



JANUARY 2013

MELBOURNE INDUSTRIAL

Top Sales Transactions – 2012 Calendar Year

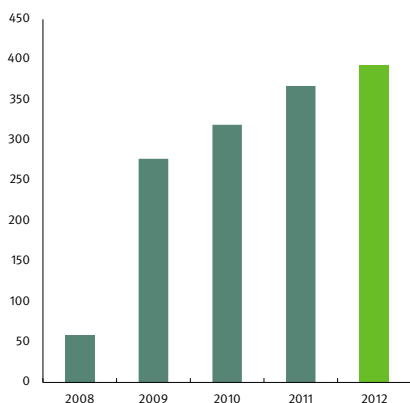
Knight Frank

HIGHLIGHTS

- The total value of industrial sales (>\$10 million) across all regions in Melbourne in the 2012 Calendar year (CY) was \$393.64 million, a 7% increase from the sales total for 2011 CY (\$367.26 million).
- Offshore investors (36%) were the dominant purchaser type, however there was also strong activity from private investors (21%), unlisted funds/syndicates (16%) and AREIT's (15%).
- Despite the Western precinct dominating the sales totals accounting for 64% of the total sales with \$250.43 million, the largest sale in 2012 CY occurred within the City Fringe precinct, with the sale of 650 Lorimer Street, Port Melbourne to GPT Group for \$61.00 million.

Investor appetite has remained relatively buoyant with 2012 showing growth in investor activity levels when compared to recent preceding calendar years. Investment sales volume (above \$10 million) in the 2012 CY within the Melbourne Industrial market totalled \$393.64 million across 21 properties, up from the \$367.26 million that was transacted in 2011CY. Offshore investors were the most prominent purchaser type, accounting for 36% of total sales across 10 transactions, led by the \$360 million capital partnering between DEXUS and the Korean based National Pension Service in the establishment of a portfolio of Australian industrial properties, all of which were in the Western precinct. Despite strong activity from Offshore investors there was also strong interest from Private Investors, Unlisted Funds/Syndicates and AREIT's. While AREIT's accounted for 15% of all transactions over 2012, this was achieved through only one sale; GPT Group's purchase of 650 Lorimer Street for \$61 million.

Figure 1
Melbourne Industrial Sales \$10million+
\$ Million total transaction value



Source Knight Frank

Despite the clouded business and consumer confidence, demand for prime assets with long lease terms and blue chip covenants remains strong. With institutions freeing up their debt obligations and showing interest in Melbourne industrial prime grade assets due to the attractive ROI's compared with other asset classes, some compression in prime yields is expected to occur over the course of 2013.

1. DEXUS/NPS Portfolio Joint Venture (Victorian Assets)

Price: \$116.66 million (Half Share) *
Date: October 2012
NLA: 185,268 m²
\$/m² of NLA : 1,259/m² (circa)
Yield: n/a
* total asset value \$233.32 million

Vendor: DEXUS

Purchaser: National Pension Service (Korea)

Comment: The sum of the value of eight industrial properties (seven situated in Laverton North, one in Altona) accounting for the Victorian component of the \$360 million joint venture between DEXUS and NPS in the establishment of a portfolio of Australian industrial properties.

2. 650 Lorimer Street, Port Melbourne

Price: \$61.00 million
Date: February 2012
NLA: 27,644 m² (12,881 m² office space and 14,201 m² of warehouse)
\$/m² of NLA : 2,207/m²
Yield: 9.50% core market (8.45% initial)

Vendor: Salta

Purchaser: GPT

Comment: Citiport Business Park comprises 11 separate buildings, including a five level office complex, and 10 office/warehouse units, all located above a 600 space basement car park. The development was 94.5% leased at the time of sale with a WALE of 2.4 years.

3. 364-426 Old Geelong Road, Hoppers Crossing

Price: \$39.35 million
Date: May 2012
NLA: 52,364 m²
\$/m² of NLA : 751/m²
Yield: 8.45% core market (8.10% initial)

Vendor: Cromwell Property Group

Purchaser: Charter Hall Group (DIF)

Comment: Comprises 52,364 m² and a 325-bay car park set on a 14.5 ha site, with approximately 3ha available for expansion. Leased to Woolworths. WALE of 8.5 years.

4. 1-16 Andretti Court, Truganina

Price: \$24.00 million
Date: November 2012
NLA: 26,376 m²
\$/m² of NLA : 910/m²
Yield: 8.24% initial

Vendor: Australand Property Group

Purchaser: IOOF Investment Management

Comment: Speculative development within 2 warehouse facilities by Australand which secured retailer Catch Of The Day on a 7 year lease. Completed in Q4-12.

5. 19-39 Studley Court, Derrimut

Price: \$21.43 million
Date: March 2012
NLA: 23,455 m²
\$/m² of NLA : 913/m²
Yield: 8.21% core market (8.21% initial)

Vendor: Gibb Group

Purchaser: Private Investor

Comment: Situated within the Paramount Industrial Estate. Constructed by Qanstruct and completed in June 2012. The property was pre-committed to by Kraft on a five-year lease with options.

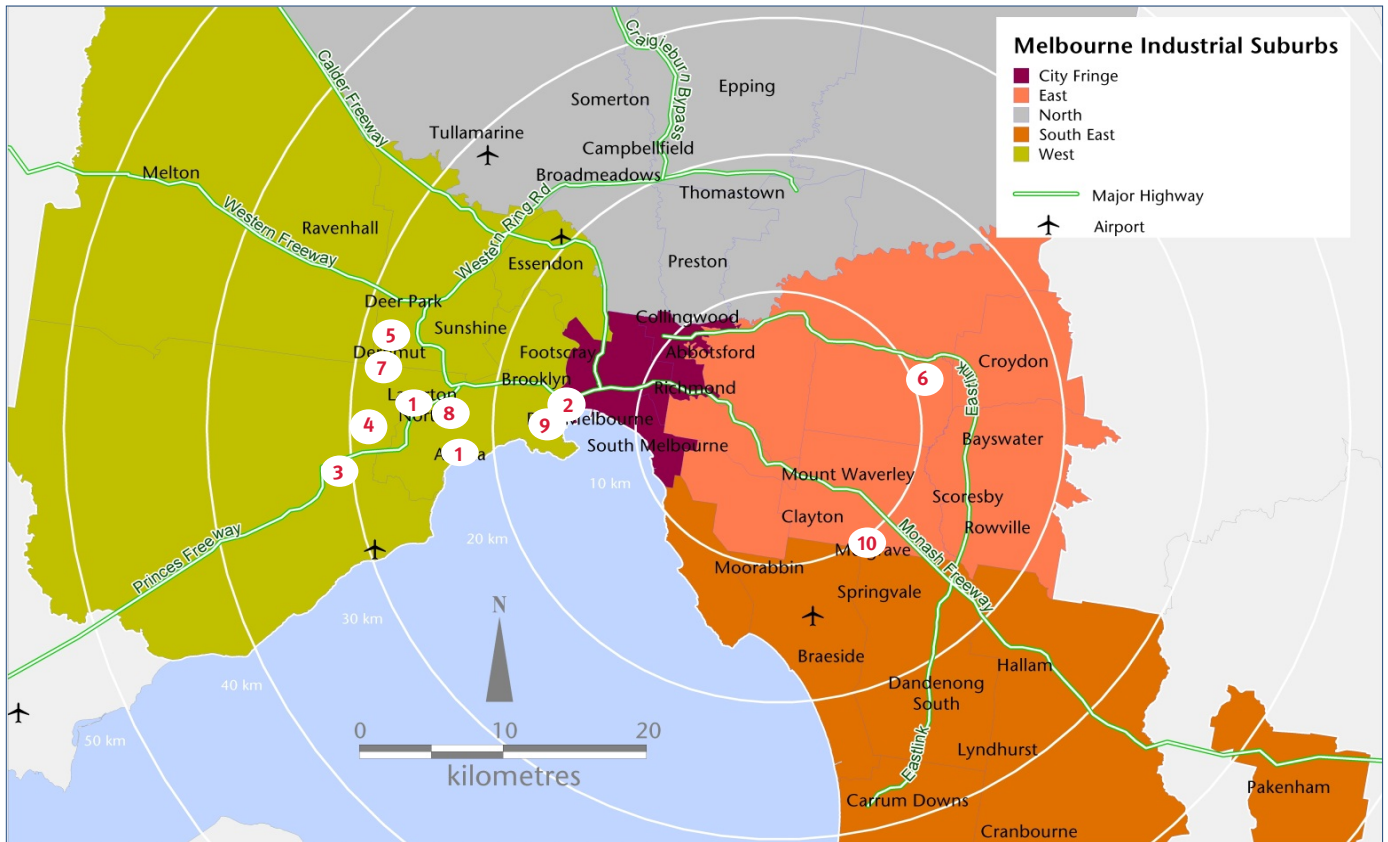
6. 76-92 Station Street, Nunawading

Price: \$18.40 million
Date: August 2012
NLA: 22,542 m²
\$/m² of NLA : 816/m²
Yield: 8.08% core market (8.10% initial)

Vendor: Aspen Diversified Property Fund

Purchaser: Private Investor

Comment: The property was sold as part of an asset wind up of the unlisted trust. The diversified fund acquired the property in 2005 and Autobarn Group began a 15-year lease on the site last year. Nunawading is a good infill location and would offer solid long-term potential for alternate uses.



7. Mt Derrimut Road, Derrimut

Price: \$14.00 million
 Date: April 2012
 NLA: 12,070 m² (10,820 m² warehouse, 1,000 m² office and 250 m² retail showroom)
 \$/m² of NLA : 1,160/m²
 Yield: Turn-key Development
 Vendor: Australand
 Purchaser: PFG Australia

Comment: Amalgamation of 2 sites, with a desire for street frontage. Located within the West Park Industrial Estate. This was a Design and Construct project to PFG Australia set on a 4.42 ha site. Scheduled for February 2013 completion.

9. 282 Lorimer Street, Port Melbourne

Price: \$11.75 million
 Date: February 2012
 NLA: 4,779 m² (3,482 m² warehouse, 1,297 m² office)
 \$/m² of NLA : 2,459/m²
 Yield: 7.23% initial
 Vendor: Elite Property Group
 Purchaser: NBN Co. Ltd

Comment: Major Tenant is the purchaser, NBN Co. Ltd. Purchased off-market, at a predetermined price, pursuant to a five year purchase option in their lease, which commenced six months prior to the date of sale.

8. 99-103 William Angliss Drive, Laverton North

Price: \$12.00 million
 Date: July 2012
 NLA: 6,554 m²
 \$/m² of NLA : 1,831/m²
 Yield: n/a
 Vendor: APGF
 Purchaser: Black Star Investments

Comment: The property is fully leased to Scotts Refrigerated Freightways until December 2020.

10. 2-20 McDonalds Lane, Mulgrave

Price: \$10.55 million
 Date: October 2012
 NLA: 12,240 m²
 \$/m² of NLA : 862/m²
 Yield: 9.28% initial
 Vendor: Lend Lease
 Purchaser: Salta

Comment: The property at 2-20 McDonalds Lane has been vacant since printing company Salmat Business Force left in 2011. Recently leased to Couriers Please on a 3 year lease with options.

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