LMW Research

LandMark Byte

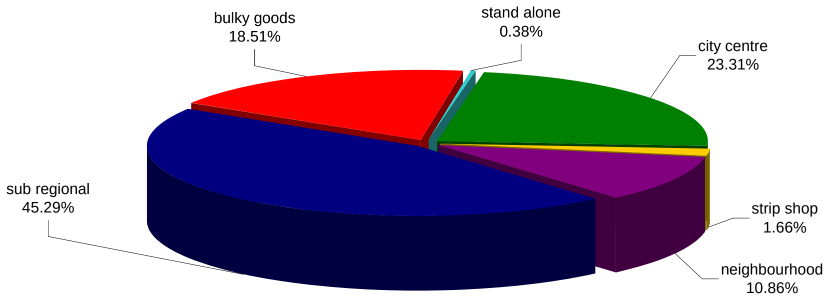
A LandMark White Group publication

EAST COAST 2006 WRAP UP – RETAIL MARKET

NEW SOUTH WALES

Retail activity across New South Wales totalled $1.690 billion in 33 transactions during the 2006 calendar year. Wholesale Funds continue to spread their dominance over the property market, purchasing over half (61.29%) of the total value of retail properties sold. In terms of number of transactions, Wholesale Funds were the most active over the year with 13 sales recorded totalling $1.04 bill., followed by Private Investors with 9 representing $148.50 mill.

nsw retail transactions by retail type



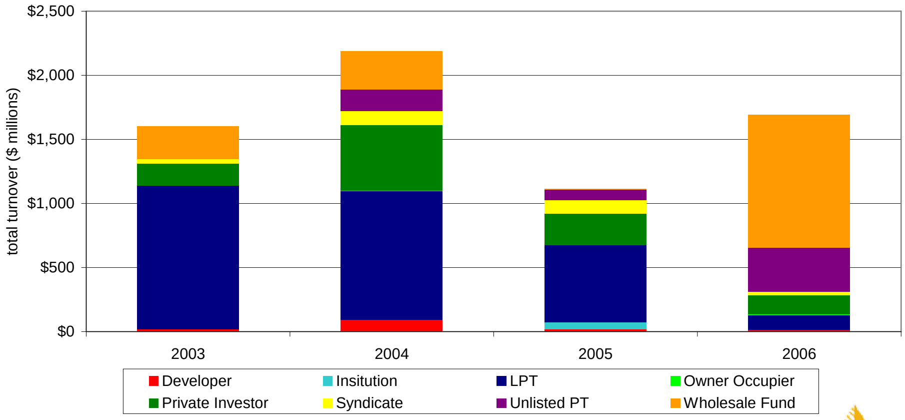
Total turnover $1.690 billion in 33 transactions

Source: LandMark White Research
sales reported in 2006 calendar year
sales >$5.0 million

Sub Regional shopping centres were the most sought after retail class representing 45.29% of the total transaction value in 5 sales. The largest reported transaction being the Mirvac and Perron Group acquisition of the Broadway Shopping Centre from Walker Corporation for $430.00 mill. The City Centre category saw $394.00 mill., across 3 properties sell during the year, the highest sale was the purchase of Mid City Centre by Fortius Funds Management for $270.00 mill. which is ear marked for major redevelopment.

Throughout 2006 Bulky Goods remained one of the favoured retail assets for investors representing 18.51% of total turnover, with 10 centres throughout New South Wales changing hands, while Neighbourhood centres saw 10 centres sell totalling $183.50 mill. Stand Alone and Strip shops accounted for only 2.04% of the total transacted value, as investors in this market showed some sensitivity to the current economic climate (interest rate uncertainty and reduced retail turnover figures).

nsw retail transactions



Source: LandMark White Research
sales >$5.0 milion

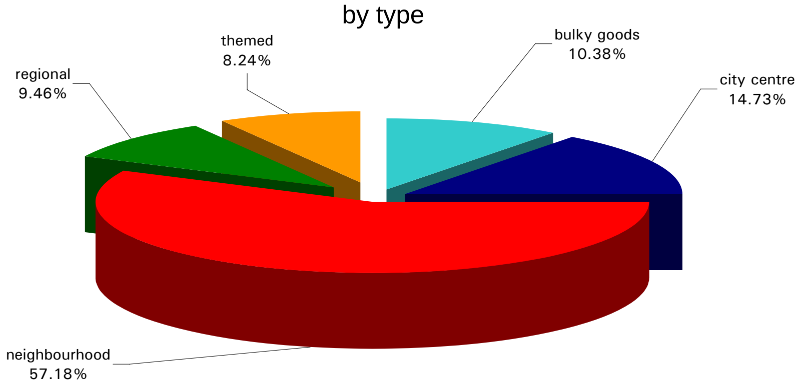
Overall, spending in 2006 has improved significantly in comparison to 2005, although still remaining well behind the highs of 2004 ($2.189 bill.). Like many asset types, Wholesale Funds have emerged as the big spender in 2006, with Funds spending over $1.00 bill., more in 2006 than 2005 at the expense of Trusts and Syndicates. Private Investors investment was also down in 2006, falling to 8.79% from 22.07% of total turnover given high competition, lowering yields together with interest rate rises.

QUEENSLAND

The retail investment market over the last 12 months in Queensland has comprised of over $845 million in sales from 40 transactions. Wholesale Funds have continued to contribute to the recent acquisition activity, accounting for over 33% of retail property sales by value.

Neighbourhood Shopping Centres have been the most significant type of retail property purchased with 57.18% of all sales last year in 27 transactions. Historically, Neighbourhood Shopping Centre acquisitions have been dominated by Private Investors and Syndicates however sales throughout 2006 indicate that Funds, Trusts and Developers have also identified these types of centres as a worthy investment. Furthermore it provides confirmation that there is strong demand for all types and sizes of retail property.

queensland retail transactions
by type



total turnover $845.613 million in 40 transactions

Source: LandMark White Research
sales reported in 2006 calendar year
sales greater than $5 million

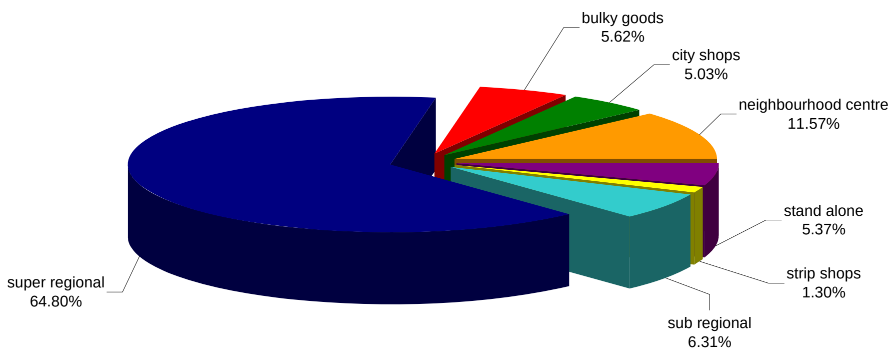
Investment activity during 2006 was subdued in comparison to the previous year's results, with a downturn of over 40% in value of transactions. This reduction in most part can be attributed to existing owners holding on to their stock as they achieve relatively good growth through rents and attempt to reposition their properties to maximise its value. Sales activity was well spread across Queensland however a large proportion of Neighbourhood Centre transactions occurred in the South-East of the state.

Some of the more significant retail transactions include MacArthur Central changing hands for $119.5 million, Westfield purchasing a 50% share in Cairns Central for $80 million at a reported yield of approximately 6.00% and the Browns Plains Homemaker Centre for $45 million. Yields in the Queensland retail market have continued to firm, especially for lower value retail investments such as Neighbourhood and Themed Shopping Centres.

VICTORIA

Across Victoria, 2006 reached a new high in major retail transactions reaching over $985 million in 18 sales over $5 million. This high turnover level was credited to the large Super Regional sale of Highpoint City Shopping Centre reported at $621.2 million early in the year to General Property Trust. Given this sale represented close to 65% of all trade, the Listed Property Trust sector naturally dominated the purchaser profile, while together over 85% of all transactions were completed by institutional investors.

vic major retail transactions by retail type



Total turnover $958.685 million in 18 transactions

Source: LandMark White Research
sales reported in 2006 calendar year
major sales >$5.0 million

Despite the large portion of turnover devoted to this Super Regional sale, the remaining turnover saw a relatively even mix; Neighbourhood Centres and Bulky Goods centres featured well particularly in Regional parts of Victoria, while Sub Regional Centres, Stand Alone properties and City Shops were evenly matched. Only 1.30% of total major transactions were devoted to Strip shopping, however, if considering sales over $1 million, Strip retailing represented close to $95 million in 49 transactions across the state during 2006.

Total retail sales in 2006 have well bypassed 2005 results, with total turnover up 50.8%. Despite this high change in the volume of sales, the purchaser profile remained similar with institutional investors (most notably Wholesale Funds in 2005) dominating the purchases.

2005 was a low transaction year for retail property across the Victoria as quality investment stock was harder to source resulting in a significant tightening of yields. 2006 saw a greater level of stock available to the market with many investors cashing in on low yields as uncertainty surrounding discretionary spending levels due to interest rate movements and petrol prices surfaced in the marketplace.

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