 7.73%.



\$20 million and Over

Listed below are all the major reported investment transactions over \$20 million that occurred over six months to June 2015 within New South Wales. From these sales, average yields have been analysed.

ADDRESS	SALE PRICE	SALE DATE	REPORTED YIELD	VENDOR	PURCHASER	AREA (SQM)
Botany	\$20,300,000	Feb-15	7.60%	undisclosed	Stockland	9,550
Simblist Road, Port Botany	\$44,000,000	Mar-15	11.00%	undisclosed	Altis Property Partners	40,000
300 Victoria Street, Wetherill Park	\$33,000,000	Apr-15	10.61%	GWA Group	Charter Hall Core Plus Industrial Fund	40,955

Table 15—\$5 million to \$20 million Sales—Source Preston Rowe Paterson Research/CPM

Yield Analysis

According to the displayed investment sales above, Preston Rowe Paterson Research have observed that the average yield of industrial property was approximately 9.75%. The observed yields ranged from 7.6% for a 9,550 sqm property in Botany to 11% for a 40,000 sqm industrial facility in Port Botany.

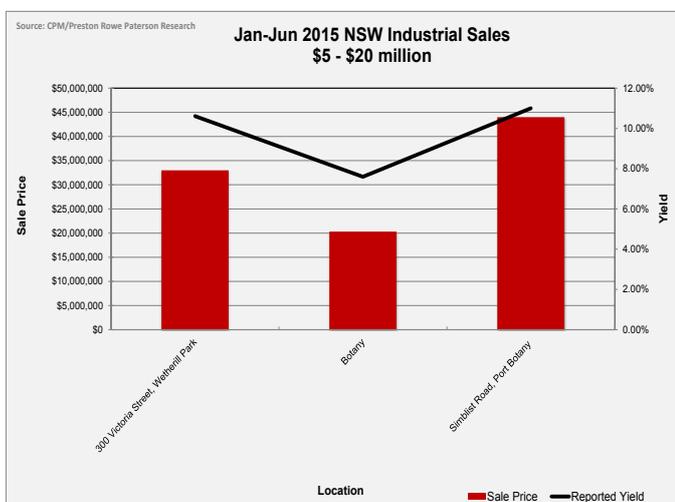


Chart 10 – Jan-Jun 2015 NSW Industrial Sales \$5 million to \$20 million - Source Preston Rowe Paterson Research/CPM

Sales Information:

Most of the significant sales in the over \$20 million price range was observed to be located at the South Sydney industrial region.

The one of largest transaction recorded in the June quarter was the *Stockland* purchase of a 9,550 sqm industrial property in **Botany**. *Stockland* bought the 1.5 ha site in for **\$20.3 million** in an off the market sale. The sale reflects an initial yield of 7.6%. The site has potential for future redevelopment into a logistics facility.



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 capital city and regional office locations we serve our client's needs throughout Australia. Globally, we operate directly or via our relationship offices for special purpose real estate asset classes, infrastructure and plant & machinery.

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 & revaluations
- . 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

About This Report

Preston Rowe Paterson prepare research reports covering the main markets within which we operate in each of our capital cities and major regional locations. This Industrial Market research report provides analysis and detail of economic factors which impact on the Industrial Market within the Sydney region.

Within this report we have analysed sales in the past six months to the reported quarter in the various Sydney Industrial regions of; North West, North Shore, Central West, Outer West, South Sydney, South West & Southern Shire. We have also conducted yield analysis on significant sales of \$5 million and over.

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.

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