



JANUARY 2012

AUSTRALIAN CBD OFFICE

Top Sales Transactions - 2011 Calendar Year

Knight Frank

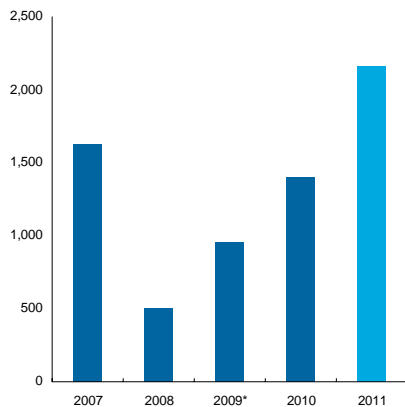
HIGHLIGHTS

- Commercial sales activity across Australia's major CBD office markets has steadily increased since the lull of 2008 with \$5.6 billion of sales \$10million+ transacting during 2011, taking the market beyond the \$5.5 billion recorded in 2007. In addition there was in excess of \$750 million of properties under negotiation or in due diligence at year's end. This is largely due to the surge in off-shore investment capital seeking prime, passive assets within Sydney and Melbourne, but also a marked increase in activity from unlisted groups and syndicates in all capitals.
- Following a more reticent offshore buyer in H2 2010, predominantly on the back of the persistently high \$AUD, overseas interest picked up steam once again in 2011, making up 36% (or \$2.01 billion) of all CBD deals and 50% of deals in Sydney and Melbourne combined. Unlisted funds and Syndicates were the second most active buyer type in 2011, making up 29% (or \$1.62 billion) of national CBD sales.
- The market remains somewhat stratified with demand for modern, passive assets continuing to place some downward pressure on prime yields. However activity has also noticeably increased in the middle tier of the market. If this demand from the syndicators, value add funds and select developers continues, seeking greater exposure to value-add and repositioning opportunities, this broadening purchaser profile bodes well for the market in a global environment that remains uncertain.

SYDNEY CBD OFFICE MARKET

The steady increase in annual transaction volumes since 2008 has continued in 2011, with calendar year sales (\$10 mill+) of \$2.16 billion. In addition, a further five assets with a combined value circa \$450 million, including 1 York St and 55 Market St, were either in due diligence or under negotiation at year's end. The increase in sales has been led by the \$1.08 billion worth of investments made by overseas investors, who have been active both as 100% owners (eg. Memocorp at 259 George St), and also in a JV capacity with local developers looking for wholesale funding partners (such as K-REIT Asia at 8 Chifley Square). Wholesale funds and larger syndicates have been the other major buyer type accounting for \$574 million of transactions led by ISPT's 25% stake in 161 Castlereagh St and QIC increasing their 50% share in 52 Martin Place to sole ownership.

Figure 1
Sydney CBD Transactions \$10million+
\$ million total transaction value



Source Knight Frank (ex Aurora)

The majority of investment capital has been focussed on prime, core assets in the Sydney CBD market. However a number of sales in the sub \$70 million range that did not fit within the top 10 sales showed some demand for secondary grade assets. Positive rental growth prospects over the next two to three years have seen a number of transactions driven by investors looking for value add opportunities. Examples include Pembroke's acquisition of 20 Martin Place, St Hilliers purchase of the Red Cross Building and Abacus's acquisition of 309 George Street.

1. 259 George Street

Price: \$395 million
Date: July 2011 (settlement Oct 2011)
NLA: 44,646m²
Yield: 6.40% core market (7.0% initial)
Rate/m² of NLA: \$8,847/m²

Vendor: Commonwealth Property Office Fund
Purchaser: Memocorp Australia Pty Ltd
Comment: A-grade building with 42 levels of office above ancillary retail (6,739m²) including a three level gym and food court. **Sold after direct approach from the purchaser at a 15% premium to the June 2011 book value. WALE of 4.7 years.**

2. 161 Castlereagh Street#

Price: approx \$197.5 million (25% interest)
Date: November 2011
NLA: ~58,300m² (proposed)
Yield: 6.50% initial (estimate on completion)
Rate/m² of NLA: ~\$13,550/m²

Vendor: Grocon
Purchaser: ISPT
Comment: Premium office tower under construction and due to complete in April 2013. 85% pre-committed to ANZ and Freehills on 15 and 10 year leases respectively. **Grocon sold its remaining 25% share in the asset. WALE 11+ years.**

3. 20 Bridge Street

Price: approx \$185 million
Date: December 2011
NLA: 19,800m²
Yield: circa 7.0% core market
Rate/m² of NLA: ~\$9,344/m²

Vendor: KordaMentha†
Purchaser: RREEF Real Estate
Comment: 16 story, A-grade asset with two levels of basement parking. Comprises a financial plaza including live screens displaying stock exchange activity. **Sold after registered proprietor Record Realty was placed in administration by BOSI.**

4. 52 Martin Place

Price: \$172.2 million (50% interest)
Date: November 2011
NLA: 39,073m²
Yield: circa 7.0% initial
Rate/m² of NLA: \$8,814/m²

Vendor: Stockland
Purchaser: QIC
Comment: A-grade asset with 33 office floors, a 10 storey atrium and a retail arcade linked at basement level to Martin Place railway station. **The sale represented co-owner QIC buying out the 50% share held by Stockland.**

5. 8 Chifley Square#

Price: \$154.37 to 169.80 mill (50% interest) *
Date: July 2011
NLA: 19,106m²
Yield: 6.47% core market (6.66% initial)
Rate/m² of NLA: \$16,159/m² (on completion)

Vendor: Mirvac
Purchaser: K-REIT Asia
Comment: 30 level premium office tower due to complete in August 2013. **Sale represents a 50% interest with price dependent upon income achieved at completion, however underpinned by a five year rental guarantee from Mirvac.**

6. 4 & 14 Martin Place ^

Price: \$153.5 million (in one line)
Date: January 2011
NLA: 19,537m²
Yield: 7.50% core market (6.90% initial)
Rate/m² of NLA: \$7,857/m²

Vendor: Private Investors
Purchaser of 4 MP: Kirsh Group
Purchaser of 14 MP: Abacus/Kirsh Group
Comment: Two adjoining B-grade office buildings fronting Martin Place. **Comprises predominantly smaller office suites with strong retail component (26% passing income).**

* 50% of a 94-year leasehold interest with the price varying depending upon income achieved at completion.
^ The sale is analysed in one-line (reported apportionment is \$95 million for 14 Martin Place and \$58.5 million for 4 Martin Place # on completion transactions † as Receiver on behalf of Bank of Scotland International (BOSI)



7. 20 Martin Place

Price: \$92.5 million ≈
 Date: June 2011
 NLA: 15,542m² Rate/m² of NLA: \$5,952/m²
 Yield: n/a - bought from owner occupiers as development/refurb opportunity with short-term sale and leaseback agreements
 Vendor: ANZ
 Purchaser: Pembroke Real Estate
 Comment: Well located asset within the CBD's financial core on the corner of Pitt St and Martin Place. The acquisition will provide an opportunity to refurbish and reposition the asset upon ANZ's departure in early 2013.

8. 50 & 54 Park Street

Price: \$90 million
 Date: November 2011
 NLA: 18,138m²
 Yield: n/a
 Rate/m² of NLA: \$4,962/m²
 Vendor: AMP Capital Investors
 Purchaser: Kyko Group
 Comment: Two older style 12 storey office towers with integrated façades. Sold after major tenant ACP Magazines signed a 5-year lease extension. The asset has potential for residential conversion upon lease expiry.

9. 140 Sussex Street

Price: \$84 million
 Date: November 2011
 NLA: 12,440m²
 Yield: 7.80% core market (7.90% initial)
 Rate/m² of NLA: \$6,752/m²
 Vendor: Eureka Funds Management
 Purchaser: RREEF Real Estate
 Comment: Upper B-grade asset with office space fully leased to ING Bank Australia and an adjoining heritage building leased to Kingsley's Steakhouse. Recently refurbished and sold with a WALE of 5.6 years.

10. 55 Clarence Street

Price: \$83 million
 Date: January 2011
 NLA: 14,959m²
 Yield: 8.40% core market (8.50% initial)
 Rate/m² of NLA: \$5,549/m²
 Vendor: Allianz Australia
 Purchaser: Eureka (ARIA)
 Comment: B-Grade asset located in the Western precinct close to the Barangaroo redevelopment site, sold with a low vacancy and diversified tenancy and expiry profile.

SYDNEY CBD MAP



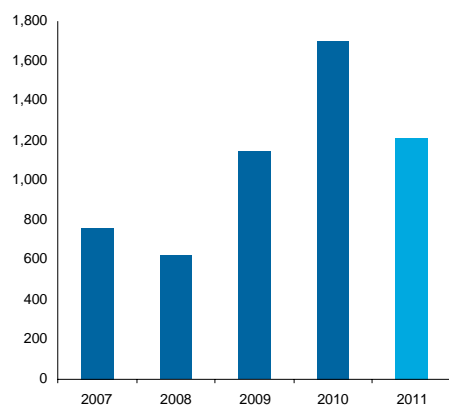
Source of Map: Knight Frank

≈ as reported by RCA.

MELBOURNE CBD OFFICE MARKET

Despite a marked drop on the previous year, the 2011 CY (calendar year) recorded a strong volume of sales across an evolving buyer profile. A total of \$1.21 billion was exchanged across fifteen properties (\$10mill+), the bulk of which occurred in the first half of 2011. The Melbourne CBD office market continues to attract overseas buyers, a trend that began to emerge in the latter half of 2010. Seemingly unperturbed by the strong \$AUD, offshore buyers made up 49% of all transactions over 2011. Private investors who typically provide much of the transactional activity have become relatively less acquisitive in the second half of 2011 as competition for value add assets increased due to the interest from a number of AREIT's and unlisted funds.

Figure 2
Melbourne CBD Transactions \$10million+
\$ million total transaction value



Source Knight Frank

Currently, average prime yields in the Melbourne CBD range from 7.00% - 7.50%, while secondary transactions are indicating core market yields between 7.50% - 8.75% which reflects a slight tightening of the upper yield range over the past six months. B-grade assets below \$50 million have been well sought after in 2011, albeit with some inconsistency in pricing evident depending upon the asset value. In addition to the CBD sales, investor interest in the St Kilda Road precinct has picked up in 2011, with four major sales either concluding or in advance negotiations, totalling circa \$180 million.

1. 452 Flinders Street

Price: \$193.6 million (net sale price)
Date: October 2011
NLA: 38,349m²
Yield: circa 7.35% core market
Rate/m² of NLA : \$5,048/m²

Vendor: Stockland

Purchaser: DEXUS

Comment: Gross sale price of \$201.5 mil with Stockland responsible for the outstanding incentives worth \$7.9 mil. Considered a trophy asset, Riverside Plaza is a good quality 1994 constructed A-grade office building (18 levels) with large floor plates. **The office component has a strong tenant profile and a WALE of 4.8 years.**

2. 595 Collins Street

Price: \$130 million (90% interest)
Date: March 2011
NLA: 31,929m²
Yield: 8.60% core market (8.04% initial)
Rate/m² of NLA : \$4,072/m²

Vendor: Investa Property Group

Purchaser: National Pension Service (Korea)

Comment: An 18-storey A-grade office tower located in close proximity to Southern Cross Station. Tenants include Government agencies and the ANZ bank. **Investa retains management of the building.**

3. 111 Bourke St, SX West

Price: \$120 million (50% interest)
Date: June 2011
NLA: 47,265m²
Yield: 7.17% initial
Rate/m² of NLA : \$5,077/m²

Vendor: Motor Trades Assoc Aust (MTAA)

Purchaser: Brookfield Prime Property Fund

Comment: The 22-level A-grade office building, known as Southern Cross West, is located in the tightly held Eastern precinct. **Australia Post is the sole tenant on a long term lease. WALE of 8.2 years.**

4. 850 Collins Street#

Price: circa \$114 million*
Date: November 2011
NLA: 17,215m²
Yield: circa 7.00%-7.25% core market
Rate/m² of NLA : \$6,622/m²

Vendor: Lend Lease Development

Purchaser: CIMB Trust (Malaysia)

Comment: A new development in the Docklands precinct, opposite the ANZ HQ, due to be completed in October 2012. This A-grade, 9 level, campus style building is 55% committed to Aurecon on a 10 year lease. **We understand the sale is at an advanced stage and includes a "rental guarantee fund" component which the purchaser is entitled to draw down.**

5. 469 La Trobe Street

Price: \$84 million
Date: April 2011
NLA: 19,813m²
Yield: 7.75% initial
Rate/m² of NLA : \$4,240/m²

Vendor: Investa Property Group

Purchaser: CIMB Trust (Malaysia)

Comment: 19-level A-grade building incorporating 16 levels of office located in the city's legal precinct (Flagstaff). Tenants include a number of prominent legal firms. **WALE of 4.5 years.**

6. 31 Queen Street

Price: \$81 million
Date: February 2011
NLA: 19,212m²
Yield: 8.32% core market (7.32% initial)
Rate/m² of NLA : \$4,216/m²

Vendor: FKP Core Plus Fund One

Purchaser: Challenger Diversified Trust

Comment: Substantial recent capital expenditure (\$13.7m). Building has a history of leasing well and a WALE of 2.7 years has it positioned well for growth. **Value-add potential.**

the transaction was structured on a fund through basis



MELBOURNE CBD MAP

7. 661 Bourke Street

Price: \$78 million (net sale price)
 Date: November 2011 (settlement March 2012)
 NLA: 19,027m²
 Yield: 7.55% core market (7.71% initial)
 Rate/m² of NLA : \$4,099/m²
 Vendor: Brookfield Prime Property Fund
 Purchaser: Real I.S. (German)
 Comment: Gross sale price of \$100 mil. Sale included \$22 million of capital works and tenant incentives from the vendor. Fully leased to the Department of Defence with a WALE of 9.75 years. **Strong passive investment.**

8. 990 La Trobe Street

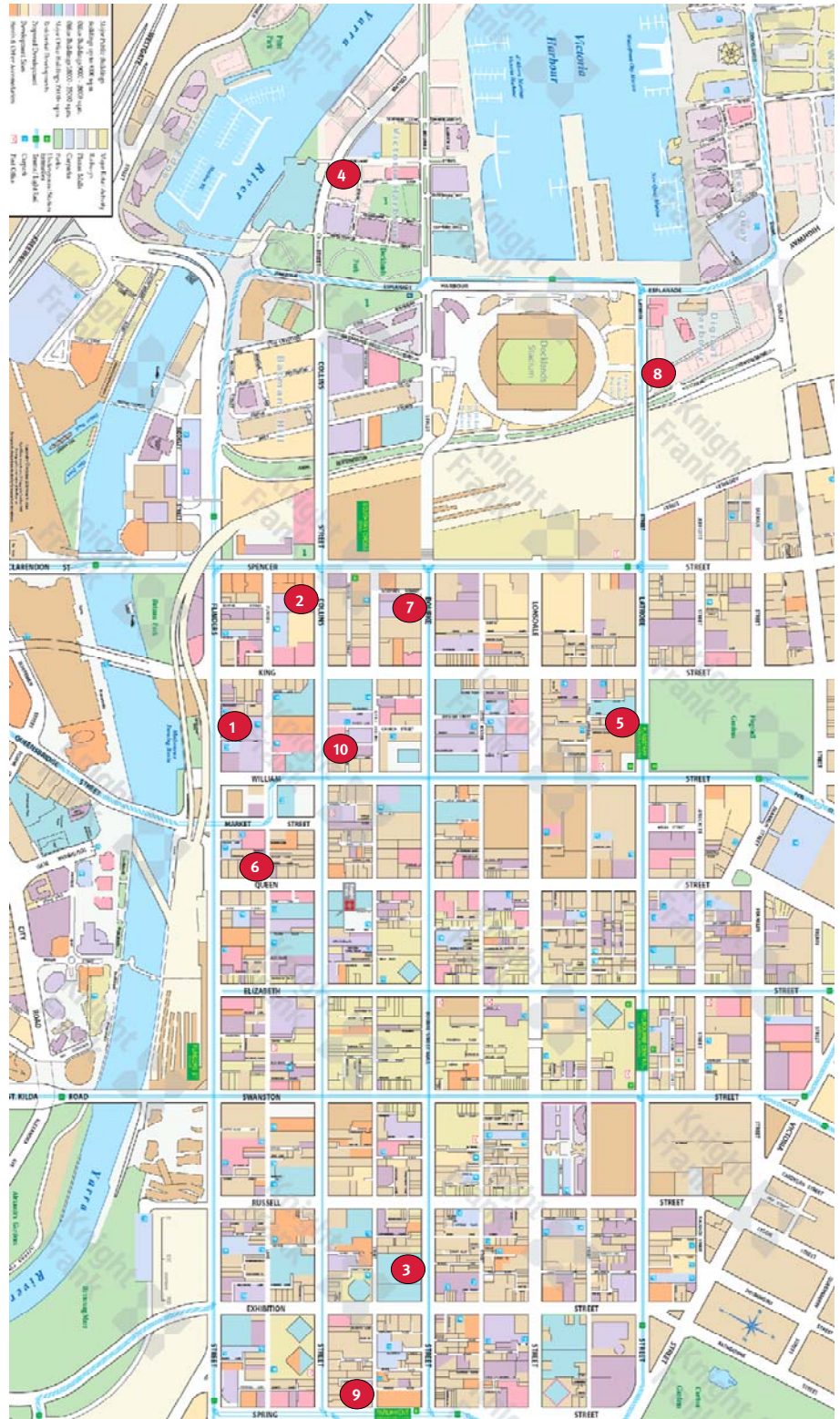
Price: \$76.5 million (\$73m ex stamp duty saving)
 Date: February 2011 (settlement - 2012)
 NLA: 12,794m²
 Yield: 7.10% core market (6.8% initial)
 Rate/m² of NLA : \$5,979/m²
 Vendor: Digital Harbour Holdings
 Purchaser: MAC South Australia
 Comment: Due for completion Q2 2012, this commercial building will comprise of 6 office floors. **Fully leased to Melbourne Water on a 15 year term. Modern passive investment.**

9. 85 Spring Street

Price: \$47.05 million
 Date: June 2011
 NLA: 10,435m²
 Yield: 6.45% core market
 Rate/m² of NLA : \$4,508/m²
 Vendor: AMP (Property Fund)
 Purchaser: Kador Group
 Comment: Prized asset directly above Parliament Station in a very tightly held precinct. Fully leased to ANZ Banking Group (Esanda). WALE of 3.22 years. **Value-add opportunity with a major refurbishment likely should the tenant vacate.**

10. 470 Collins Street

Price: \$30.5 million
 Date: February 2011
 NLA: 10,837m²
 Yield: 6.49% initial
 Rate/m² of NLA : \$2,814/m²
 Vendor: Opus Property Trust
 Purchaser: Suleman Family
 Comment: B-grade office building with excellent value-add potential, in a central CBD Collins Street location. **WALE of 1.3 years.**

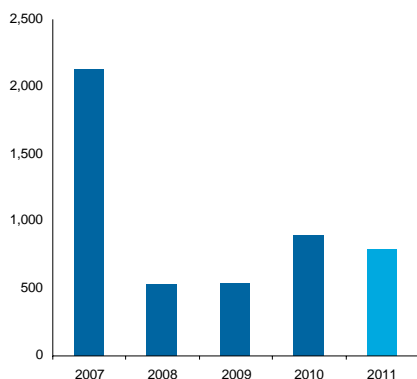


Source of Map: Knight Frank

BRISBANE CBD

Transaction activity during 2011 has remained aligned with the pattern seen in the market during 2010 and overall transactions remained well below the 2007 peak. There were three large sales to wholesale or institutional investors, with remaining transactions in largely secondary properties and under \$70 million. The sale of 50% of Waterfront Place, 1 Eagle Street, to the Future Fund was completed in May 2011 at an attributed price of \$216.375 million, after a lengthy due diligence.

Figure 3
Brisbane CBD Transactions \$10million+
\$ million total transaction value



Source Knight Frank

The other major transactions were the sale of the new ATO building, 55 Elizabeth Street for \$169.5 million on a fund through basis to Credit Suisse and the \$109.95 million purchase of 333 Ann Street by Growthpoint. The ATO building is in the early stages of construction and is fully leased to the Australian Tax Office on a 15 year term from completion and is expected to show a core market yield of 7.38%. This purchase by Credit Suisse has continued the trend of overseas investors being net buyers into the Brisbane market, although they have limited their purchases to core assets with long WALES. As a result there have been more non-CBD sales where properties such as Circa@Nundah (\$77million) and HQ North (\$186 million) have provided the new, prime, long WALE investments sought.

1. 1 Eagle Street

Price: \$216.4 million (50% interest)
Date: May 2011
NLA: 58,948m²
Yield: 7.74% core market (8.4% initial)
Rate/m² of NLA: \$7,342/m²

Vendor: SDOT No 1 (Stockland)

Purchaser: Future Fund

Comment: Premium building on the Brisbane River. Floorplates of 1,800m² with a variety of professional tenants. WALE of 4.5 yrs. **Future Fund also purchased 50% of the Eagle St Pier site for an additional \$16 million.**

2. 55 Elizabeth Street#

Price: \$169.5 million
Date: May 2011
NLA: 18,500m²
Yield: 7.38% core market
Rate/m² of NLA: \$9,162/m²

Vendor: Grocon

Purchaser: Credit Suisse

Comment: Pre-sale and fund through of a building fully pre-committed to the ATO for a 15 year term from mid 2013. **Credit Suisse had not been active in the Brisbane market before - passive investment.**

3. 333 Ann Street

Price: \$109.95 million
Date: December 2011
NLA: 16,476m²
Yield: 8.02% core market (9.12% initial)
Rate/m² of NLA: \$6,673/m²

Vendor: Domaine SEQ Growth Fund (APGF)

Purchaser: Growthpoint

Comment: Modern building with 19 office levels and four podium parking levels (1:177) completed in 2008. With the majority of leases negotiated in 2008 the building is currently over-rented. **Sold with a WALE of 4.0**

4. 310 Ann Street

Price: \$63 million
Date: August 2011
NLA: 16,435m²
Yield: 8.9% core market (11.8% initial)
Rate/m² of NLA: \$3,833/m²

Vendor: Suncorp

Purchaser: Armada Funds Management

Comment: A grade building completed in 1993. Vendor leaseback with Suncorp occupying all of the office space on a short term leaseback. WALE 3.5yrs. **Suncorp is expected to relocate to their new headquarters at lease end.**

5. 150 Charlotte Street

Price: \$54 million (allocated)
Date: June 2011
NLA: 11,013m²
Yield: n/a
Rate/m² of NLA: 4,903/m²

Vendor: Stockland Trust

Purchaser: Walker Corporation

Comment: B grade tower constructed in 1988 with floorplates of 975m². Was vacated by Energex and scheduled for refurbishment. Rio Tinto has committed to all the office space. **Sale price allocated as part of a larger portfolio transaction.**

6. 229 Elizabeth Street

Price: \$50 million approx
Date: August 2011
NLA: 8,405m²
Yield: n/a
Rate/m² of NLA: \$5,950/m²

Vendor: F.A Pidgeon & Son

Purchaser: Roman Catholic Archdiocese of Brisbane

Comment: B grade building of 10 levels with two basement parking levels for 30 cars, located adjacent to St Stephen's Church. **Purchased by the Catholic Church who will also occupy part of the building.**

the transaction was structured on a fund through basis



BRISBANE CBD MAP

7. 100 Edward Street

Price: \$46 million
 Date: July 2010
 NLA: 7,166m²
 Yield: 8.28% core market (9.6% initial)
 Rate/m² of NLA: \$6,419/m²
 Vendor: Private Investor
 Purchaser: QLD Cane Growers Organisation
 Comment: B grade 17 level office building with ground level retail and four levels of above ground parking for 110 cars (parking ratio 1:65). Sold with a WALE of 2.8 years

8. 316 Adelaide Street

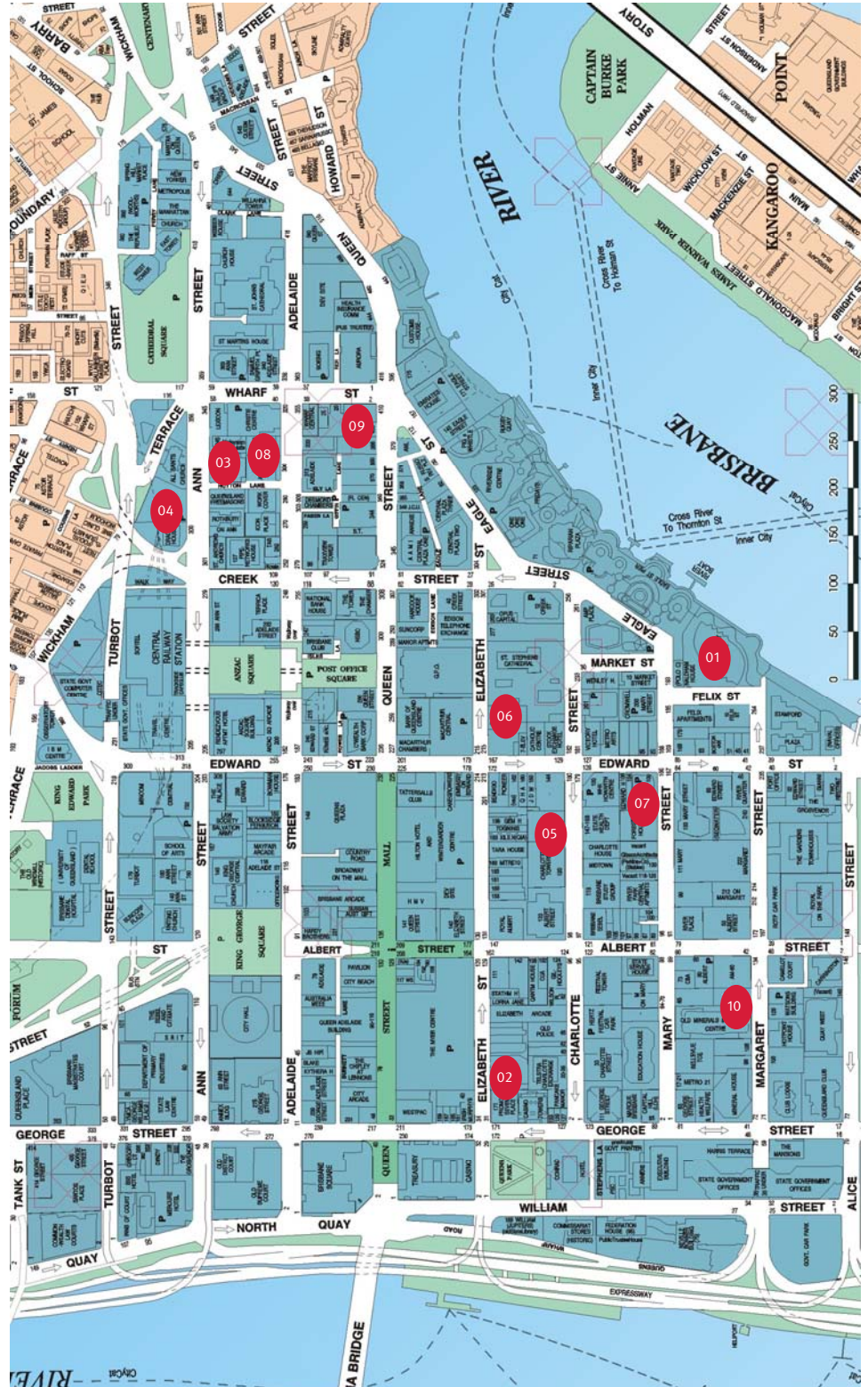
Price: \$38 million
 Date: July 2011
 NLA: 7,388m²
 Yield: 8.24% core market
 Rate/m² of NLA: \$5,143/m²
 Vendor: AMP Capital Investors Ltd
 Purchaser: Mineral Resources Lihir Pty Ltd
 Comment: B grade building of 13 levels with three basement levels of parking for 87 cars (ratio 1:85). Leased to tenants such as Flight Centre & CRS Australia - WALE 4.4 yrs.

9. 410 Queen Street

Price: \$28.82 million
 Date: July 2011
 NLA: 5,878m²
 Yield: 8.35% core market
 Rate/m² of NLA: \$5,103/m²
 Vendor: Farralon Capital
 Purchaser: Rifici Family
 Comment: 15 level B grade building with basement parking for 42 cars (ratio 1:140). WALE of 2.6 years with a number of smaller tenants within the building.

10. 126 Margaret Street

Price: \$19.5 million
 Date: September 2011
 NLA: 5,690m²
 Yield: 10.2% initial
 Rate/m² of NLA: \$3,427/m²
 Vendor: Receiver sale (Record Funds Mgt)
 Purchaser: Investec Property Opportunity Fund No 2.
 Comment: B Grade building of 14 office and 3 basement parking levels. Office space is fully leased to QUT until January 2013.

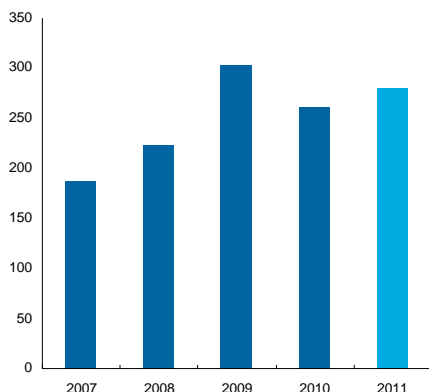


Source of Map: Knight Frank

ADELAIDE OFFICE MARKET

Major investment sales continue to be few and far between in Adelaide, with most of the activity remaining in the \$2 million to \$10 million price bracket. However, transaction volumes over \$10 million remained consistent with the past two years with almost \$300 million worth of sales transpiring. The largest pure investment sale to transact in 2011 was the SA Water House at 77 Grenfell Street, purchased by German fund Real I.S. for \$91.7 million.

Figure 4
Adelaide Transactions \$10million+
\$ million total transaction value



Source Knight Frank

THERE IS STEADY DEMAND FROM A BROADENING INVESTOR POOL

Demand for Adelaide CBD office assets remains steady, with activity and interest coming from a broadening investor pool, including continued interest from select offshore groups, super funds, syndicates and private investors. Core market yields for prime grade buildings have settled in a range of 7.5%-8.5%, and average secondary yields at between 8.5%- 10.0% with local and off-shore private investors remaining the key buyer type for the sub \$10 million assets.

1. SA Water House, 77 Grenfell St

Price: \$91.7 million
Date: May 2011 (settlement late 2011)
NLA: 16,477m²
Yield: 7.61% core market (7.61% initial)
Rate/m² of NLA: \$5,565/m²

Vendor: Shakespeare Holdings

Purchaser: Real I.S. (German Fund)

Comment: The major tenant is the Minister for Infrastructure (SA Gov't - approx. 96% of NLA), with the lease expiry in December 2021 and a WALE of 9.5 years. The A-grade building was extensively refurbished as a precondition of securing the SA Gov't long term lease, achieving a 4 Star NABERS energy rating. **Delayed settlement, with the price based upon projected income and outgoings as at "early 2012".**

2. MTA House, 55 Currie St

Price: \$79 million
Date: January 2011 ^
NLA: 25,726m²
Yield: 10.36% core market (9.20% initial)
Rate/m² of NLA: \$3,071/m²

^ contracted late 2010

Vendor: Aspen

Purchaser: Arc Equity Partners (AEP)

Comment: The property was constructed in 1988, with some recent works completed. We understand a capex program will be undertaken over the next 5 years to upgrade the mechanical/services of the building. **The sale price was \$81 million, however included a \$2 million contribution by the vendor for capex to be paid to the purchaser at settlement.**

3. Worldpark:01 - Building A 33-39 Richmond Rd, Keswick (Mile End South)

Price: \$46.497 million
Date: January 2011 ^
NLA: 11,835m²
Yield: 9.01% core market (9.01% initial)
Rate/m² of NLA: \$3,929/m²

^ contracted late 2010

Vendor: Axiom

Purchaser: Growthpoint

Comment: The property is a brand new A-grade office building completed in late 2010 and is the first stage in a three stage master planned office park in the Fringe suburb of Keswick. The asset (NLA of 11,835m²) is fully leased to the S.A. Government and ASX listed company Coffey International (WALE of over 12 years). **The yield reflects the fringe location as compared with a building of this size in the CBD.**

4. 12-26 Franklin Street (ATO Building)#

Price: \$34 million (equity component only)
Date: July 2011
NLA: 36,700m²
Yield: 7.8% ~
Rate/m² of NLA: n/a

the transaction was structured on a fund through basis ~ expected on completion initial passing yield

* Telstra Super entered into joint venture funding agreement with Aspen – in addition to equity component of \$34 mill Telstra Super will also provide a construction loan facility of up to \$117.6 mill (to be drawn from Sept 2011) and a term facility of \$117.6 for the 5 year period post practical completion of the building.

Vendor: Aspen

Purchaser: Telstra Super *

Comment: Telstra Super entered into a joint venture funding arrangement with Aspen, effectively acquiring a 50% interest in the ATO Building on a "fund through" basis. Telstra Super subscribed for 50% equity in the trust which holds the asset for \$34 million, which is based on an "on completion" valuation of \$190 mill, with Aspen securing the asset management rights. The ATO Building is a 36,700m² office development due for practical completion in October 2012. **The property is 98.5% leased to the ATO and Australia Post, will have a WALE of 14.4 years and an expected initial yield of 7.8%.**



ADELAIDE CBD/FRINGE MAP

5. 7 Laffer Dve, Bedford Park^

Price: \$18.8 million Date: June 2011
 NLA: 6,639m² (site area 33,090m²)
 Yield: 11.30% initial
 Rate/m² of NLA: \$2,832/m²
 Vendor: Rabinov Property Trust
 Purchaser: Growthpoint
 Comment: Part of the portfolio acquired from Rabinov Property Trust. A modern, single level call centre facility with expansion potential. **Fully leased to Westpac with a WALE of 2.1 years.**

6. 41 Currie St (APIC House)

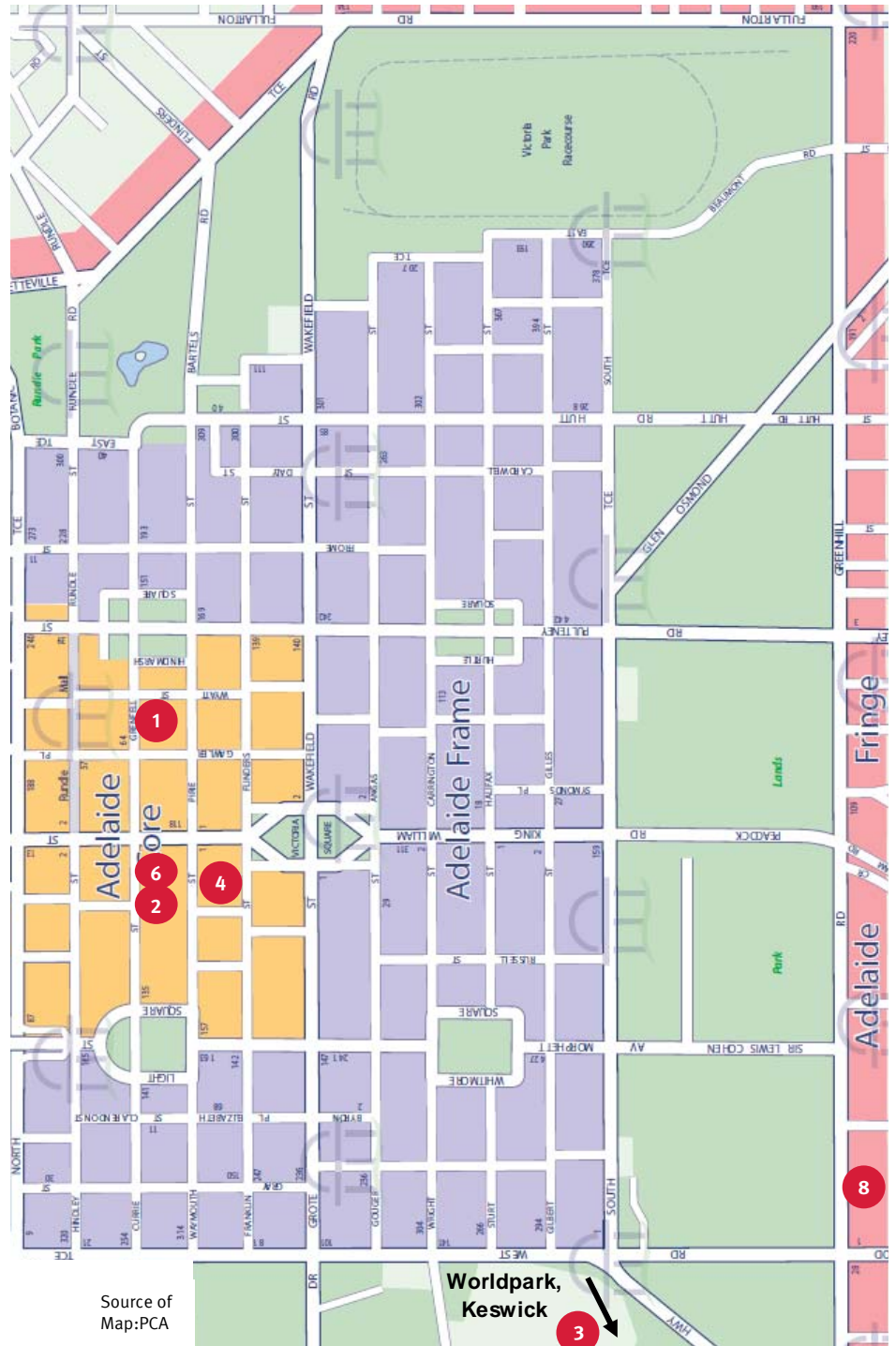
Price: \$10.80 million Date: April 2011
 NLA: 5,934m²
 Yield: 9.58% initial
 Rate/m² of NLA: \$1,820/m²
 Vendor: Mulpara P/L
 Purchaser: Cahaya Global (Malaysian)
 Comment: Sold off-market, the property comprises an 8-level office building and multi-deck carpark adjacent to Topham Mall. **The owners announced plans to build apartments above the multi-deck carpark.**

7. 298-302 Main North Road, Prospect^

Price: \$6.90 million Date: March 2011
 NLA: 1,320m²
 Yield: 7.40% core market (8.51% initial)
 Rate/m² of NLA: \$5,227/m²
 Vendor: Emmett Property
 Purchaser: Private Investor
 Comment: A single storey office building which was purpose built for a Centrelink service branch, fully leased for 10 years. **The initial yield reflects the commencing rent being above market parameters.**

8. 44 Greenhill Rd, Wayville

Price: \$6.35 million Date: May 2011
 NLA: 1,768m²
 Yield: Vacant Possession (VP)
 Rate/m² of NLA: \$3,592/m²
 Vendor: Royal District Nursing Service SA
 Purchaser: Local Private Investor
 Comment: Two level office building in the Fringe precinct, which was upgraded /refurbished in 2006 and offers good quality accommodation. **The property was sold with vacant possession in an off-market transaction to a local private investor.**

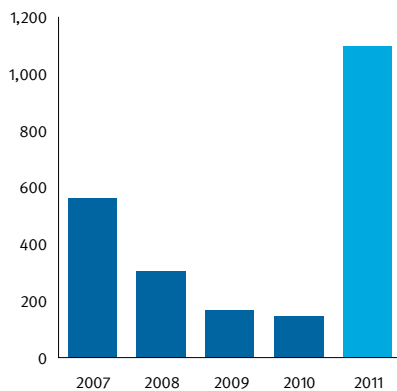


Note . Sales include transactions that occurred in the Core, Frame, Fringe and suburban markets.
 ^ Sales 5 & 7 are suburban locations hence not on the map. Bedford Park is around 8 kms South of the Adelaide CBD and Prospect is around 4-5 kms North of the Adelaide CBD.

PERTH CBD OFFICE MARKET

Transaction activity within the Perth CBD has increased considerably over the 2011 calendar year, with eleven major sales completing for a total value of over \$1.099 billion. In addition to the top ten sales listed, 432 Murray Street sold in February 2011 for \$30.3 million.

Figure 5
Perth CBD Transactions \$10million+
\$ million total transaction value



Source: Knight Frank

The Perth CBD has seen reducing vacancy rates (from 10.2% in January 2011 to 7.8% in July 2011, PCA) with strong absorption being observed across all grades of buildings. As a result, net effective rents have increased in the CBD. Commercial transaction activity has increased as a result.

Syndicates/Unlisted funds have been the most dominant investors this year, purchasing five properties in the Perth CBD for a consideration of \$451.3 million. Private investors (\$73.3 million) accounted for two transactions, as the potential to “add value” to the investment has also been a significant driver of deals.

West Perth has also seen increased activity over CY2011, recording three major investment sales – 2 Kings Park Road for \$23.75 million (January 2011), 619 Murray Street for \$22.0 million (January 2011) and 46-50 Kings Park Road for \$28.25 million (July 2011).

1. QV1, 250 St Georges Tce

Price: \$310 million (50% interest)
Date: July 2011
NLA: 63,835m² (includes over 3,000m² retail)
Yield: 8.20% core market (7.00% initial)
Rate/m² of NLA: \$9,713/m²

Vendor: SAS Trustee Corporation (DEXUS)
Purchaser: Commonwealth Superannuation Corporation (ARIA)
Comment: This Premium-grade landmark building is situated at the western end of St Georges Tce and has a WALE of 4.6 years. **The largest ever investment sale in the Perth CBD.**

2. 2 The Esplanade

Price: \$157.7 million (50% interest)
Date: December 2011
NLA: 34,396m²
Yield: 7.42% core market (7.37% initial)
Rate/m² of NLA: \$9,170/m²

Vendor: Stockland
Purchaser: AMP Capital Wholesale Office
Comment: Premium Grade building known as “Exchange Plaza”, the building is held on a long term ground lease of 135 years. The sale reflects a firm yield considering the building is on leasehold land. **One of two sales in the Perth CBD for Stockland.**

3. 197 St Georges Terrace

Price: \$152 million
Date: January 2011 ^
NLA: 40,055m² (3 buildings)
Yield: 10.60% core market (11.80% initial)
Rate/m² of NLA: \$3,795/m²

Vendor: Colonial First State
Purchaser: GDI Property Group
Comment: Purchased with 1 & 5 Mill Street, 197 SGT* is almost fully occupied by the WA State Government, with expiry on 30 June 2012. 1 Mill St is fully occupied by Rio Tinto and 5 Mill St 30% occupied by BHP. **Purchaser will fully refurbish 197 SGT* on vacation of WA Gov’t and has already signed major leases on the space.**

^ settlement late 2011

* SGT St Georges Terrace

4. 108 St Georges Terrace

Price: \$130 million (50% interest)
Date: June 2011
NLA: 39,252m²
Yield: 9.30% core market (8.40% initial)
Rate/m² of NLA: \$6,624/m²

Vendor: Stockland
Purchaser: Brookfield Office Properties
Comment: Sale of 50% interest in this A-grade asset which is now fully owned by Brookfield. An extensive staged refurb is currently underway (ex Bankwest space). **The sale was part of a deal which involved residential sites that Brookfield owned.**

5. 226 Adelaide Terrace

Price: \$103.5 million
Date: July 2011
NLA: 14,469m²
Yield: 8.30% core market (8.50% initial)
Rate/m² of NLA: \$7,153/m²

Vendor: First State Group
Purchaser: Motor Accident Commission
Comment: The building was completed in late 2010 and is situated near the junction of Adelaide Tce and St Georges Tce. **A 4.5 star NABERS rated building which is fully leased, with the major tenant being ENI (international oil and gas company).**

6. 251 St Georges Terrace

Price: \$61.3 million
Date: August 2011
NLA: 9,697m²
Yield: 9.60% core market (8.60% initial)
Rate/m² of NLA: \$6,322/m²

Vendor: Private Investor (Receiver)
Purchaser: Primewest
Comment: This ‘B’ grade building sold with a circa 11% vacancy, hence lower initial yield and had a WALE of 3 years. **Property sold by an “Expressions of Interest” campaign after being placed in receivership.**



7. 30 The Esplanade

Price: \$50 million
 Date: February 2011
 NLA: 7,003m²
 Yield: 8.40% core market (9.60% initial)
 Rate/m² of NLA: \$7,140/m²
 Vendor: AMP Capital
 Purchaser: Australian Property Investments
 Comment: A boutique 'A' grade office building, the property is leased to 8 different tenants, mainly to IT and mining companies. **Sold 100% occupied with diversified expiry profile.**

8. 99 St Georges Terrace

Price: \$41.6 million
 Date: January 2011
 NLA: 6,161m²
 Yield: 8.40% core market (9.90% initial)
 Rate/m² of NLA: \$6,752/m²
 Vendor: Private Investor
 Purchaser: Private Investor
 Comment: A 'B' grade office building with CP Mining Management occupying 77% of the building and an average WALE of 4.5 years. **Rents for the major tenant sit well above market parameters, hence the lower core yield.**

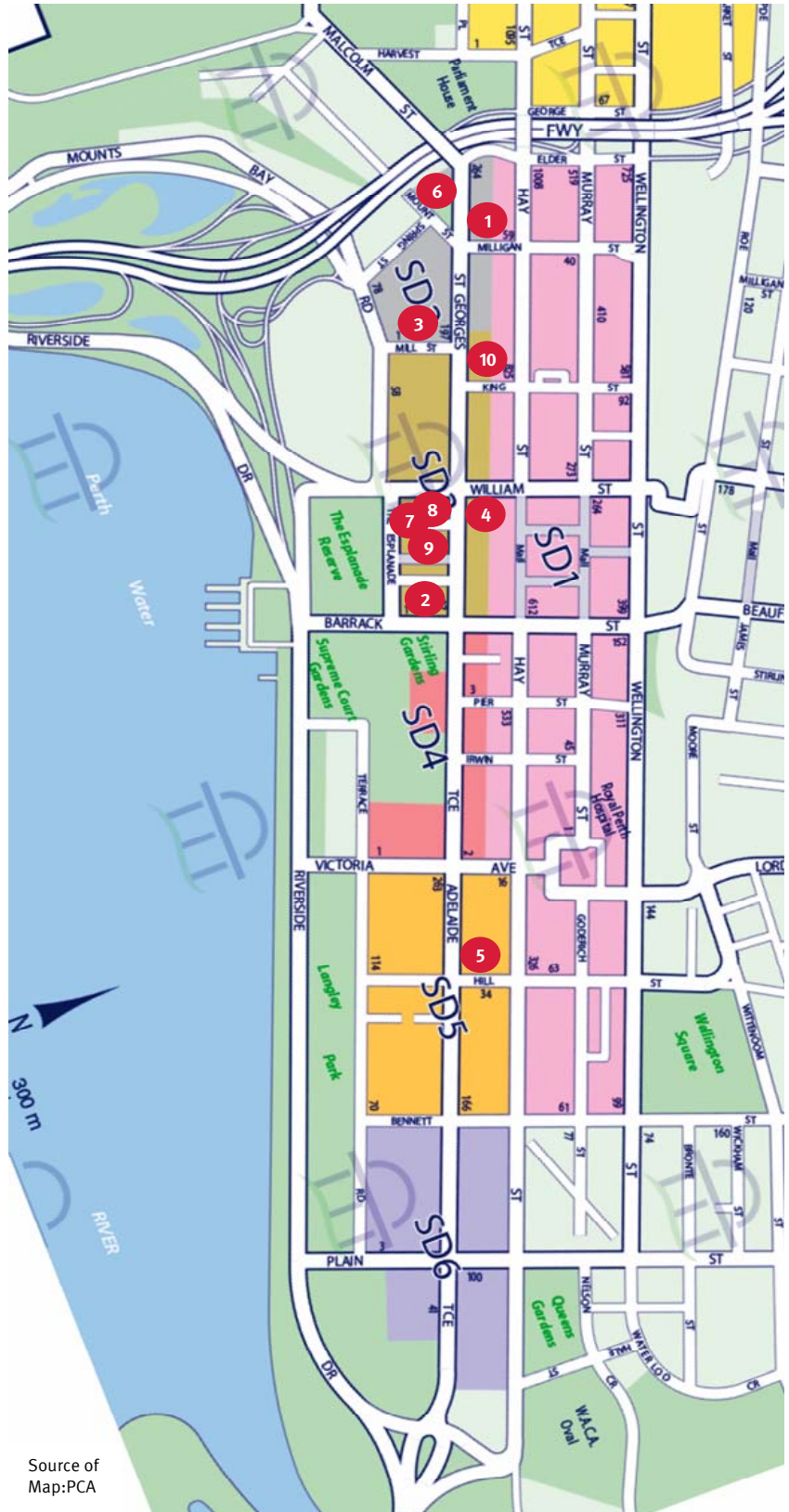
9. 89 St Georges Terrace

Price: \$31.7 million
 Date: February 2011
 NLA: 4,473m²
 Yield: 8.30% core market (8.60% initial)
 Rate/m² of NLA: \$7,081/m²
 Vendor: Primewest
 Purchaser: Private Investor
 Comment: Sold after an off-market campaign, the building is situated in the central precinct of the CBD. **Sold 100% occupied with a diversified expiry profile and WALE of 2.4 years.**

10. 182 St Georges Terrace

Price: \$31 million
 Date: January 2011
 NLA: 5,341m²
 Yield: 9.30% core market (9.60% initial)
 Rate/m² of NLA: \$5,804/m²
 Vendor: Hawaiian
 Purchaser: Standard Life
 Comment: The property sold with a one-year rental guarantee over the vacant space (272m²). **Investment sale transacting after an off market campaign. WALE of 2.9 years.**

PERTH CBD MAP



Source of Map:PCA



Americas

USA
Bermuda
Brazil
Canada
Caribbean
Chile

Australasia

Australia
New Zealand

Europe

UK
Belgium
Czech Republic
France
Germany
Hungary
Ireland
Italy
Monaco
Poland
Portugal
Romania
Russia
Spain
The Netherlands
Ukraine

Africa

Botswana
Kenya
Malawi
Nigeria
South Africa
Tanzania
Uganda
Zambia
Zimbabwe

Asia

Cambodia
China
Hong Kong
India
Indonesia
Macau
Malaysia
Singapore
South Korea
Thailand
Vietnam

The Gulf

Bahrain
Abu Dhabi, UAE

Knight Frank Research

Matt Whitby

National Director – Research
+61 2 9036 6616
Matt.whitby@au.knightfrank.com

Jennelle Wilson

Director – Research QLD
+61 7 3246 8830
Jennelle.wilson@au.knightfrank.com

Nick Hoskins

Research Manager - NSW
+61 3 9036 6766
Nick.Hoskins@au.knightfrank.com

Justin Mahnig

Research Manager - VIC
+61 3 9604 4713
Justin.mahnig@au.knightfrank.com

Alison Smith

Research Analyst - WA
+61 8 9225 2434
Alison.smith@au.knightfrank.com

Capital Transactions - Asia Pacific SINGAPORE

Marc Giuffrida

Managing Director – Capital Trans AP
+65 6228 7396
Marc.Giuffrida@sg.knightfrank.com

Knight Frank Key Contacts SYDNEY

Stephen Ellis

Executive Chairman
+61 2 9036 6611
Stephen.Ellis@au.knightfrank.com

James Parry

National Director Capital Transactions
+61 2 9036 6758
James.Parry@au.knightfrank.com

Richard Horne

National Director Investment Sales
+61 2 9036 6622
Richard.Horne@au.knightfrank.com

MELBOURNE

Paul Burns

Managing Director VIC
+61 3 9604 4610
Paul.Burns@au.knightfrank.com

Paul Henley

National Director Commercial Sales
+61 3 9604 4760
Paul.Henley@au.knightfrank.com

BRISBANE

David Fowler

National Director Institutional Sales
+61 7 3246 8823
David.Fowler@au.knightfrank.com

PERTH

John Corbett

Managing Director WA
+61 8 9225 2561
John.Corbett@au.knightfrank.com

ADELAIDE

Tony Ricketts

Director Investment Sales
+61 8 8233 5259
Tony.Ricketts@au.knightfrank.com

Knight Frank Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, financial and corporate institutions. All recognise the need for the provision of expert independent advice customised to their specific needs.

Knight Frank Research reports are also available at www.knightfrank.com.

© Knight Frank 2012

This report is published for general information only. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no legal responsibility can be accepted by Knight Frank Research or Knight Frank for any loss or damage resultant from the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank in relation to particular properties or projects. Reproduction of this report in whole or in part is not permitted without prior consent of, and proper reference to Knight Frank Research.