

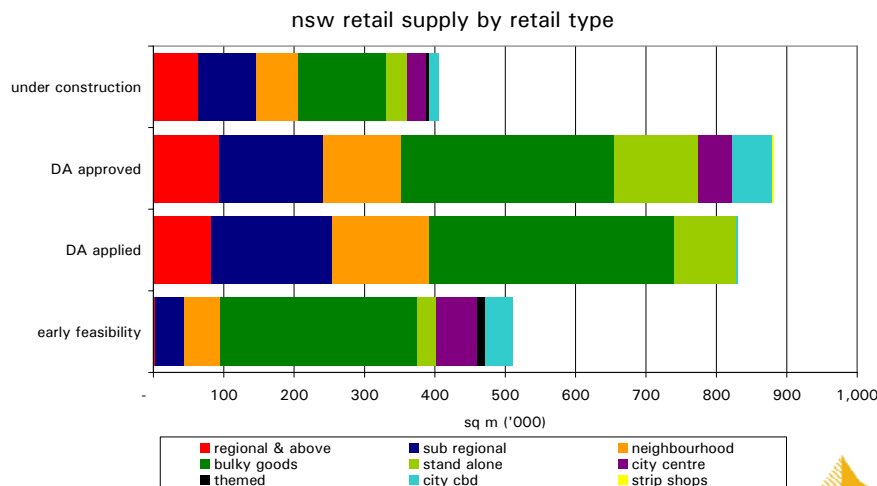


NSW RETAIL MARKET OVERVIEW

- Almost 2.63 million sq m identified for potential development, with supply heavily weighted towards the Bulky Goods sector;
- Rental growth over the last 12 months up, after a prolonged period of minimal growth;
- Total average prime yields have increased over the last six months to 7.08%.

SUPPLY

LandMark White are currently monitoring almost 2.63 million sq m of potential new retail supply across New South Wales. The majority of new supply is currently in early planning stages representing 51.00% of total supply, while projects with DA approval account for 33.55%. At present, only 15.45% or approximately 406,000 sq m of total supply is under construction across the state. More than half of new supply is spread across 147 projects located within the Sydney Metropolitan Area, with 47.95% of total supply from 160 projects situated in Regional areas. Retail development is primarily focused on the Bulky Goods sector, which has more than 1.00 million sq m identified for possible future supply, of which 59.53% is still in early planning stages.



Source: LandMark White Research & Reed Construction Data
*as at September 2008

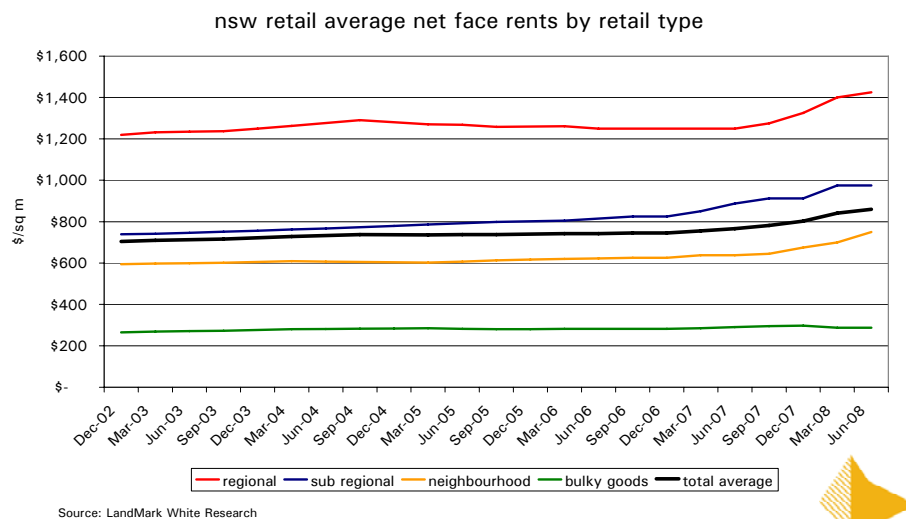


Sub Regional centres are the second highest provider of future retail space at 16.89%, followed by Neighbourhood centres at 13.68%. Similar to Bulky Goods centres, projects are predominately in early planning stages, however almost one third of supply has DA approval for both Sub Regional and Neighbourhood centres. Given the limited development opportunities, Regional and above centres represent only 9.20%, this result is mainly due to the redevelopment or extension of existing centres. Stand Alone centres throughout New South Wales account for 10.09% of total future

supply. Regional centres have the greatest proportion of supply under construction at 26.39%, with 38.65% of projects with DA approval. There is currently 82,000 sq m of Sub Regional space under construction across the state, while Neighbourhood centres account for 60,400 sq m approximately.

RENTS

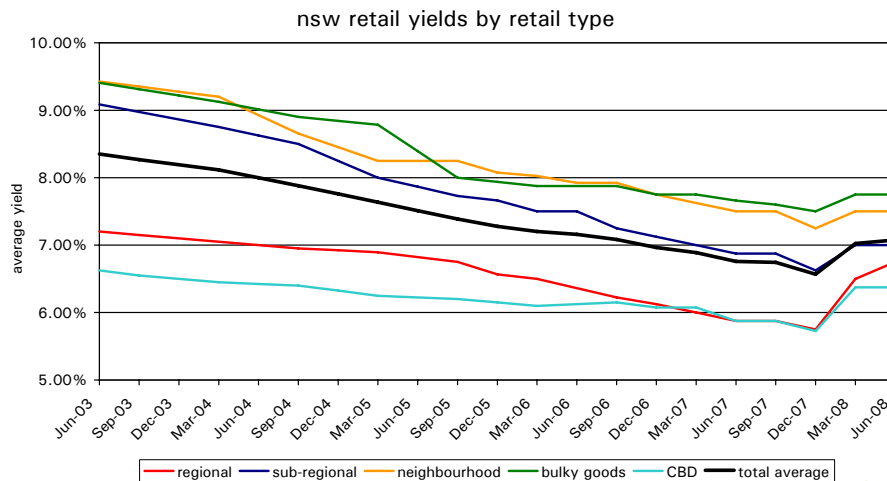
Across New South Wales total average retail rents increased 2.23% to \$859/sq m in the June quarter compared to the previous quarter, with annual growth reaching 12.15% after a prolonged period of limited growth. Rental growth has benefited from an improvement in retail turnover which saw growth of 4.21% in the 2007/08 financial year according to Access Economics, however over the next 12 months growth is expected to ease to only 1.05%. In the June 2008 quarter, Regional centres are achieving the highest average rental rate of \$1,425/sq m, followed by Sub Regional centres at \$975/sq m. Rental growth for Neighbourhood centres has been good over the last two years, averaging 10.24% per annum, with the current average rent at \$750/sq m. Bulky Goods remains the most affordable for tenants with rental rates declining 86 basis points over the past year to \$288/sq m.



Over the last five years, total average prime rents have increased 4.11% per annum on average. During this period Sub Regional centres have shown the greatest growth, increasing on average 6.14% annually, followed by Neighbourhood centres at 5.02% per annum. Regional centres have seen steady average annual growth of 3.09%, while Bulky Goods centres have recorded the lowest average yearly growth of 1.22% over the past five years.

YIELDS

Prime average retail yields across New South Wales have increased over the last six months, with the total retail average yield currently achieving 7.08%, an increase of more than 50 basis points since December 2007. This increase in average prime yields can be attributable to the continued impact of the availability and cost of debt, coupled with interest rate increases which has seen discretionary spending weaken. Retail located within the CBD continues to record the lowest yield, however with the yield nearing 6.50% it is the highest result for the CBD since 2004. Regional centres have seen yields rise by one percentage point over the first half of 2008 to 6.75%, with yields ranging between 6.00% to 7.50%. Sub Regional centres are trending inline with the total average with average prime yields ranging from 6.25% to 7.75% with an indicative yield of 7.00%. Neighbourhood and Bulky Goods centres remain towards the higher end of the yield range with average prime yields increasing to 7.50% and 7.75% respectively.



Over the 2007/2008 financial year there were 31 retail sales (over \$5.00 million) transacted across New South Wales totalling \$549.18 million, with 64.46% of these investments occurring within the Sydney Metropolitan Area. Neighbourhood Centres were the most sought after retail type by investors with sales totalling \$158.71 million. This is followed by Bulky Goods and City Centres representing 25.47% and 20.95% of total turnover respectively, while Stand Alone accounted for 16.65%. Although City Shops and Strip Shops represent less than 10.00% of investments, Sub Regional and Regional retail centres suffered from no transactions during 2007/08.

The most active purchaser during the year was Wholesale Funds contributing to 41.34% of total turnover, followed closely by Private Investors at 36.47%. Unlisted Property Trusts and Listed Property Trusts combined accounted for 15.67% of total retail turnover, while spending for Owner Occupiers totalled \$19.40 million. Foreign Investors and Syndicates were not as active in comparison, investing only \$10.70 million and \$5.70 million respectively over the last 12 months.

"Investing without research is like playing stud poker without looking at the cards" Peter Lynch

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