

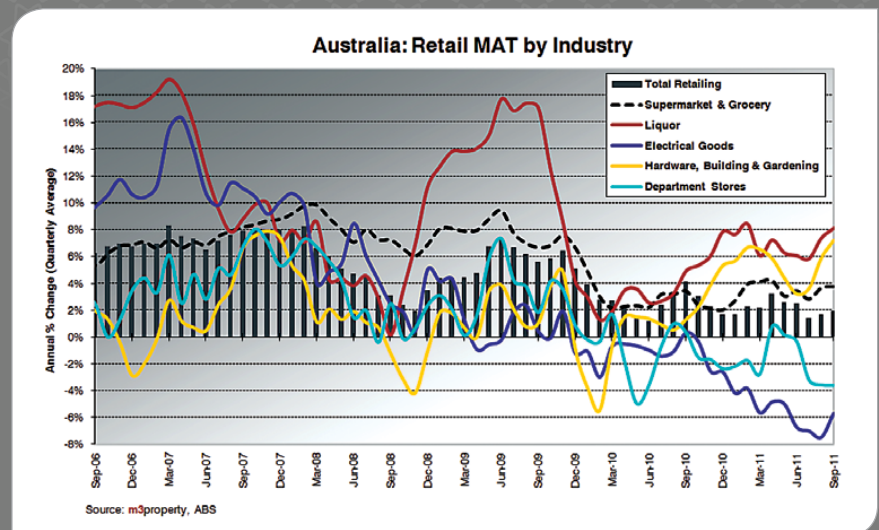


Investment Activity Continues to Build Despite Variable Retail Sales Results

Purchasers continue to take a long term view of retail property investment. Centres of all classifications have continued to sell despite recent months of underwhelming retail sales data. Recently released September ABS data is more encouraging and the cut in the official cash rate to 4.50% will provide some hope of a turnaround in the short term.

- Hardware has picked up with warmer months and post football season encouraging DIY projects.
- Department Stores continue to feel the pain.
- Supermarket and Grocery expenditure continues to be resilient.

A selection of recent transactions are listed on the next page. m3property have had involvement with a number of these sale properties, continuing to be at the forefront of market transactions. Syndicates have become more active, seeking assets in the range of \$50 to \$80 million which in recent times have been generally out of reach of private investors and over looked by most institutions. Whilst returns in this price range make syndication viable, raising equity is still a challenge for syndicates as



investors are cautious, particularly with the constant media focus on lagging retail spending and the increasing emergence of on-line shopping and concerns about the broader global economy.

One of the most recent large transactions was Westfield's sale of their 50% interest in Cairns Central to APPF for \$261 million representing a premium over its book value with a quoted capitalisation rate of 5.2%.

There is a large amount of stock for sale, much of which is secondary and receiving little interest from the market. That coupled with a cautious approach by investors has kept retail yields soft for anything other than prime stock. Purchasers continue to be focused on quality properties which has resulted in a slight tightening of yields for these prime assets.

Activity continues to be at the sub \$70 million range with the number of purchasers above that range being very thin.

Recent weak sales data for Department Stores, Discount Department Stores and Non-Food Speciality Stores underlines the strong need for purchasers to focus on turnover and rental growth assumptions when assessing potential acquisitions and their expected future performance.

A number of centres are currently under conditional contract and we expect some announcements to be made in the lead up to Christmas which will add to the recent flurry of transactions. If any further information is sought in relation to the below transactions please do not hesitate to contact us.

STAND ALONE SUPERMARKETS

Safeway, Newtown, VIC



Sale Date	Sept 2011
Sale Price	\$7,900,000
Site Coverage	27%
WALE	3.5 Years
Rate/m2	\$3,921 m2
Yield	6.84 %

A small format Safeway located two kilometres west of the Geelong CBD on a large corner site. No Base Rent reviews means the bulk of the income is unsecured.

NEIGHBOURHOOD SHOPPING CENTRES

MKM SC, Maryborough, VIC



Sale Date	Sept 2011
Sale Price	\$16,200,000
Major Tenants	Kmart, Coles
WALE	5.65 Years
Rate	\$2,280 m2
Yield	8.86%

A recently constructed neighbourhood shopping centre located in the Victorian regional city of Maryborough which has a population of circa 8,000. The major tenants, which include a small format Kmart, are underperforming and not expected to pay percentage rent in the medium term.

SUB-REGIONAL SHOPPING CENTRES

Northgate SC, Geraldton, WA

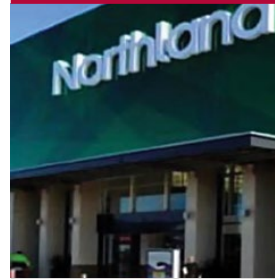


Sale Date	Sept 2011
Sale Price	\$46,500,000
Majors	Target, Coles
WALE	3.90 Years
Rate	\$2,924 m2
Yield	8.25 %
IRR	8.86 %

A modern sub-regional shopping centre located in Geraldton 400km north of Perth. The centre performs well and is expected to benefit from the local mining economy.

REGIONAL SHOPPING CENTRES

Northland SC, Preston, VIC



Sale Date	June 2011
Sale Price	\$455,000,000 (50%)
Majors	Myer, Kmart, Target, Coles, Safeway
Rate	\$9,943 m2
Yield	6.27 %
IRR	8.97 %

Ranked 25th in the 2011 Big Guns, Northland Shopping Centre is a major regional shopping centre that was redeveloped in 2009. Gandel's 50% interest was purchased by the Canadian Pension Plan Investment Board.

Ballina Central, Ballina, NSW



Sale Date	May 2011
Sale Price	\$29,000,000
Majors	Big W, Supa IGA
WALE	5.45 Years
Rate	\$2,045 m2
Yield	9.08%
IRR	8.98%

A modern sub-regional shopping centre located in Ballina 200km south of Brisbane. It is predominately an external centre. The major tenants comprise approximately 50% of the income however both tenants perform below industry expectations and are not expected to pay percentage rent for some time.

BULKY GOODS OUTLETS

The Zone, Underwood, QLD



Sale Date	October 2011
Sale Price	\$23,000,000
Majors	Officeworks, WOW Sight & Sound, A-Mart
WALE	4.18 Years
Rate	\$2,136 m2
Yield	9.64%
IRR	11.24%

A bulky goods development constructed in 2005 and sold by Receivers and Managers. The property has 20 tenancies and has frontage to Kingston Road.

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