JAN 2012

Urbis Outlook

A RESIDENTIAL MARKET AND ECONOMIC CONTEXT ON SOUTH BRISBANE

Research Update From Australia's Leading Property Advisors

CONTENTS

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Research Update From Australia's Leading Property Advisors

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South Brisbane rental premium

South Brisbane apartments generate a rental premium over comparable products in the suburbs of West End, Fortitude Valley and Hamilton.

South Brisbane Rental Premiums

	1-BD	2-BD
South Brisbane	$504	$670
West End	$422	$494
Fortitude Valley / Bowen Hills	$360	$449
Hamilton	$357	$494

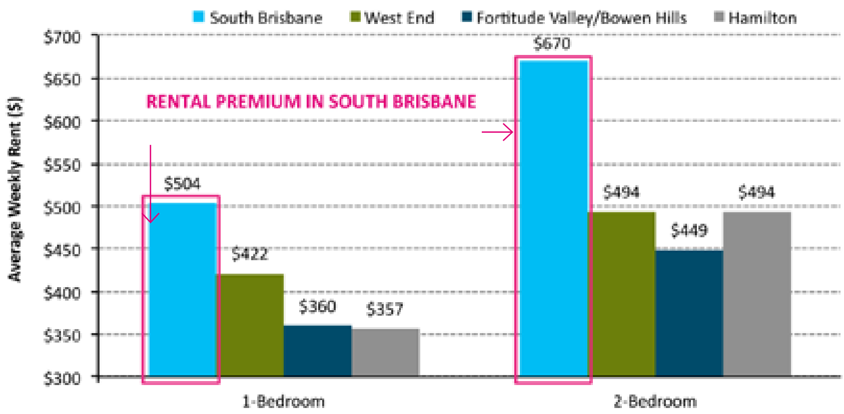
South Brisbane Premium Over

West End	19%	36%
Fortitude Valley / Bowen Hills	40%	49%
Hamilton	41%	36%

- *The sample of on market rental prices was calculated using standard properties and removing properties which were considered premium. Premium properties could be removed on the basis of aspect, square metres and amenities.*
- *Prepared by Urbis and sourced from Realestate.com.au*

On The Market Rental Prices

ONE BEDROOM AND TWO BEDROOM APARTMENTS



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South Brisbane key facts

Established Commercial Office Precinct

- 300,000 square metres of commercial office space, equating to space for 30,000 white collar workers Growth in total stock levels of 12 per cent from 2004 to 2011
- Vacancy rate in South Brisbane of 4.3 per cent during the September 2011 quarter compared to 7.4 per cent in the Brisbane CBD.... *see page 7 for further details*

Surrounded by Educational Institutions

- 12 educational institutes with 80,000 students
- Key development of Griffith University Conservatorium and of South Bank TAFE Education and Training Precincts.... *see page 10 for further details*

Proximity

- 450 metres from Brisbane's Central Business District , with six bridges linking South Brisbane to the CBD
- In addition South Brisbane residents have the option of train, bus and ferry services that provide efficient public transport to the CBD and surrounding nodes.... *see page 9 for further details*

Lifestyle and Cultural Amenities

- 275 bars, restaurants and cafes
- 53 fashion boutiques
- 157 Speciality Stores
- Queensland Culture Centre including the Gallery of Modern Art and Queensland Museum.... *see page 11 for further details*

Useable & Efficient Infrastructure

- There is currently $2.7 billion worth of existing infrastructure in South Brisbane, with a further $1.3 billion in the pipeline for future development.
- Current useable infrastructure includes; Go Between Bridge, GOMA and Brisbane Convention and Exhibition Centre.... *see page 6 for further details*

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Opportunities

South Brisbane is an inner city suburb that has taken advantage of its proximity to the Brisbane CBD and developed into the cultural and retail hub of South East Queensland. Significant infrastructure has been invested into developing the Queensland Cultural Centre, Brisbane Convention and Exhibition Centre and the Grey and Little Stanley Street retail precincts.

In recent years, South Brisbane has registered substantial growth in commercial office space. South Brisbane's close proximity to the Brisbane CBD has enabled the development of its business district, with a number of large multinational firms residing in the suburb. South Brisbane's reputation was further enhanced with Suncorp Banking and Insurance and the ABC recently deciding to relocate into South Brisbane after exhaustive selection processes revealed the suburb's amenities and location met all criteria.

The supply of residential development in South Brisbane has been limited in recent years with the global financial crisis and the subsequent lack of finance available, deferring a number of developments.

The lack of supply has been contrasted by high demand from individuals wanting to reside in South Brisbane, causing median sale and rental prices to trade at a premium. With supply scarce and demand for South Brisbane high there is an opportunity for new residential developments to capitalise on this imbalance.

Infrastructure and Projects

South Brisbane's $2.5 billion of existing infrastructure has caused the area to grow faster than any other inner city locality over the past 20 years. The suburbs rapid growth can be attributed to the diverse and concentrated investment from public and private entities, which continue drive organisations to further invest and take advantage of an established and functioning framework.

As the cultural, entertainment and business capital of South East Queensland, investors are persistently devoting more capital funds for future infrastructure.

One of the distinctive advantages of South Brisbane is that the existing and future infrastructure is desirable and useable. Capital investment in infrastructure has been directed to uplift and benefit the prime cultural, educational and retail nodes in the suburb. Large capital investments have redeveloped the South Bank Southern Restaurant Precinct, Convention and Exhibition Centre and South Bank Institute of Technology. Further investment is still focused on increasing public transport, with the future development of a Mass Transit Centre and the upgrade of the Busway's throughout South Brisbane.

Shifting Demographic

The most prevalent age demographic in South Brisbane is residents aged 20 to 29 years, equating to 34.1 per cent of the total population in 2010. The same age demographic is equally as dominant in the catchment area and Inner Brisbane. South Brisbane's close proximity to Brisbane's CBD, key educational facilities and employment nodes is appealing to Generation Y and X demographics. In addition to the location, South Brisbane has a wealth of existing infrastructure including six bridges connecting it to the CBD and a newly development transit network, which provides convenient access to these key nodes.

In the near future, a greater focus will be needed to attract older Gen Ys who are now moving into young family dynamics and are more accustomed to denser communities but are conscious of the value need to be derived from their real estate investment

The focus therefore for investors and developers is to be able to capitalise on the opportunities these shifting trends present.

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Residential Market Insights

There is no disputing that 2011 has been a tough period for the Queensland property market and the Australian economy in general. However, it is certainly not all doom and gloom for Australia's property market moving forward. Particularly in Brisbane where we are moving into one of the most opportunistic buying markets Brisbane home buyers and investors have experience in many years.

> We are moving into one of the most opportunistic buying markets Brisbane home buyers and investors have experience in many years.

Despite media driven fear, taking a long-term approach to Brisbane property it is reasonable to predict we have reached the bottom of our property cycle. Global economic uncertainty remains, but Australia and Queensland in particular hold an enviable position of stable economic fundamentals and a booming resource sector. This stand-out performance portrays Brisbane property as an exceptionally secure investment option internationally.

The median sale price for a house in the South Brisbane catchment was $606,000 for the September 2011 half year based on 80 settled transactions. The median house price over the year has increased 2.7 per cent, against the Brisbane trend, reflecting demand for residential property within the catchment. Looking at the catchments long term results, the region registered on average a 5.0 per cent increase per annum over the past five years while over the past 10 years the growth rate was at 8.5 per cent.

The South Brisbane Catchment registered a median apartment price of $484,250 based on 100 settled transactions at the end of the September 2011half year.

> The median apartment price over the past five years has on average increased by 6.7 per cent per annum, outperforming houses in the catchment and the greater Brisbane residential market.

Rental Market Insights

The South Brisbane rental market is undersupplied with the number of people wanting to reside in the suburb substantially outweighing the available product currently on the market.

> The demand for South Brisbane coupled with this limited supply has enabled South Brisbane rental prices to trade at a premium over the surrounding suburbs.

One bedroom apartments in South Brisbane register a rental premium over comparable properties in West End, Fortitude Valley / Bowen Hills and Hamilton. One bedroom apartments in South Brisbane attract a 19 per cent premium over West End and 40 per cent premium over Fortitude Valley and Bowen Hills.

Comparable two bedroom apartments in South Brisbane also generate a higher rental premium. Two bedroom apartments in South Brisbane attract a premium of 36 per cent over West End and Hamilton and a significant 49 per cent over Fortitude Valley / Bowen Hills.

See page 11 for further information on Market Insights and Outlook.

SOUTH BRISBANE – SUBURB INSIGHTS

South Brisbane – the next Brisbane CBD

South Brisbane has quickly evolved from an older inner city suburb into the South East Queensland's most significant cultural, educational and commercial precinct.

The suburb of South Brisbane is located less than one kilometre from Brisbane's Central Business District (CBD) and offers an idyllic mix of medium and high rise residential buildings, thriving commercial office space and boutique retail precincts. South Brisbane also contains a number of major educational facilities and is home to Queensland's largest cultural district.

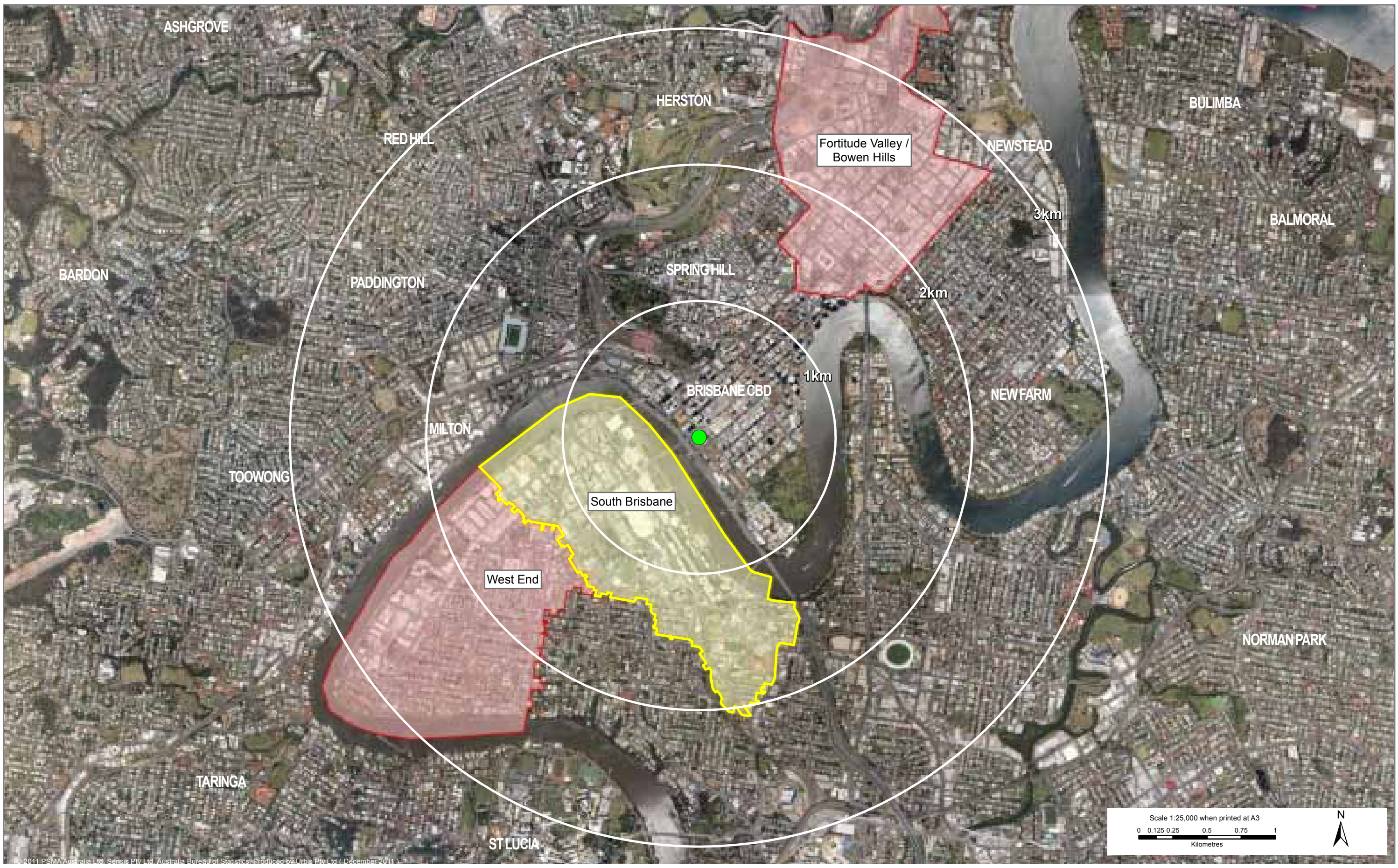
South Brisbane is one of the oldest suburbs in Brisbane with land sales first recorded during the 1840's. The suburb's prime location on the banks of the Brisbane River proved a shortcoming to its early residents as they were unable to find an efficient way to cross the river. The development of the Victoria Bridge provided a means of crossing the Brisbane River and provided the residents of South Brisbane with a direct link to the Brisbane CBD.

During the late 1980s South Brisbane began its development into the cultural capital of South East Queensland. The development of the Queensland Cultural Centre was initiated with the construction of the Queensland Art Gallery in 1982. In recent years, the Cultural Centre has been redeveloped and modernised and encompasses five separate facilities including the Queensland Galley of Modern Art. The reputation of South Brisbane as a cultural precinct was further enhanced by the development of the South Bank Parklands for the World Expo in 1988. Today South Bank has grown into Brisbane's premier destination with open parklands integrated with restaurant and entertainment facilities.

The growth of South Bank facilitated the development of Little Stanley Street and Grey Street, two premier retail precincts.

The precincts recently underwent a $200 million redevelopment and are now brimming with bars, restaurants and boutique retail stores. The precincts have been further enhanced by the construction of a number of large commercial office buildings which has expanded into Melbourne Street and the surrounding area.

> With a large volume of planned infrastructure and commercial developments in the pipeline, South Brisbane will continue maturing into the next Brisbane CBD.



SOUTH BRISBANE RIVERSIDE RENEWAL STRATEGY

The future vision of South Brisbane

KURILPA

The Kurilpa Precinct covers an area of approximately 36 hectares at the north western end of South Bank envisioned to be the Primary Activity Centre of South East Queensland.

The Precinct is intended to be developed into a world class cultural district with a complementary mix of commercial, retail and community development.

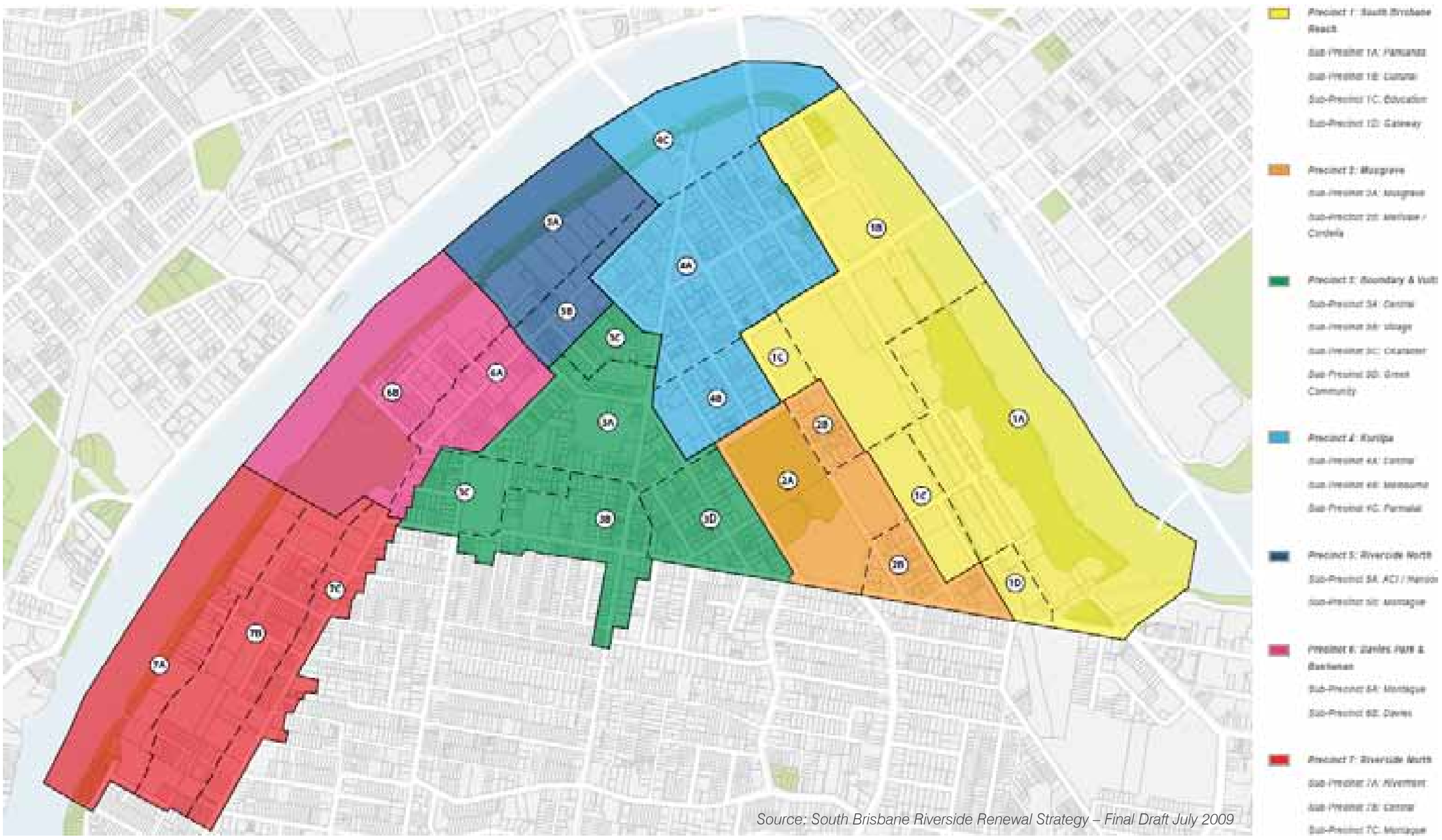
Key Rejuvenation Strategies in the Kurilpa Precinct

- Mixed use development within the Precinct is envisioned to stimulate the retail boulevards of Melbourne Street and Montague Road. Streetscape upgrades will encourage movement and comfort by delivering unparalleled pedestrian and cyclist pathways, providing access to the CBD via the numerous bridges that cross the river.
- Hope Street will become a premier destination for dining, entertainment and retail amenities adding to the already abundant options for South Brisbane residents.
- Fish Lane will be developed into a vibrant active laneway reflecting the eclectic culture of South Brisbane.
- The Paramalat land holdings on the bank of the Brisbane River are planned as a mixed use development with an iconic building and landmark on the site serving as a historical reminder for South Brisbane. The development will open the waterfront to residents by providing pedestrian, cycling and retail options.

SOUTH BRISBANE REACH

South Brisbane Reach is the entertainment, cultural and educational capital of Brisbane. With a significant amount of development in the South Brisbane Reach, the precinct will remain largely unchanged with an emphasis on maintaining its renowned open spaces and amenities.

Future development will be centred on unlocking the potential between the South Brisbane Reach and surrounding precincts. The South Brisbane Reach contains four significant public transport nodes each bound by other precincts, with substantial latent development zones. By developing inter-precinct public transport facilities these areas will be linked to the public transport nodes of the South Brisbane Reach.



Source: South Brisbane Riverside Renewal Strategy – Final Draft July 2009

EXISTING AND FUTURE INFRASTRUCTURE

$4B of useable and desired infrastructre

There is currently over $2.7 billion worth of existing infrastructure already in South Brisbane, with a further $1.3 billion in the pipeline for future development.

South Brisbane Infrastructure Investment

	EST. VALUE
Existing Infrastructure	$2,721,580,000
Infrastruture Projects Underway	$356,980,000
Planned Future Infrastruture	$302,000,000
Possible Future Infrastruture	$640,000,000
Total	$4,020,560,000

• *Sourced from Urbis and prepared by Urbis*

South Brisbane's $2.5 billion of existing infrastructure has enabled the region to grow faster than any other inner city locality over the past 20 years. The suburbs rapid growth can be attributed to the diverse and concentrated investment from public and private entities, which continue to drive further investment. As the cultural, entertainment and business capital of South East Queensland, investors are devoting more capital funds for future infrastructure.

South Brisbane Infrastructure

INFRASTRUCTURE	STATUS	VALUE
State Library of Qld, Art Galley, Museum, Cultural Centre,	Existing	$850,000,000
Convention and Exhibition Centre	Existing	$203,000,000
Go Between Bridge	Existing	$338,000,000
GOMA	Existing	$300,000,000
Busway Upgrade	Existing	$250,000,000
South Bank Tafe	Existing	$325,000,000
Redevelopment of Southbank Southern Restaurant Precinct	Existing	$100,000,000
BCEC Extension	Commenced	$130,000,000
Southbank Butterfly House Redevelopment	Commenced	$50,000,000
Southbank Transit Centre Site Redevelopment	Planned	$250,000,000
Arts Precinct Extension	Possible	$225,000,000
Future Mass Transit	Possible	$315,000,000
QPAC Upgrade	Possible	$100,000,000

• *Sourced from Urbis and prepared by Urbis*

INNER SOUTH COMMERCIAL MARKET

Inner south registered the lowest vacancy rate in inner Brisbane

The Brisbane Fringe office market has experienced strong tenant demand in recent times with firms now searching the fringe market for new office space.

GROWTH IN THE INNER SOUTH IS DRAMATICALLY HIGHER THAN SURROUNDING MARKET

The Inner South office market includes the suburbs of South Brisbane, West End, Woolloongabba, Kangaroo Point, East Brisbane and Greenslopes with the majority of office space in South Brisbane. The Inner South market has experienced considerable growth in the total office stock when compared to the Brisbane CBD and surrounding Brisbane Fringe markets. The Inner South recorded an annual average growth from 2004 to 2011 of 12 per cent, equating to a growth of total office stock of almost 18,000 sqm per year over the period.

INNER SOUTH VACANCY RATES CONSISTENTLY LOWER THAN OTHER BRISBANE FRINGE MARKETS

Despite the influx of stock into the Inner South fringe market the vacancy factor has remained beneath the Brisbane CBD and other Brisbane Fringe markets. The total vacancy rate was 7.2 per cent for the half year ending July 2011, equal to vacancy rate recorded for the same period 2010. The vacancy factor was less than the 7.4 per cent recorded in the Brisbane CBD for the same period and considerably less than the vacancy rate for the surrounding Brisbane fringe sublocales. This illustrates strong demand for new office stock in the Inner South Market and that new stock is received positively by firms.

INNER SOUTH VACANCY RATE OUTPERFORM AUSTRALIAN CBD'S

The Brisbane Inner South total vacancy factor was 7.2 per cent for the half year ending June 2011, lower than the majority of Australian CBD office markets. In addition the direct vacancy factor over the same period for the Inner South market was 5.1 per cent, considerably less than all the major Australian CBDs. The direct vacancy and total vacancy factors in the Inner South market demonstrate the limited availability of stock and the desirability of the location.

The Inner South has been able to keep vacancies at a lower level due major pre-commitments on future stock, including the ABC and Suncorp in South Brisbane. The Inner South fringe market contains a large proportion of new stock much of which is Grade A, which has experienced tight vacancy rates over the past six months. The limited supply of Grade A stock has driven demand and rental prices have increased accordingly. a

Growth Rates of Total Office Stock

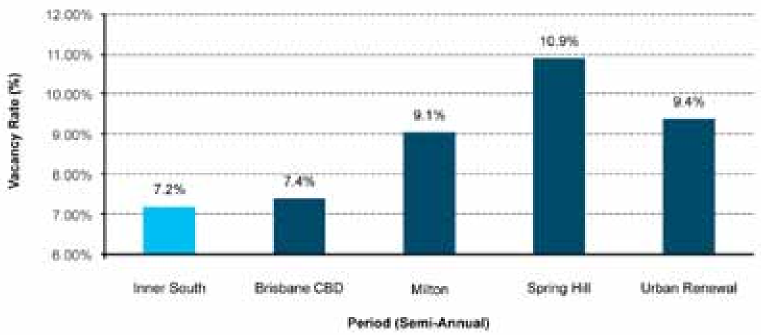
INNER SOUTH, BRISBANE CBD, SPRING HILL AND MILTON

1. Brisbane Fringe Inner South Market Includes the Suburbs of South Brisbane, West End, Woolloongabba, Kangaroo Point, East Brisbane and Greenslopes

- *Prepared by Urbis and Sourced from Property Council of Australia*

Vacancy Rates of Brisbane CBD and Fringe Sublocales

JUNE QUARTER 2011



1. Brisbane Fringe office market includes Inner South. Milton, Spring Hill, Urban Renewal and Toowong

- *Prepared by Urbis and Sourced from Property Council of Australia*

Vacancy Rates and Square Metres

INNER SOUTH AND AUSTRALIAN CBD OFFICE MARKET

	DIRECT VACANCY FACTOR (%)	TOTAL VACANCY FACTOR (%)
Brisbane Inner South	5.1%	7.2%
Sydney CBD	8.4%	9.3%
Melbourne CBD	5.2%	5.8%
Canberra CBD	11.0%	13.3%
Brisbane CBD	6.6%	7.4%
Perth CBD	6.8%	7.8%
Total Australian CBD	7.4%	8.4%

- *Prepared by Urbis and Sourced from Property Council of Australia*

SOUTH BRISBANE COMMERCIAL MARKET

300,000sqm of commerical office space

South Brisbane has developed into one of the largest commercial precincts in South East Queensland with a number of multinational companies relocated into the commercial office space in South Brisbane.

To clarify, the next section will examine the South Brisbane commercial market in detail. Within South Brisbane, there is over 300,000 square metres (sqm) of commercial office space, equating to enough floor space for 30,000 white collar workers. The construction of a number of large commercial buildings in South Brisbane coupled with the suburbs close proximity to the CBD has seen it as an ideal location for many firms. These firms have been concentrated around the key commercial precincts of Melbourne Street, Grey Street and Montague Road. A number of key tenants are illustrated in the table of below.

South Brisbane Commercial Office Market

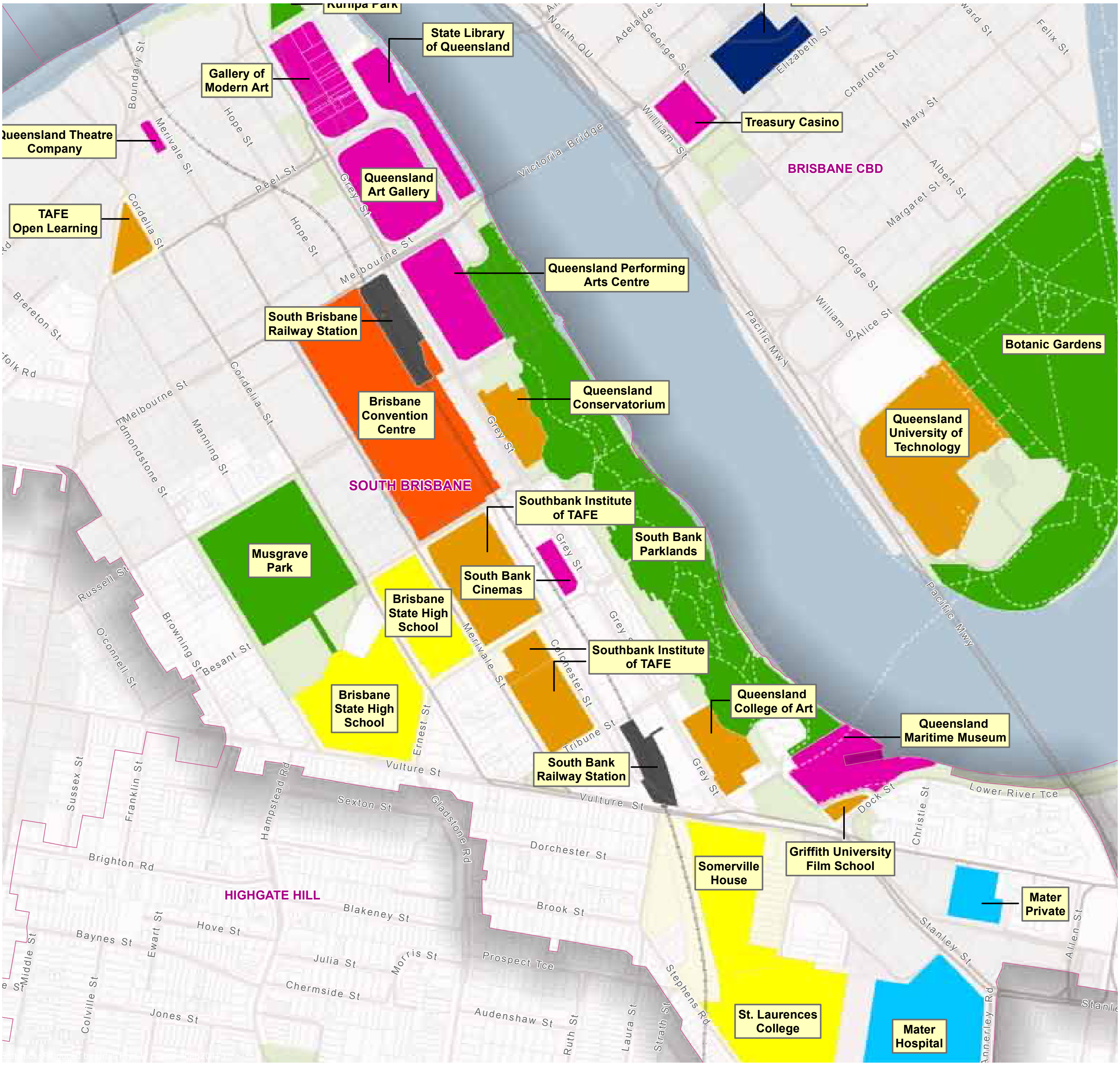
TENANT	INDUSTRY	NEW ADDRESS	NEW SUBURB	AREA LEASED (m^2)
Suncorp	Insurance and Banking	Cnr Grey and Vulture Streets	South Brisbane	33,600
Ausenco	Property and Business Services	144 Montague Road	South Brisbane	14,216
Sinclair Knight Merz	Property and Business Services	Cnr Melbourne Street & Merivale Street	South Brisbane	12,000
Australian Broadcasting Company	Communication Services	Cnr Grey & Russell Streets	South Brisbane	10,000
Kellogg Brown & Root	Property and Business Services	199 Grey Street	South Brisbane	8,255
Roche Mining	Mining	100 Melbourne Street	South Brisbane	6,600
Colorado	Retail Trade	100 Melbourne Street	South Brisbane	5,800
Origin Energy	Electricity, Gas and Water Supply	144 Montague Road	South Brisbane	5,666
Theiss	Property and Business Services	10 Browning Street	South Brisbane	3,614
Rivercity Motorway	Construction	140 Melbourne Street	South Brisbane	3,509
Macmahon Holdings	Mining	Cnr Melbourne Street & Merivale Street	South Brisbane	3,494
Abigroup Contractors	Construction	Stanley Street	South Brisbane	3,200
MWH	Property and Business Services	35 Boundary Street	South Brisbane	2,800
Queensland Health	Government Administration & Defence	100 Melbourne Street	South Brisbane	2,700
Macarthur Coal	Mining	100 Melbourne Street	South Brisbane	1,800

Sourced from Urbis and prepared by Urbis

SOUTH BRISBANE'S CULTURAL, EDUCATIONAL & RETAIL PRECINCTS

Key precincts within walking distance to CBD

South Brisbane is located in close proximity to key educational, retail and cultural nodes. The suburb's location and amenities is the principal driver for its high residential and commercial demand.



SOUTH BRISBANE'S EDUCATIONAL INSTITUTIONS

80,000 students equals a strong rental market

South Brisbane is ideally located in close proximity to the majority of South East Queensland's educational providers.

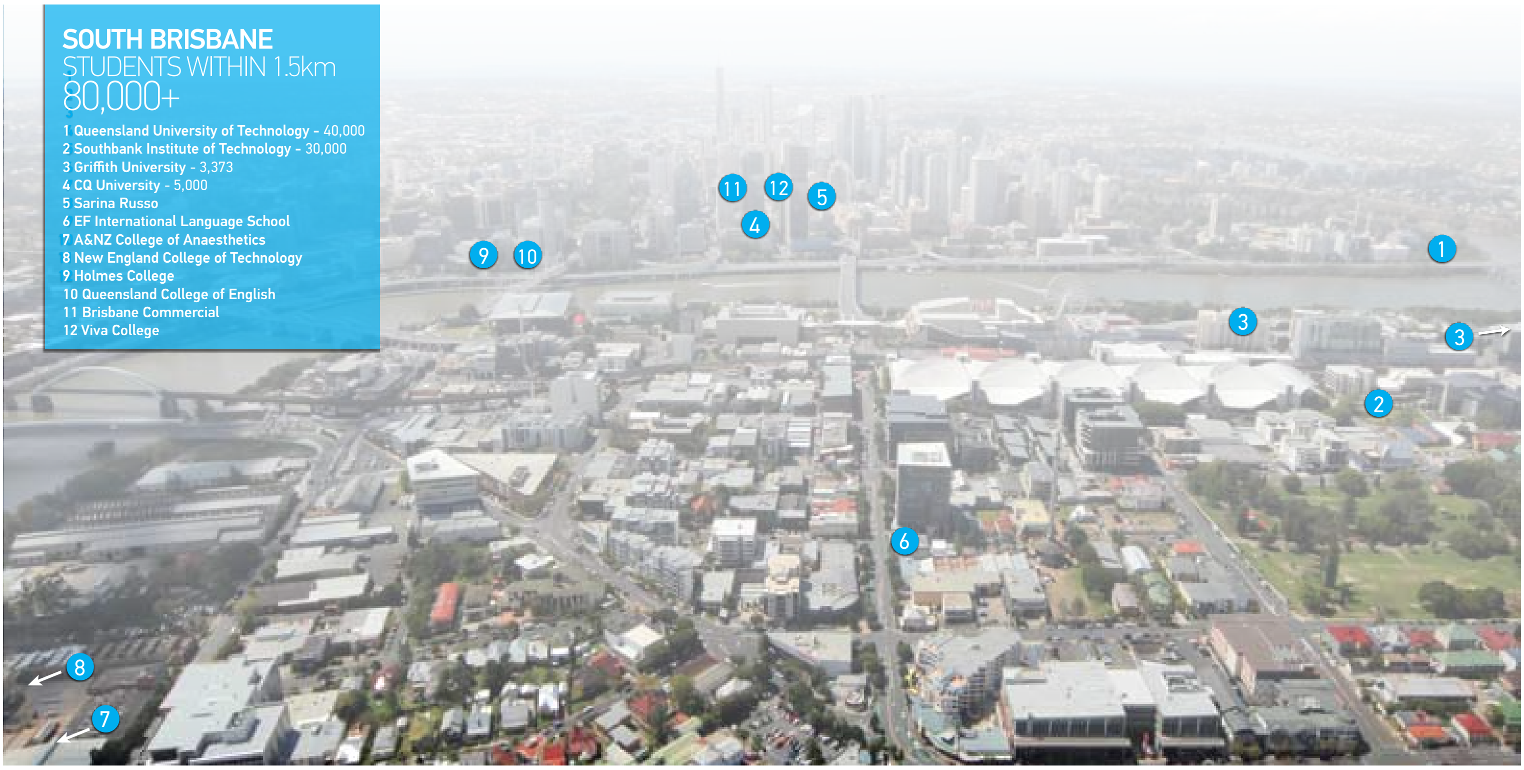
South Brisbane is one of South East Queensland largest educational hubs. There are currently 12 educational institutes within and surrounding South Brisbane, illustrated below. The South Brisbane educational hub caters for in excess of 80,000 students.

- Queensland University of Technology (QUT) – 40,000 students
- Southbank Institute of Technology – 30,000 students
- Griffith University – 3,373 students
- Central Queensland University – 5,000 students

KEY INFRASTRUCTURE UPGRADES TO EDUCATION

A number of recent initiatives have been undertaken by private and public investors to provide world class education facilities and to improve the quality of amenities for the large student population in South Brisbane.

- $40 million development of the Goodwill Bridge has provided direct access from South Brisbane to the Queensland University of Technology (QUT).
- $37 million development of Griffith University Conservatorium
- $325 million redevelopment of South Bank Institute of Technology Education and Training precinct.
- Replacement of the QAS training facilities
- Recent upgrades to South Brisbane's public transport including; the South East Busway, refurbishment of the South Brisbane train station and improvement of pedestrian and cycle paths.



SOUTH BRISBANE'S RETAIL AND CULTURAL DISTRICT

The cultural and retail hubs of South East Queensland

275 Bars, Restaurants and Cafes 53 Fashion Boutiques 157 Other Specialty Stores

The South Brisbane Retail and Cultural precincts encompass the Queensland Cultural Centre, Little Stanley Street, Grey Street and the South Bank Parklands.

Little Stanley Street is home to a number of award winning restaurants and bars as well as boutique retail stores from renowned international and local designers. Little Stanley Street is adjacent to the South Bank Parklands, a 17 hectare urban oasis nestled on the Brisbane River. South Banks offers retail and dining options integrated with rainforest walks, picnic areas and a picturesque riverfront promenade.

Grey Street forms the heart of Brisbane's cultural hub. In addition to the street being fully occupied with restaurants and bars, the South Bank Cinemas and Brisbane Convention and Exhibition Centre are all located on Grey Street. The Brisbane Convention and Exhibition Centre is officially ranked among the top three convention centres in the world. The centre encompasses three halls catering for events from 400 to 8,000 delegates. The South Bank Corporation and its partners are aiming to continue the transformation of Grey Street into one of Australia's most distinctive boulevards.

Situated near the end of Grey Street is the Queensland Cultural Precinct and Kurilpa Park. The Cultural Centre is home to:

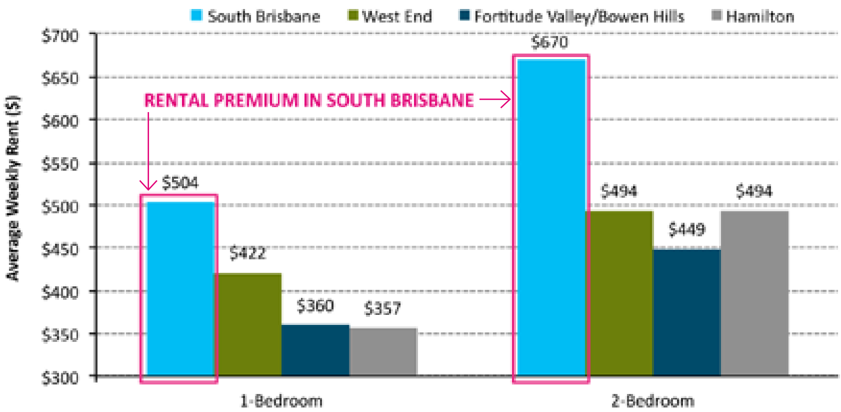
- Gallery of Modern Art (GoMA): Is the nation's most visited art gallery complex with more than 1.8 million people visiting the gallery in 2010. GoMA also hosted four of the five most popular exhibitions in Australia in 2010.
- Queensland Art Gallery: Is considered Queensland premier visual arts institution and one of the leading art museums in Australia.
- State Library of Queensland
- Queensland Performing Arts Centre: Is home to four of Queensland leading performance companies including the Queensland Ballet and Opera Queensland.
- Queensland Theatre Company

RENTAL MARKET INSIGHTS

South Brisbane on market rental premium

On The Market Rental Prices

ONE BEDROOM AND TWO BEDROOM APARTMENTS



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- *Prepared by Urbis and Sourced from Realestate.com.au*

One and two bedroom apartment rental premium

RENTAL PREMIUM OVER WEST END, FORTITUDE VALLEY / BOWEN HILLS AND HAMILTON FOR ONE AND TWO BEDROOM APARTMENTS

South Brisbane Rental Premiums

	1-BD	2-BD
South Brisbane	$504	$670
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SOUTH BRISBANE – APARTMENT RENTAL MARKET

The South Brisbane rental market is undersupplied with the number of people wanting to reside in the suburb substantially outweighing the available product. The demand for South Brisbane coupled with this limited supply has enabled South Brisbane rental prices to trade at a premium over surrounding suburbs.

This analysis looks at one and two bedroom apartments within South Brisbane that are near new or newly developed. To provide accurate figures for comparable apartment product in other suburbs the apartment's location, size (square metre), aspect and age were analysed and benchmarked.

The average weekly rental price generated by one bedroom apartments in South Brisbane is $504 per week, considerably higher than the average weekly rental of similar product in the neighbouring suburb of West End. One bedroom apartments in West End are currently achieving an average weekly rent of $422, 19 per cent less than the average weekly rent in South Brisbane. This equates to an average rental premium of $4,264 per annum for one bedroom apartments if it was located within South Brisbane.

One bedroom apartments in Fortitude Valley and Bowen Hills currently register an average weekly rental income of $360, 40 per cent less than the average one bedroom apartment asking rent achieved in South Brisbane. The rental premium in South Brisbane over Fortitude Valley and Bowen Hills equates to almost $7,500 more rent over a period of one year. The rental premium for one bedroom apartments in South Brisbane when compared to a similar product in Hamilton is 41 per cent. This represents a similar income sacrifice of $7,500 if an investor was to purchase an average one bedroom apartment in Hamilton instead of South Brisbane.

Currently two bedroom apartments in South Brisbane generate an average weekly rental return of $670 for a near new or new apartment. When compared to similar two bedroom apartments in the neighbouring suburb of West End, South Brisbane achieves a rental premium of $176 per week or 36 per cent.

Similar to one bedroom apartments, the demand for two bedroom apartments in South Brisbane drive the suburb to achieve a rental premium over comparable two bedroom apartments in Fortitude Valley and Bowen Hills. The difference in asking rents equates to a rental premium of 49 per cent or an average $221 more per week which equates $11,492 per annum.

In recent years 88,997 sqm of office space has been added to South Brisbane. This increase in space has enabled a potential new workforce of 8,900 white collar workers to work in the immediate South Brisbane area. South Brisbane's reputation as a premium business distress was recognized with Suncorp recently announcing that it will move 3,000 new staff in the yet-to-be constructed Southpoint Precinct on the corner of Grey and Vulture Street in South Brisbane. This will bring the total South Brisbane Office Market to over 300,000 sqm of office space, which will equate to approximately 30,000 workers (assuming one person per 10 metres of office space.

RENTAL MARKET INSIGHTS

The recent investment in South Brisbane equates to over 300,000 square metres of office space and a potential rental catchment for South Brisbane of over 30,000 white collar workers.

This commercial development has not been shadowed by residential development, with a limited supply of new residential buildings being developed in South Brisbane in the last four years. Therefore, in South Brisbane demand for dwellings drastically outweighs supply, increasingly leading towards continued and steady increases to the weekly rental rate.

The higher rental premium generated in South Brisbane for one and two bedroom apartments can be attributed the suburbs close proximity to four major educational facilities, Griffith University, QUT, South Bank Institute of Technology and CQ University. These four major educational providers have a current combined student population of approximately 80,000 students. In additional to the major institutions a number of Private Educational Institutions are located in close proximity to South Brisbane drawing further students into the suburb. This has driven the demand for the apartment market within South Brisbane as a large number of students are seeking rental accommodation within walking distance to these large educational facilities.

The rental premium is also driven by the high desirability of South Brisbane with residents willing to pay extra for the suburbs proximity to the CBD, employment amenity and existing infrastructure.

Significant existing infrastructure includes Victoria Bridge, which directly links South Brisbane to the CDB at the Queen Street Mall, and Goodwill Bridge which enables direct access to QUT. In addition, recent upgrades to public transport including; upgrades to the busway at Melbourne and Adelaide Street and the South East busway have provided South Brisbane with new and efficient public transport.

Alongside infrastructure upgrades, South Brisbane can also be considered one of Brisbane major cultural and boutique retail hubs, with a large proportion of both public and private investment being concentrated into the suburb. This includes redevelopment of Southbank Southern Restaurant Precinct and the newly developed Queensland Cultural Centre. The Gallery of Modern Art (GOMA), which forms part of the Cultural Centre, was the most attended art gallery in Australia with over 1.8 million people visiting during 2010. In addition, the ABC radio and television facilities along with the Queensland Symphony Orchestra will re-locate to their new site on the corner of Grey and Russel Street, further enhancing the cultural reputation of South Brisbane.

RENTAL MARKET INSIGHTS

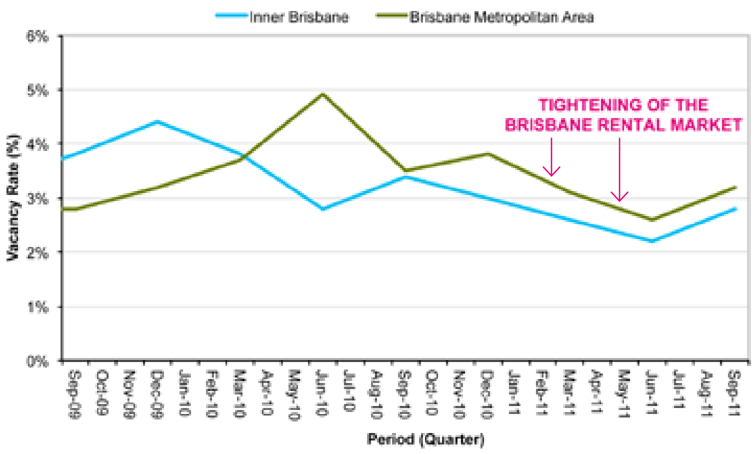
Tightening of vacancy rates

The vacancy rate for Inner Brisbane at the end of the September 2011 Quarter was 2.7 per cent. This was lower than the vacancy rate of 3.2 per cent for the Brisbane Metropolitan Area over the same period. The vacancy rate for inner city Brisbane apartment rentals between 2007 to the current period on average achieved a vacancy rate of 2.7 per cent.

The vacancy rate within the inner Brisbane region has been tightening since late 2009 due to the lack of residential development following the global financial crises and the subsequent difficultly for developers in gaining finance to deliver apartment projects within the inner city. With limited supply and continued increasing demand, vacancy rates will potentially continue to tighten in those inner city suburbs that are well supported by infrastructure and amenity.

Inner and Metroplitan Brisbane - Vacancy Rates

OESR - QUARTERLY VACANCY RATE - SEP 2009 QTR - SEP 2011 QTR



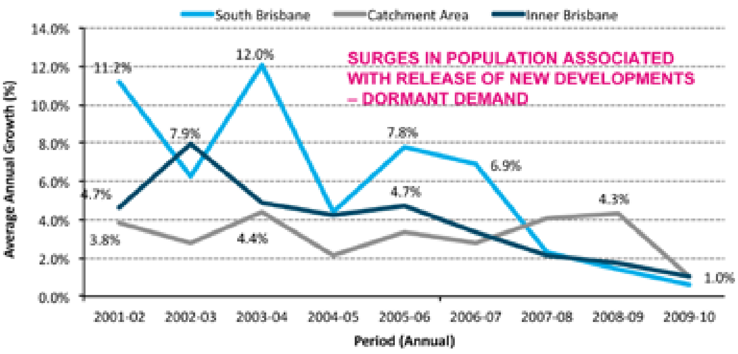
• *Prepared by Urbis and Sourced from OESR Quarterly Vacancy Data, June 2011*

It is safe to assume that rental rates will continue to increase in the near future, further driven by inner Brisbane's ever increasing demand for rental accommodation and sluggish development of dwelling supply.

DEMOGRAPHIC INSIGHTS

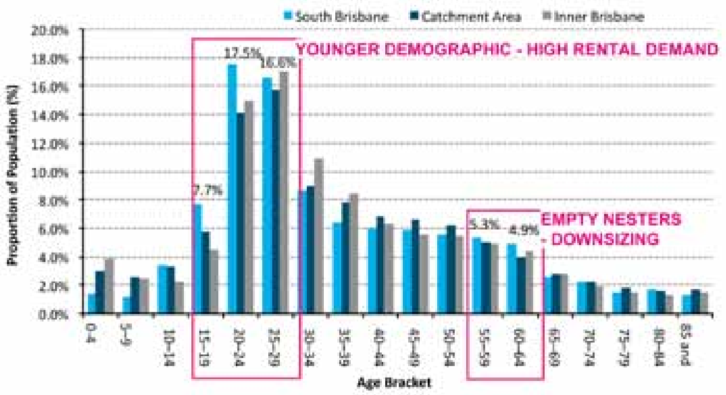
South Brisbane's demographics are driven by the suburb's location to key amenities

Estimated Residential Population
SOUTH BRISBANE, CATCHMENT AREA AND INNER BRISBANE



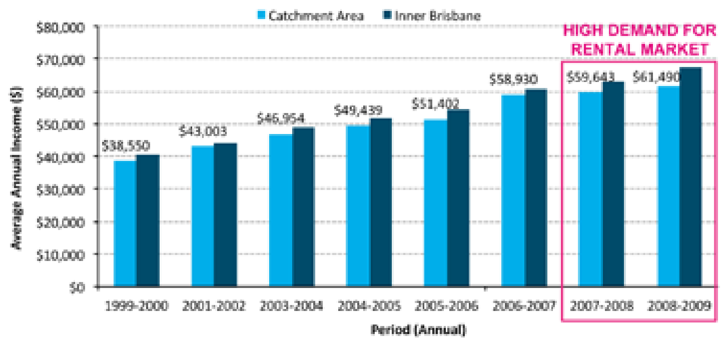
- *Prepared by Urbis and Sourced from ABS Regional Population Growth, Australian 3218.0*

Age Demographic
SOUTH BRISBANE, CATCHMENT AREA AND INNER BRISBANE



- *Prepared by Urbis and Sourced from ABS 3235.0 Population by Age and Sex 2010, Regions of Australia*

Mean Taxable Income
CATCHMENT AREA AND INNER BRISBANE



- *Prepared by Urbis and Sourced from ATO Mean Taxable Income by Postcode*

DEMOGRAPHIC ANALYSIS

The catchment area for South Brisbane encompasses the residents of South Brisbane, West End and Highgate Hill. It is utilised as a means of comparing South Brisbane's demographic to that of its surrounding suburbs. The estimated residential population (ERP) in South Brisbane increased by 0.6 per cent during the year ending 2010, consistent with the growth experienced in the Catchment Area (1 per cent) and Inner Brisbane (1 per cent) over the same period.

The estimated residential population in South Brisbane experienced large fluctuations in the growth rate when compared to the Catchment Area and Inner Brisbane. As a result of the limited supply of residential dwellings, the population dramatically increases when new developments enter the market, resulting in fluctuations in resident population. The fluctuations in population illustrates that when new residential product enters the market, a significant amount of pent up demand is present. In addition, the low vacancy rate of the region suggests that rentals are tight and quickly absorbed when new product enters the market.

AGE DEMOGRAPHIC

The most prevalent age demographic in South Brisbane is residents 20 to 29 years of age, which equate to 34.1 per cent of the total population. The most dominant demographic in South Brisbane are residents between 20 to 24 years of age indicating a large student populace and professional populace. The concentration of this age group is of no surprise when considering the locations proximity to a number of key educational facilities as well as employment nodes.

Furthermore this age group are more accepting of density development and generally seek to be located in socially active and diverse hubs such as South Brisbane. With student numbers predicted to increase over the next five years, the demand for low maintenance dwellings in suburbs such as South Brisbane will also continue.

MEAN TAXABLE INCOME

The mean taxable income for the catchment area for the annual period ending 2009 was calculated at $61,490, equating to an annual growth of 3.1 per cent. The mean taxable income was slightly lower than the $67,483 recorded within the Inner Brisbane region, which can be attributed to the high proportion of individuals aged 20 to 29 years of age. This high proportion is reflective of:

- The large student population residing in South Brisbane because of the suburb's location in close vicinity to a number of large scale educational facilities. These students are presumably working on a casual or part-time basis while they are studying.
- The high proportion of individuals aged 25 to 29 years of age is reflective of young professionals residing in the catchment that are attracted to the locations proximity to employment nodes and emerging office district.

SHIFTING DEMOGRAPHIC

Understanding the demand and drivers of Australia's two largest markets will be the primary driver in dwelling demand in the next five years as both Gen Y and Baby Boomers move into new phases of their dwelling accommodation life cycle.

Dumbbell Effect – Generation Y and Baby Boomers

AUSTRALIAN GENERATIONS – THE BREAKDOWN

Generation	Born	2008 *Age*	2011 *Age*	2015 *Age*	2021 *Age*	2008 *% of Nation*	2008 Pop *(Approx. $ Mil)*	2011 % of *Nation (Projection)*	2021 % of *Nation (Projection)*
The Great Generation	1925 -1945	62+	65+	69+	75+	16%	3.4	14.00%	7.5%
Baby Boomers	1946 - 1964	43 - 61	46 - 64	50 - 68	56-74	25%	5.3	23.75%	19.5%
Gen X	1965 - 1980	27 - 42	30 - 45	34 - 49	40 - 55	23%	4.8	22.25%	20.1%
Gen Y (Mellenials)	1981 - 1999	8 -26	11 - 29	15 - 33	21 - 39	26%	5.5	26.1%	26.2%
Gen Z	2000 and After	0 - 7	3 - 10	7 - 14	13 - 20	10%	2.1	10.2%	10.8%

Both are generations which are prominent within the site's catchment and greater focus will be needed to attract older Generation Y (Gen Y) who are now moving into young family dynamics and are more accustomed to denser communities yet require more affordable product due to the lack of net worth in comparison to Baby Boomers.

Gen Y and Baby Boomers have both matching and different wants and needs, which will simultaneously drive demand in residential projects. Nonetheless, Gen Y and Baby Boomers, will be more attracted to product that is centred on walkable urban environments, which are green-orientated (sustainable) and are well serviced by public transport, employment nodes, and centres of activity or leisure, which provide destination appeal.

Gen Y will be defined by a growing income earning potential, combined with a growing household size, yet the majority believe that inner-city family living is beginning to be the norm. A focus will be on a dwelling in an environment where they can live, work and recreate – and higher density will not be opposed. Baby Boomers, similarly focused on lifestyle, have increased equity yet will want more manageable and low maintenance spaces to live in. They will be likely to work longer than they typical retirement age of 65 and want to embrace the 'town-centre' idea of walkable urban areas. For those in the latter stages of the boomers, ease of access to medical and healthcare facilities is of high importance. As Brisbane grows, providing 'liveable' dwellings will be key.

A key external factor for all demographic groups will be the rising cost of living. Energy costs continue to rise, with a rise of over 13% experienced in Queensland over the 2010-11 financial year, and a rise of nearly 7% expected for the 2011-12 financial year. Fuel prices continue to rise, and the Government's stance on Carbon Taxation will flow through to add an extra cost to our bottom line. These costs add up - we are already seeing households moving to smaller, newer, more sustainable dwellings, with proximity to public transport.

The focus therefore for investors and developers is to be able to capitalise on the opportunities these shifting trends presents. Developing and investing will ultimately be judged around key components such as a changing consumer preference based around community, neighbourhood and function; the positives of urbanisation and work/life balance; increasing sustainability and 'green' technology integration; and locations and product which counter the rising cost of living.

Dumbbell Effect – Generation Y and Baby Boomers

HOUSING DEMAND SHIFTS FOR THE AUSTRALIAN GENERATIONS

Year	Staying at Home with parents	Single and Room-mate Rental	Rent as Couple / 1st Home	Young Family Own	Mature Family Own	Empty Nester Downsize Own	Retiree Senior Housing
2008	Gen Y Gen Z	Gen Y	Gen X	Gen X	Baby Boomer	Baby Boomer	Baby Boomer The Great Gen
2010	Gen Y Gen Z	Gen Y	Gen Y	Gen X Gen Y	Baby Boomer Gen X	Baby Boomer	Baby Boomer The Great Gen
2015	Gen Y Gen Z	Gen Y	Gen Y	Gen Y	Gen X	Baby Boomer Gen X	Baby Boomer The Great Gen
2020	Gen Z	Gen Y	Gen Y	Gen Y	Gen X Gen Y	Baby Boomer Gen X	Baby Boomer

MARKET INSIGHTS AND OUTLOOK

"There is no security, there is only opportunity"

Global economic uncertainty remains turbulent, but Australia and Queensland in particular hold an enviable position of stable economic fundamentals and a booming resource sector. This robust climate portrays Brisbane property as an exceptionally secure investment option on a worldwide scale.

It is certainly not all doom and gloom for Brisbane's property market, in fact, it is possibly one of the most opportunistic markets Brisbane home buyers and investors have experienced in many years.

We are now entering the final quarter of the calendar year, and it is reasonable to conclude that 2011 has been a tough period for the Queensland property market and the Australian economy in general. Despite a booming resource sector, confidence across all other major industry sectors has softened significantly on the back of substantial international economic turbulence. A combination of natural disasters, poor Government policies and monetary management have done little to assure or entice Australia's potential home buyers and investors to re-enter the property market.

Despite media driven fear throughout the market, taking a long-term look at Brisbane's property market it is reasonable to predict that we have now reached the bottom of our property cycle. Global economic conditions remain turbulent, but Australia and Queensland in particular hold an enviable position of stable economic fundamentals and a booming resource sector. This robust climate portrays Brisbane property as an exceptionally secure investment option on a worldwide scale.

There is currently a 'stand-off' situation being experienced with investors and owner occupiers sitting on their hands, waiting with caution for some sign that things are going to improve, presumably resulting in 'herd-like' purchasing and providing the perception of short-term security. It will be the wise investor who reigns supreme however, as they will understand that property, like many forms of investment, must be viewed on a long term basis - requiring planning, knowledge of future markets and patience. Wise investors will understand that despite the media-driven fear across the market, the fundamentals are still strong and that the market is poised for another period of solid growth in coming years.

Population growth for Queensland and Australia remains above or equal to the five year average. This population growth is driven by a number of key areas, such as employment opportunities, affordability of dwellings and the Queensland lifestyle. A steady growth in population combined with smart economic strategies develops a strong economy, and our current resources boom will be key in driving the calls for labour.

The growing population will also be a changing demographic, with particular movement from the largest demographic groups, the Baby Boomers and the Gen Y's. The wants and needs of these two groups will be widely different, with Baby Boomers looking to downsize, and a Gen Y demographic moving into increased earning capacity, looking at locality to employment, lifestyle and investments.

Unemployment is relatively stable, however the long term forecast suggests Brisbane can expect to provide a further 360,000 jobs by 2031 within the 'Golden Employment Triangle' of the Brisbane CBD, the Brisbane Airport and the Port of Brisbane. In the short term, our commodities boom will see a tightening of labour available, and with Brisbane being the largest capital city in proximity to much of this activity, the lowering of unemployment is expected.

It is these fundamentals, combined with one further key variable, that should have all wise investors jumping for joy. That key variable is value. Median house and apartment prices in many areas are the lowest they have been in years. In addition, median rents have consistently risen across all residential classes across Brisbane over the past five years. Affordable prices, rental demand, and all in combination with interest rates that are still below the levels seen in the 90's and early 2000's.

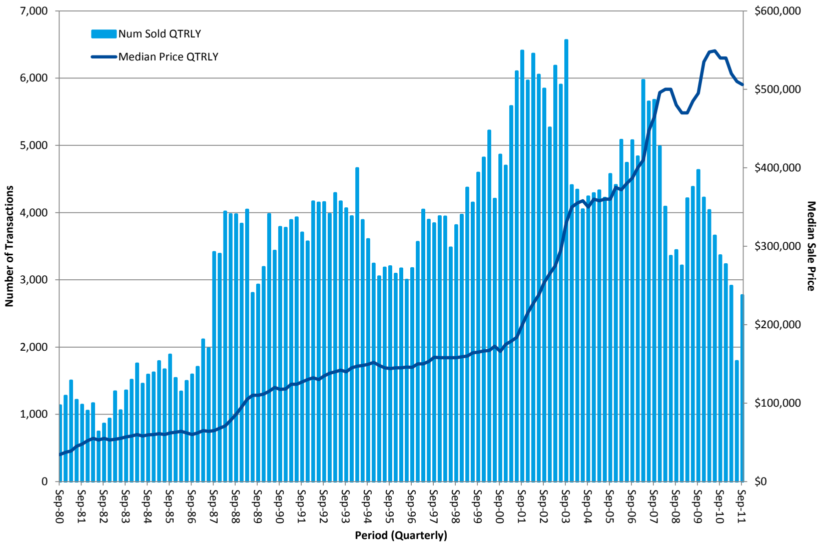
The wise purchaser will see that the opportunity to buy is now, there will be no magical indication because the signs everyone is waiting for are the hard facts right in front of us – buy a well-priced product, designed with the shifting demographic needs in mind, within an urban community well serviced by amenity and infrastructure, and the future of your investment looks bright indeed.

BRISBANE LGA RESIDENTIAL MARKET OVERVIEW

Positive signs in the september quarter

Brisbane LGA House Market

BRISBANE LGA SALES AND MEDIAN HOUSE PRICE
TIME SERIES SEP 1980 TO SEP 2011



• *Prepared by Urbis and Sourced from RPData*

BRISBANE LGA – HOUSE MARKET INSIGHT

The Brisbane Local Government Area (LGA) registered a median house price of $506,000, based on 2,771 settled transactions at the end of the September 2011 quarter. The median house price declined by 6.3 per cent over the year and can be attributed to a number of key factors including; economic uncertainty and the subsequent inability of buyers to gain finance, lack of interest and commitment of purchasers in the higher price points and the lingering effects of the January floods.

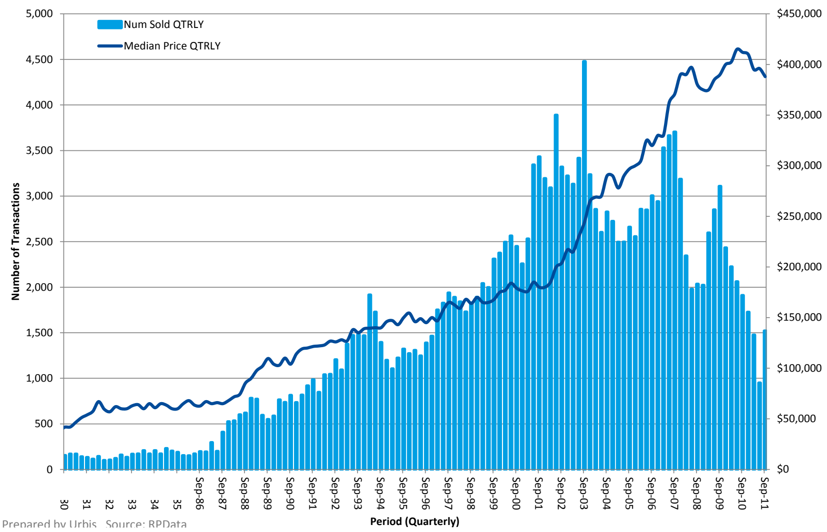
However, settled transactions increased over the September 2011 quarter, swelling by 55 per cent or 979 settlements. The increase in the number of settled transactions over the quarter is a positive sign for the Brisbane LGA housing market and coupled with recent interest rate cuts, activity is set to increase moving into 2012.

The Brisbane LGA sales cycle graph identifies the long-term investment that is property as an asset class and reinforces the potential capital growth that can be achieved despite short term fluctuations. Despite the decline in median house sale price since peaking back in mid-2010, the Brisbane LGA's median house price over the past five years has registered an increase of 5.5 per cent per annum and over the past 10 years has increased by 9.7 per cent per annum ending September 2011. The decline in median house prices within the Brisbane LGA coupled with the current market outlook indicates that prices may have finally hit bottom. This can be perceived as one of the best opportunities to enter the property market while house prices remain competitive.

Opportunities present in the apartment market

Brisbane LGA Apartment Market

BRISBANE LGA SALES AND MEDIAN UNIT PRICE
TIME SERIES SEP 1980 TO SEP 2011



• *Prepared by Urbis and Sourced from RPData*

BRISBANE LGA – APARTMENT MARKET INSIGHT

The Brisbane LGA median apartment price at the end of the September 2011 quarter was recorded at $388,000, based on 1,521 settled transactions. Apartments in Brisbane have performed consistently better over the period than the house market, declining by only 2 per cent since the June 2011 quarter. The buoyancy and subsequent price softening over the quarter may be attributed to more affordable product being purchased and a low supply of new product entering the market, limiting the availability of apartment stock in desired locations within the Brisbane LGA.

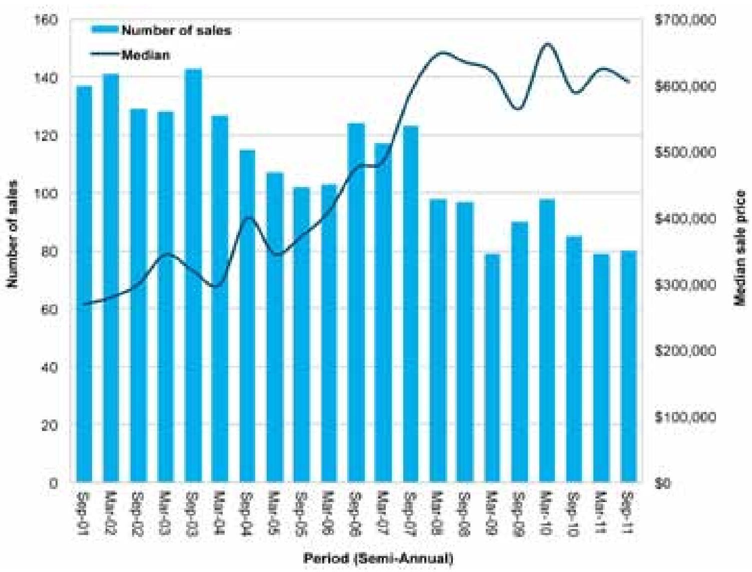
The decline in median apartment prices across the Brisbane LGA can be a seen as positive for those wanting to enter the property market for the first time as well as investors. Furthermore, recent interest rate cuts may soon see Brisbane's affordable apartment product become once again in high demand. This can be attributed to the opportunities surrounding Brisbane's continued low vacancy in rental dwellings, in particular within the inner city, attracting investors back into the market. An increase in the demand for apartments over the short term will certainly see the rapid absorption of the limited supply of competitively priced apartments within the market as supply remains constrained for developers to release new product.

SOUTH BRISBANE CATCHMENT RESIDENTIAL MARKET INSIGHTS

Houses in South Brisbane are in short supply

South Brisbane Catchment House Market

SOUTH BRISBANE CATCHMENT SALES AND MEDIAN HOUSE PRICE TIME SERIES SEP 2001 TO SEP 2011

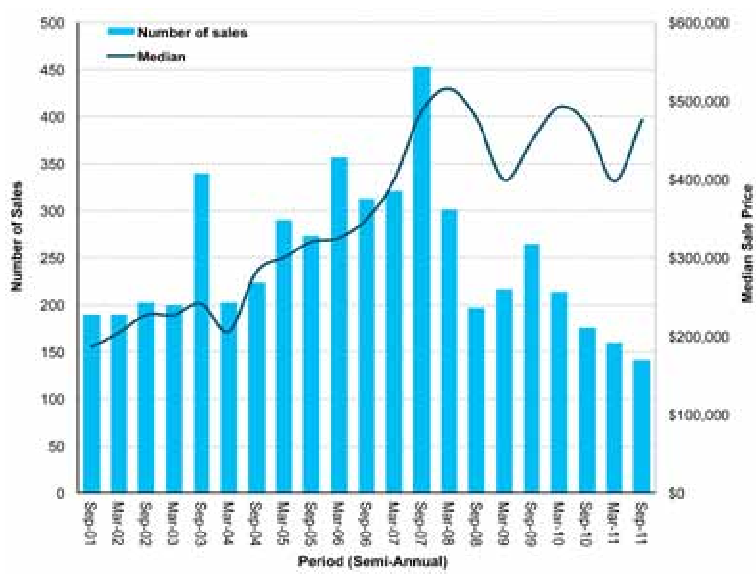


- *Prepared by Urbis and Sourced from RPData*

Median sale price on the rise

South Brisbane Catchment Apartment Market

SOUTH BRISBANE CATCHMENT SALES AND MEDIAN APARTMENT PRICE TIME SERIES SEP 2001 TO SEP 2011



- *Prepared by Urbis and Sourced from RPData*

SOUTH BRISBANE LGA – HOUSE MARKET INSIGHT

The median sale price for houses within the South Brisbane catchment was $606,000, based on 80 settled transactions at the end of the September 2011 half year. Over the year ending September 2011 the median house price in the catchment recorded a growth of 2.7 per cent, bucking the trend across the Brisbane LGA property market.

Breaking down the catchment, South Brisbane's limited supply of house product, registered nine settlements over the period with prices ranging from $565,000 to $1.6 million. West End registered the majority of settled house transactions over the period, equating to 56 house sales and achieving a median house price of $510,000.

Conducting a resale analysis on the catchment has identified the tightly held nature of house product within the region, with houses transacting within 2011 registering an average hold period of 5.27 years compared to Brisbane's average of 4.5 years.

SOUTH BRISBANE LGA – APARTMENT MARKET INSIGHT

The South Brisbane catchment registered a median apartment price of $484,250, based on 100 settled transactions at the end of the September 2011 half year. The apartment sales cycle graph illustrates the lack of activity in the precinct since late 2007, with the median apartment price fluctuating through economic and natural disasters (GFC and the January 2011 floods). The bounce back of the median sale price at the end of the September 2011 half year indicates the level of pent up demand that is present within the catchment, with the median apartment price increasing by 20 per cent since the March 2011 half year period. The majority of apartment product is located within South Brisbane and West End, registering a total of 56 and 66 settled apartment transactions respectively over the half year.

West End recorded the highest median apartment price during the half year of $505,000 compared to South Brisbane's median apartment price of $440,000 at the end of the September 2011 half year. The lower median apartment price in South Brisbane is directly related to the apartment style and product available in the suburb. Unlike West End, which accommodates a high proportion of larger, more mature couple orientated apartments, South Brisbane accommodates apartment product that suits its largest demographic of residents who are between 20 to 29 years of age. These residents are generally looking at residing in one and two bedroom apartments that are centrally located within active and social hubs such as South Brisbane.

SOUTH BRISBANE CATCHMENT RESIDENTIAL MARKET OVERVIEW

Limited supply in South Brisbane

Off the Plan Apartments in Brisbane

SEPTEMBER QUARTER 2011

	NORTH	SOUTH	AMOUNT OF NORTH v SOUTH STOCK AS A PERCENTAGE
Under Construction	1,960	394	500%
Sold	2,088	753	280%
Available for Sale	1,316	378	350%
Total Stock	3,404	1,131	300%

1. The North of Brisbane includes the suburbs of; Fortitude Valley, Kelvin Grove, Hamilton, Newstead, Bowen Hills, Teneriffe and Hamilton.

2. The South of Brisbane includes the suburbs of; South Brisbane, Woolloongabba, Annerley, Kangaroo Point, Bulimba and West End.

- *Prepared by Urbis and Sourced from Urbis*

LARGE UNDERSUPPLY IN THE SOUTH

The inadequate supply of apartments in the South Brisbane Catchment is evident in the limited number of sales in the time series graph above. The level of supply in the South Brisbane Catchment will still continue to be limited with minimal off the plan apartments currently under construction or available for sale.

Currently the region south of the Brisbane CBD, which includes South Brisbane and West End, has only 378 off the plan apartments available for sale compared to 1,316 in the region north of the Brisbane CBD. This illustrates the limited availability of stock in the region considering that South of Brisbane is in high demand. The shortage of off the plan apartments is set to continue with only a further 394 currently under construction.

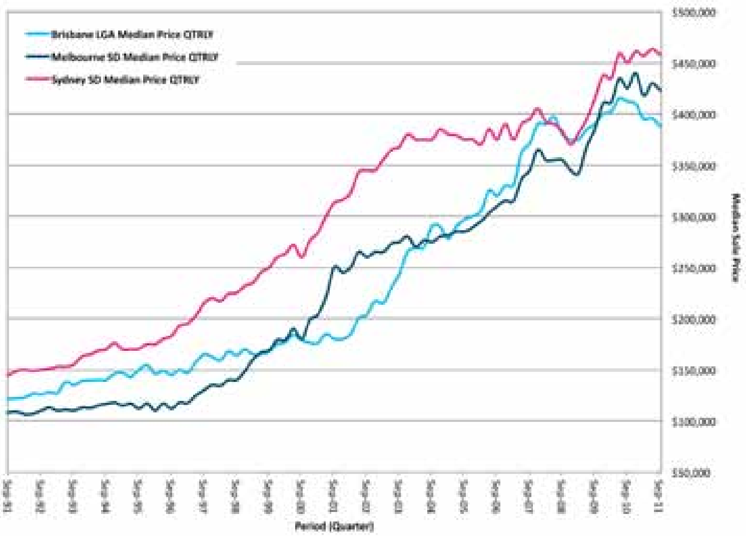
The undersupply of off the plan apartments to the South of Brisbane is evident with 500 per cent more apartments under construction to the North of Brisbane compared to the South. In addition, in the North of Brisbane there is currently 350 per cent greater off the plan apartments currently available for sale.

Residential developments recently built or currently under construction are in a prime situation to capitalise on the limited stock South of the Brisbane CBD, which is coupled with the high pent up demand for the region.

Brisbane density living remains more affordable than Melbourne and Sydney

Brisbane LGA, Melbourne SD And Sydney SD Median Apartment Price

TIME SERIES SEP 1991 TO SEP 2011



- *Prepared by Urbis and Sourced from ABS Cat. 6202.0*

CAPITAL CITIES - APARTMENT MARKET INSIGHTS

The Brisbane LGA apartment market remains more affordable when compared to the Melbourne SD and Sydney SD. The median sale price for apartments in the Brisbane LGA at the end of the September quarter 2011 was recorded at $388,000, 18 per cent lower than in Sydney and 9 per cent less than the median registered in Melbourne.

The three apartment markets registered a decline in median sale price of the September quarter 2011, with Brisbane LGA recorded the highest decline of 2 per cent. A softening of 1.6 per cent was evident in Melbourne with the median apartment price finishing the September quarter at $423,000. Sydney experienced the smallest decline in median sale price of 1.2 per cent, equating to a median sale price for the quarter of $458,000.

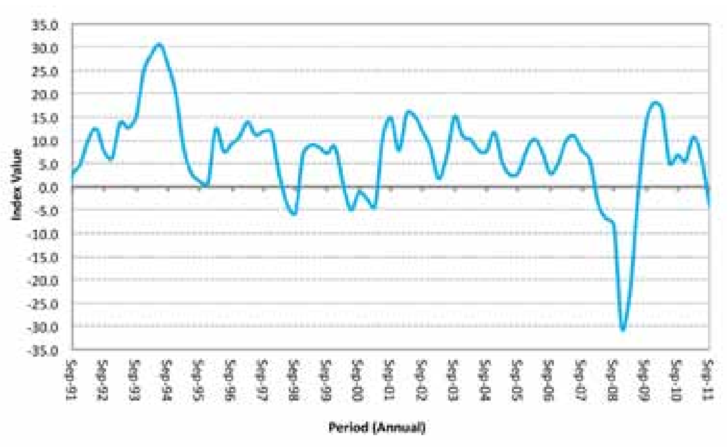
The affordability of the apartment market is now becoming a key aspect creating growing demand for this type of dwelling. The shifting age demographic, with emphasis placed on urbanisation, work/life balance, and proximity to amenities and infrastructure will be key to future demands, and we are already seeing the beginning of this shift – a desire for a home that increases "liveability", yet counters the ever increasing cost of living.

Although apartment markets nationwide are feeling the effects of low market confidence, true real estate investors will understand the long term strategy around real estate investment. The opportunity exists within the current market to capitalise on competitive apartment prices, low vacancy rates and strong rental yields, with investors in a prime position to seek positively geared investments.

MACRO-ECONOMIC INSIGHT

Fleeting confidence quickly eroded as economy struggles to find traction

Business Confidence
SEPTEMBER 1991 TO SEPTEMBER 2011



• *Prepared by Urbis and Sourced from National Australia Bank Quarterly Economic Survey*

BUSINESS CONFIDENCE

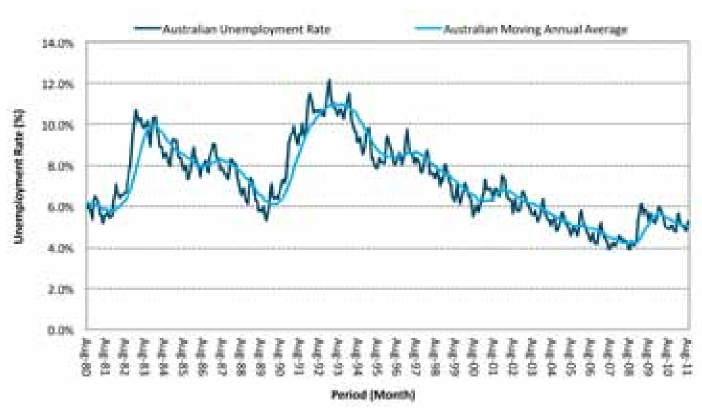
Business confidence fell heavily at the end of the September 2011quarter, declining from a positive index value of 6.0 to a negative value of 4.0. The negative value represents the first time since the quarter ending June 2009 where the business confidence index value has slumped below zero, indicating that pessimists are now outweighing the optimists.

The drop in business confidence can be attributed to uncertain domestic and international macroeconomic conditions. The Australian economy faulted during the period with falls in the quarter in trading conditions, business profitability and employment projections. The Australian Stock Exchange was plagued by periods of low confidence with the S&P/ASX 200 revelling constant fluctuations. The two speed Australian economy was also a prime concern for investors and business's alike with the commodities sector posting substantial growth rates while the rest of the economy was weakening.

Business confidence was also shaken by the uncertainty surrounding the global economic markets and in particular the current turmoil in the Greek and Italian debt crises. Businesses are weary over the risk that debt contagion poses to the European Union economy and subsequent domino effects on the American and Asian Markets.

Unemployment rate rise on the back of strong Aussie dollar and global uncertainty.

Unemployment Rate – Australia
ABS – OESR: UNEMPLOYMENT RATE AUSTRALIA



• *Prepared by Urbis and Sourced from ABS Cat. 6202.0*

UNEMPLOYMENT

Over the decade, strong growth in the demand for labour has been accompanied by a large expansion of the labour force, particularly since the mid-2000s. Labour force growth in Australia has mirrored increased participation as well as population growth. The increase in participation has been most noticeable for females and older persons motivated by a range of social and economic factors. The acceleration in population growth has been largely due to higher immigration, with a larger intake of skilled workers and students a major contributor to the rise in the labour supply.

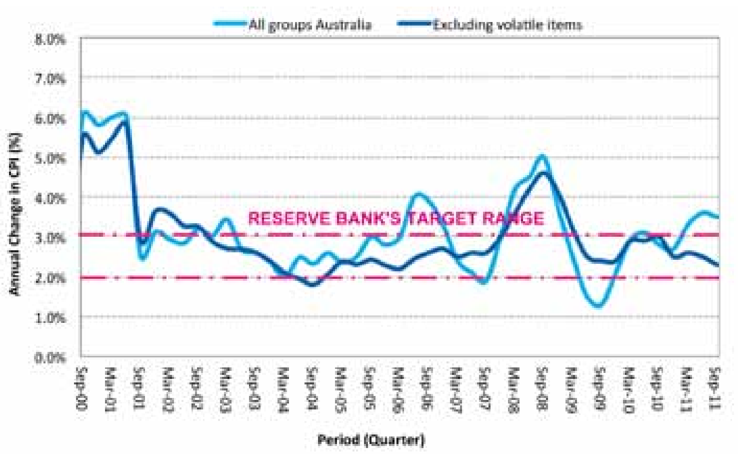
The national rate of unemployment increased 0.1 points to reach a ten month high of 5.3 per cent at the end of August 2011. Despite the lift, the moving annual average remained steady at 5.1 per cent. The rise equated to a loss of 9,700 jobs, acting in direct contrast to many economist's predicting of an increase in jobs to the tune of 11,000. Adding further concern to the figure, the decline came from a loss of 12,600 full-time jobs (to 8,034,900), while a portion of this was offset by an increase in part-time employment of 2,900 (to 3,397,600).The job cuts can largely be attributed to the strong Australian dollar, which is limiting manufacturing and the tourism industry, along with global economic uncertainty, which is having an adverse effect on spending and thus the retail industry.

MACRO-ECONOMIC INSIGHT

High exchange rate and increased production levels should weaken inflation

Australian Inflation Rate

PERCENTAGE CHANGE FROM SEP 2000 TO SEP 2011



- *Prepared by Urbis and Sourced from RBA Statistical Tables G1*

CONSUMER PRICE INDEX

The Customer Price Index (CPI) was recorded at 3.5 per cent for all groups and 2.3 per cent excluding volatile items for the quarter ending September 2011. CPI rose during the first quarter of 2011, as a result of the weather phenomenon's experienced during this period. The subsequent limited supply of essential crops and the corresponding rise in price for them was the main contributor to the increase in CPI over this period.

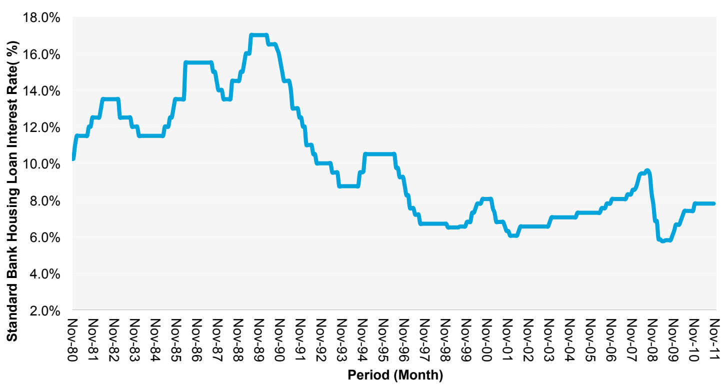
The agricultural sector has started to recover over the final half of 2011 with the production of key crops reaching sustainable levels. The index has demonstrated the drop in prices as a result of increased production, with the CPI measure softening during the September quarter 2011.

The RBA believe if labour market conditions soften and labour costs remain constant, the inflation rate should return to the bank's target range of 2 to 3 per cent during 2012 to 2013. This confidence has seen the RBA alter their position from a moderate stance to a more neutral position, reflected in the 2nd December rate cut of 25 basis points.

RBA's neutral monetary policy stance should realise lower interest rates

RBA Standard Bank Housing Loan Interest Rate

OCTOBER 1980 TO OCTOBER 2011



- *Prepared by Urbis and Sourced from RBA Statistical Tables G1*

INTEREST RATES

The RBA's latest decision to reduce the cash rate by 25 basis points for a second consecutive period illustrated their change in monetary policy from a moderate stance to a more neutral position. The change in stance was in response to inflation levels now remaining closer to the RBA target range as production levels increase and confidence continues to be subdued outside of the resources sector.

According to the RBA, fears of another major downturn have not been borne out so far as economic activity in the United States and Asia has recovered. Activity in China has slowed but in direct relation to a number of policy initiatives undertaken by the Government. The RBA still exhibits some concern over the European Debt Crises and the potential of debt contagion throughout Europe.

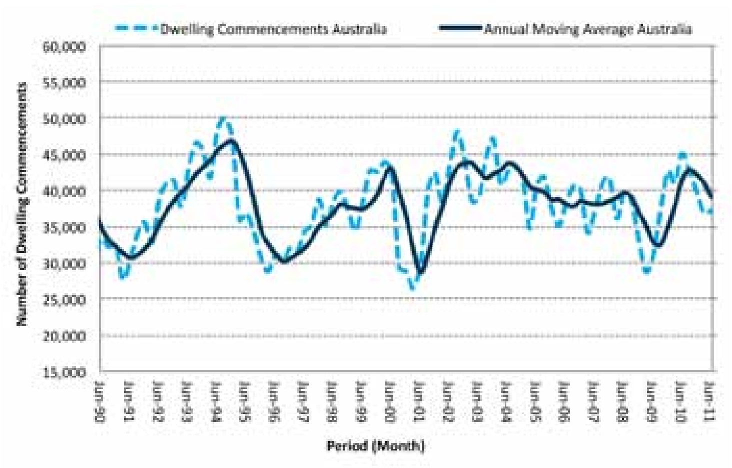
Despite the RBA lowering the cash rate to 4.5 per cent, retail lenders have been uncertain with lowering their interest rates of housing loans. The RBA has attributed the reluctance to uncertainty in the global economy, subdued credit growth rates and asset prices deprecating over the year. This is evident with the standard bank housing loan interest rate has remained constant at 7.8 per cent from November 2010 through to October 2011. The successive declines in the cash rate by the RBA coupled within an increase in competition from lending institutions has facilitated a decline in the standard rate by 25 basis points at the end of November 2011.

MACRO-ECONOMIC INSIGHT

Queensland represented only 17% of the nation's dwelling commencements.

Dwelling Commencements

JUNE 1990 TO JUNE 2011



- *Prepared by Urbis and Sourced from ABS Cat. 8750.0*

DWELLING COMMENCEMENTS

Dwelling commencements in Australia recorded a modest growth of 1 per cent over the June 2011 quarter. The growth equates to an increase of 301 dwellings from the previous quarter and is a positive sign after significant declines in dwelling commencements since June 2010.

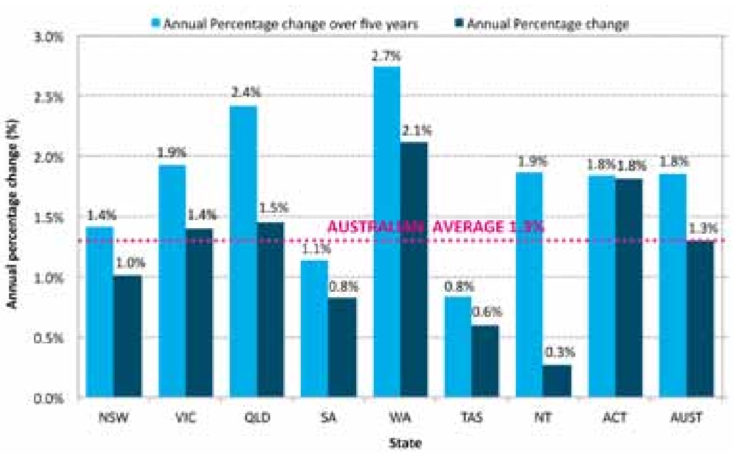
The growth was largely attributed to a substantial increase in dwellings in Australian Capital Territory (50 per cent), South Australia (14 per cent) and Victoria (12 per cent). Contrasty, dwelling commencements were considerably down in Tasmania (-61 per cent) and New South Wales (-18 per cent). Victoria recorded the largest number of dwelling commencement with 14,684 during the June 2011 quarter, equating to 39.5 per cent of Australian commencements.

Dwelling commencements in Queensland softened by 2 per cent over the June 2011 quarter declining by 111 commencements from the previous quarter. This is a common trend in Queensland with a growth in dwelling commencements not recorded since the June 2010 quarter. Over the last year, ending June 2011, the average annual decline was recorded at 5 per cent. In response to the decline in dwelling commencements in Queensland and the Housing Industry Association's (HIA) demand for stimulus measure for new housing the Queensland Government announced a $10,000 government grant for those home buyers intending on building or purchasing a newly built home before the end of January 2012.

Australia is still expanding - but where are they going to live?

Population Growth In Australia

MARCH 2005 TO MARCH 2010



- *Prepared by Urbis and Sourced from ABS Cat. 8750.0*

POPULATION GROWTH

The Australian population increased by 1.3 per cent equating to 288,008 new residents during the annual period ending March 2011. The growth rate over the last year was the lowest recorded growth since the annual period ending March 2005.

The commodities boom in Western Australia and subsequent employment benefits is evident with the annual growth registered at 2.1 per cent ending March 2011. The five year growth rate is also significantly higher recorded at 2.7 per cent. Over this five year period the population in Western Australia has increased by 281,013 residents.

Queensland, another commodities rich state, registered the second highest five year growth at 2.4 per cent ending March 2011. Significantly over this period Queensland population increased by just under 500,000 residents. The impact of the commodities boom is exceptionally important to Queensland and Western Australia.

Significant investment and expansion in key government departments can be attributed to the annual growth evident in the Australian Capital Territory. The annual period ending March 2011 saw a change in population of 6,484 residents in Australia's capital.

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ABOUT URBIS

Urbis Property Economics' division provides reliable, independent, unbiased, and authoritative property research and consultancy to clients in metro and regional locations across Australia and abroad. Our extensive research capability and specialised approach ensures our clients can make the most informed and financially sound decisions about residential, retail, commercial and industrial properties.

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