

Listed Property Trusts & Syndicates Review

Capital Raisings

Dexus aims to raise \$749 million

Dexus Property Group, despite going to the market twice in five months, will aim to raise \$749 million to bolster its balance sheet.

The raising is via a 2-for-7 non-renounceable rights issue and a \$90 million placement at 65c per security to refinance debt. Institutional investors have taken up their full entitlements at 65c a unit, a 21.2c discount to Monday's (20/4/09) closing price of 82.5c.

After the raising Dexus will have pushed its gearing ratio down to 30.2%. The group has up to \$500 million of debt due in early 2010 and about \$1 billion of development commitments.

Property Transactions

GPT sells non-core assets

GPT has sold three small properties for a total of \$47 million. The properties include the Gradle Mountain Lodge in Tasmania; the Cannon Hill Homemaker City Centre in Queensland and a small industrial asset in Yeerongpilly, Queensland. The properties sold for slightly below their December 2008 book values.

GPT is going ahead with the sales of non-core assets valued at \$1.4 billion, including the Floreat Forum shopping centre and the remainder of the group's Homemaker City centres and tourism portfolios.

GDI acquires Grenfell centre

GDI Property Group has purchased the Grenfell Centre in Adelaide located at 25 Grenfell Street for \$76 million, representing a yield of 9.7%.

The Grenfell Centre will form the key asset in the GDI Premium Office Trust which has forecast a regular income distribution of 10% a year in financial year in 2010 and 10.5% the year after that.

45 Francis Street in Northbridge, WA sold for \$95 million



German Fund purchases ATO complex

German-based fund Deka-Immobilien has acquired an Australian Taxation Office building located at 45 Francis Street in Northbridge, Western Australia, for \$95 million, representing a yield of 9%.

The property was sold at a \$3 million (3%) discount to the book value.

The five-level building, leased to the Australian Taxation Office, comprises of 22,013 square metres of net lettable area with an approximate gross rent of \$10.1 million per annum.

The sale price equates to a building rate of approximately \$4,316 per square metre.

Collins Street bargain

Malaysian property developer Rudy Koh has acquired 303 Collins Street in Melbourne for \$56 million, representing a yield of 10.4%.

The property had a book value of \$70 million on December 31 and currently has an annualised net income of \$5.8 million.

The office building comprises of 20,660 square metres of net lettable area. The sale price equates to a lettable rate of \$2,711 per square metre.

Australian Offices

Adelaide

Rob Simmons
Phone: 61 8 8277 0500
Fax: 61 8 8277 0533

Albury Wodonga

Daniel Hogg
Phone: 61 2 6041 1362
Fax: 61 2 6100 2745

Ballarat

Darren Evans
Phone: 61 3 5334 4441
Fax: 61 3 5334 4501

Brisbane

Troy Chaplin
Phone: 61 7 3846 2822
Fax: 61 7 3846 2833

Canberra

Greg Preston
Greg Rowe
Phone: 61 2 9292 7400

Central Coast & Hunter

Anthony Hickey
Greg Rowe
Phone: 61 2 4324 0355
Fax: 61 2 4324 0356

Gippsland

Tim Barlow
Alex Ellis
Phone: 61 3 5672 4422
Fax: 61 3 5672 3388

Gold Coast

Chris Kogler
Ray Allsop
Michael Cook
Phone: 61 7 5574 2599
Fax: 61 7 5574 2533

Illawarra

Wayne Casey
Phone: 61 2 4229 5117
Fax: 61 2 4229 5227

Melbourne

Neal Ellis
Damian Kininmonth
Phone: 61 3 9602 1333
Fax: 61 3 9602 1337

Mornington

Neal Ellis
Phone: 61 3 5975 0480
Fax: 61 3 5975 0427

Perth

Stuart Paterson
Phone: 61 8 9221 1188
Fax: 61 8 9221 1711

Sydney

Greg Preston
Greg Rowe
Ben Greenwood
Neal Smith
Robert Timmermans
Phone: +61 2 9292 7400
Fax: +61 2 9292 7404

Powered By:



Orchard sells site

The Orchard Industrial Property Fund has sold an industrial property located at 830 Wellington Street in Rowville, Melbourne, for \$8 million.

The property is an industrial office, warehouse and cold-store facility comprising of 8,800 square metres of space located on a 26,500 square metre site.

Parmalat have leased the property until 2016. The yield of the sale was around 9.1%.

The sale price equates to a building rate of approximately \$909 per square metre and a site rate of \$302 per square metre.

For Sale

Trinity offers Murarrie property

Trinity Funds Management is selling 69 Rivergate Place in Murarrie, Queensland. The two-storey industrial facility is on a 15,700 square metre riverfront site adjacent to the Gateway Bridge.

The property is currently leased to Yamaha Motors Australia on a 15-year lease returning \$1.848 million in annual net income.

Expression of interest on the property close May 14.

New Star to offload office tower

The New Star International Property Fund has put the office tower located at 414 La Trobe Street in Melbourne on the market, with analysts predicting it will sell for a price located in the mid \$50 million range.

The 17-storey office building has a net lettable area of about 14,300 square metres. Tenants include the Australian Tax Office and the Department of Workplace Relations.

Trinity Funds Management is selling 69 Rivergate Place in Murarrie, Queensland



Como Centre on market

Mirvac Group has put its \$160 million Melbourne landmark, the Como Centre, on the market after a potential off-market deal fell through last year.

The Como Centre comprises more than 25,000 square metres of A-grade office accommodation, along with boutique retail space, a cinema, and the five-star, 107-room Como Hotel.

The property is on a prime Chapel Street corner in South Yarra. Network Ten is a major tenant.

On December 31 the asset was valued at \$160 million, a 10% drop on its previous book value.

414 LaTrobe Street in Melbourne on the market



Powered By:



Associated Globally
 King Sturge

Leases

Westfield fills mall vacancy

The Westfield Group has filled the vacancy in one of its US malls left by the collapse of Linen 'n Things with a Nordstrom outlet centre.

Fashion retailer Nordstrom announced it would open a 2,800 square metre Nordstrom Rack, an outlet version of the Seattle-based department store, at Westfield Oakridge in San Jose, California.

Shopping centre developers are experiencing difficulties in the financial crisis with vacancies increasing, a rise in tenant closures and rents falling.

Westfield forecasts earnings falls of 2 to 3% in the US and UK this calendar year.

SA Government leases space

The South Australia government has leased all of the commercial space in a \$70 million mixed-use project being developed by Hines Property in Adelaide.

The Department of Trade and Economic Development will occupy 4,000 square metres in the Conservatory on Hindmarsh Square.

The department has signed a lease term of 10 years with an option for a further five years on a net rental rate of about \$400 per square metre.

Revaluations

CFS managed trusts take cut to values

The Commonwealth Property Office Fund (CPA) and CFS Retail Property have taken a hit on book values following independent revaluations in the March quarter.

CPA was hit the hardest with a development site dropping up to 60% in value. The fund had 13 property assets independently valued in the March quarter, resulting in an 11.9% or \$1685.5 million drop in book value.

60 Castlereagh Street in Sydney: Cap rate softened from 6.25% to 7%



The capitalisation rate for 60 Castlereagh Street in Sydney softened from 6.25% to 7%. The softening was due to a decrease in investment yields, lower rental growth assumption and higher lease incentive assumptions.

CFS Retail Property Trust's book value dropped 3.7% or by \$43.4 million after four assets were revalued. The fund's gearing increased slightly from 25.6% to 26.4%.

Queens Plaza in Brisbane suffered the biggest drop in capitalisation rates, softening 0.25% to 6%.

Profit Outlook

Stockland lowers its outlook

Stockland has marked about \$1.3 billion in inventory impairments, valuation falls and goodwill write-downs across its residential business and commercial property portfolio.

The group trimmed its core earnings per share guidance for the financial year by 5.9% to 39.8 c per security. This was attributed mainly to slower residential and super lot sales, resulting in a \$60 million after-tax profit downgrade in residential communities earnings.

Stockland expects the valuation of its commercial property portfolio to fall by between \$650 million and \$700 million in the second half as capitalisation rates soften by about another 50 basis points.

Powered By:



Associated Globally



Preston Rowe Paterson

PRP Research Division

April 2009

At Preston Rowe Paterson, we pride ourselves on the research which we prepare in the market sectors within which we operate. These include Commercial, Retail, Industrial, Hotel & Leisure and Residential.

We also provide comprehensive and integrated property consultancy service through our team of Real Estate Valuers, Property Investment Consultants, Listed Fund and Syndicate Advisors, the Plant & Machinery Valuation division and our Property & Asset Management division.

Preston Rowe Paterson continues to grow and expand its services globally through our relationship with **King Sturge** in the United Kingdom and Asia Pacific; **Corporate Facilities (CORFAC)** in the United States of America and **PRP** in New Zealand.

Preston Rowe Paterson acts for an array of clients with all types of real estate, plant, machinery and equipment interests such as:

- Accountants
- Banks, finance companies and lending institutions
- Commercial and Residential non bank lenders
- Co-operatives
- Developers
- Finance and mortgage brokers
- Hotel owners and operators
- Institutional investors
- Insurance brokers and companies
- Investment advisors
- Lessors and lessees
- Listed and private companies corporations
- Listed Property Trusts
- Local, State and Federal Government Departments and Agencies
- Mining companies
- Mortgage trusts
- Overseas clients
- Private investors
- Property Syndication Managers
- Rural landholders
- Solicitors and barristers
- Stock brokers
- Trustee and Custodial companies

Our Services include:

- Acquisition/sale due diligence
- Asset and property management
- Alternative use and highest and best use analysis
- Compulsory acquisition and resumption compensation assessments
- Corporate merger and acquisition and valuation assessments (Depreciation)
- Feasibility studies
- Financial reporting valuations to meet AASB and International Accounting Valuation Standards
- Income and outgoings projections and analysis
- Insurance Valuations
- Leasing and Selling
- Listed property trust valuations and revaluations
- Litigation support
- Marketing and development strategies
- Mortgage Valuations
- Property Syndicate valuations and revaluations
- Rating and taxing objections

A Preston Rowe Paterson IT solution—Introducing E-Valuers:

- Is the IT platform that links valuers and clients across the country through the power of the internet
- Covers Residential, Commercial, Retail, Industrial, Hotel and Leisure, Special Purpose Real Estate and Plant and Machinery
- An IT solution that has been designed by the major user groups in the valuation process, but built by the best code writers in Australia
- Designed to provide a clear and transparent communication tool that caters for the needs of clients and valuers so that all remain informed as to the progress of valuation
- Allows clients to input instructions to one website and have that instruction routed to the appropriate valuation firm that covers that geographic area
- Allows clients to track via visual cues the progress of any valuation in Australasia
- For the first time provides a mechanism to allow clients to be proactive in the provision of further information to assist in the valuation process
- Is assisting in the battle on greenhouse by reducing the level of paper and other consumables required as all information once scanned is available in an online file

Preston Rowe Paterson Australasia Pty Ltd ACN: 060 005 807

The information provided within this research report should be regarded solely as a general guide. We believe that the information herein is accurate however no warranty of accuracy or reliability is given in relation to any advice or information contained in this publication and nor any responsibility for any loss or damage whatsoever arising in any way for any representation, act or omission, whether expressed or implied (including responsibility to any person or entity by reason of negligence) is accepted by Preston Rowe Paterson Australasia Pty Ltd or any of its associated offices or any officer, agent or employee of Preston Rowe Paterson Australasia Pty Ltd.



PRP VALUERS AND
CONSULTANTS

Preston Rowe Paterson
Australasia Pty Ltd
ACN: 060 005 807

Australian Offices

Adelaide

Rob Simmons
Phone: 61 8 8277 0500
Fax: 61 8 8277 0533

Albury Wodonga

Daniel Hogg
Phone: 61 2 6041 1362
Fax: 61 2 6100 2745

Ballarat

Darren Evans
Phone: 61 3 5334 4441
Fax: 61 3 5334 4501

Brisbane

Troy Chaplin
Phone: 61 7 3846 2822
Fax: 61 7 3846 2833

Canberra

Greg Preston
Greg Rowe
Phone: 61 2 9292 7400

Central Coast & Hunter

Anthony Hickey
Greg Rowe
Phone: 61 2 4324 0355
Fax: 61 2 4324 0356

Gippsland

Tim Barlow
Alex Ellis
Phone: 61 3 5672 4422
Fax: 61 3 5672 3388

Gold Coast

Chris Kogler
Ray Allsop
Michael Cook
Phone: 61 7 5574 2599
Fax: 61 7 5574 2533

Illawarra

Wayne Casey
Phone: 61 2 4229 5117
Fax: 61 2 4229 5227

Melbourne

Neal Ellis
Damian Kininmonth
Phone: 61 3 9602 1333
Fax: 61 3 9602 1337

Mornington

Neal Ellis
Phone: 61 3 5975 0480
Fax: 61 3 5975 0427

Perth

Stuart Paterson
Phone: 61 8 9221 1188
Fax: 61 8 9221 1711

Sydney

Greg Preston
Greg Rowe
Ben Greenwood
Neal Smith
Robert Timmermans
Phone: +61 2 9292 7400
Fax: +61 2 9292 7404

Powered By:



Associated Globally

King Sturge