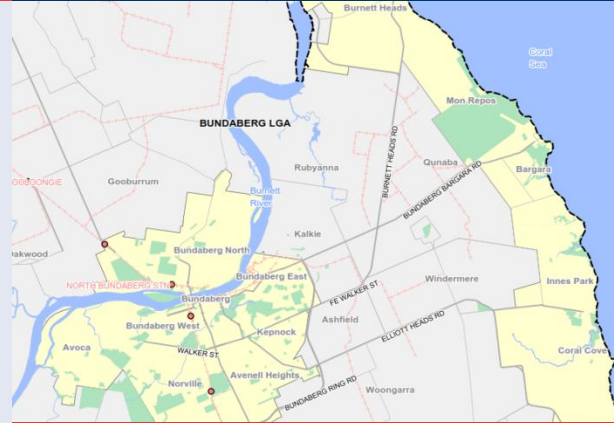


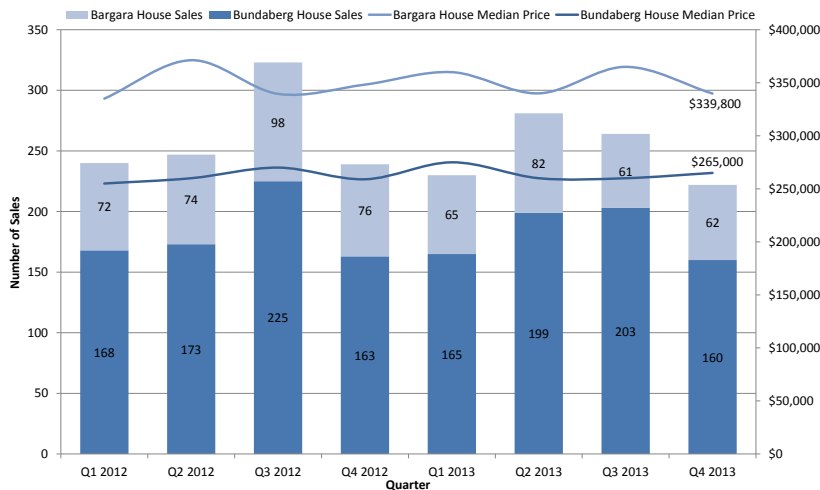
The following report is the result of an investigation into the market trends in the immediate Bundaberg Area with an additional focus on the Bundaberg Coastal Area as shown in the adjacent map.

Recent years have seen relative stability in the Bundaberg market after previously experiencing market adjustments. These adjustments have rewarded savvy buyers with excellent buying opportunities which can still be found in the market.

Recently owner occupiers have been taking advantage of the affordable entry prices and excellent lifestyle that Bundaberg and surrounds affords while investors have been taking note of the increase in public and private enterprise investment which is combined with strong population growth figures equating to potential capital growth.



Bundaberg / Bargara House Sales Cycle 2012-13

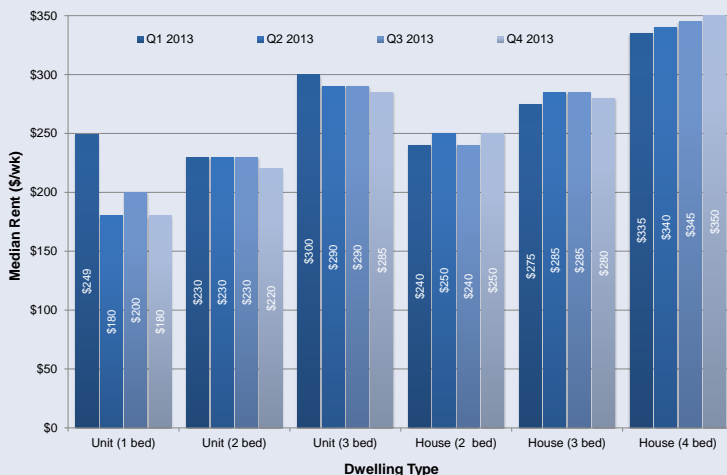


What to expect in the housing market?

The market has been bullish since 2012 which is expected to continue into 2014. Transactional activity in 2013 was down 4.3 per cent over the previous year however activity is expected to increase in the long-term due to the development pipeline and population growth expected. This acts as an excellent base for future capital growth and provides indication that there may be less volatility in the future.

Bargara is widely considered the coastal hub of the region and offers better lifestyle options for residents and as such commands a noticeable premium over Bundaberg. This premium isn't expected to increase however as both markets have historically trended on a similar pattern. Both areas also still provide a plethora of good buying opportunities under particularly under \$350,000.

Bundaberg Regional 2013 Rental Summary



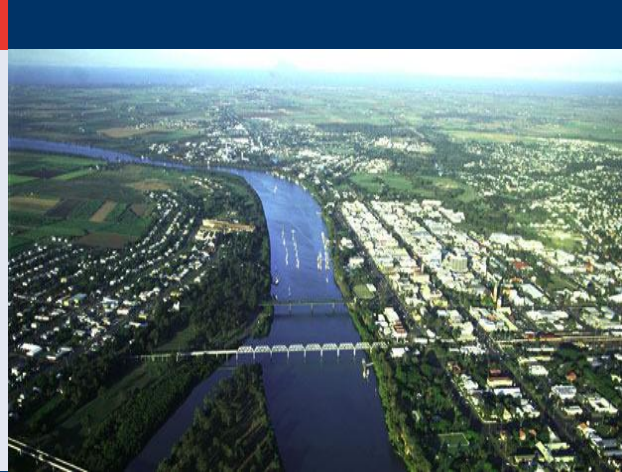
How is the rental market placed?

The rental market has also noted reasonable stability over the last two years which suggest the market is holding strong after a notable rise over previous years. Both houses and units have retained good yield however some markets have reported diminishing income. It is believed this is partly due to savvy investors who have been keeping the rental market competitive by taking advantage of low entry prices.

Moving forward it is expected that both supply and demand will increase. The unit rental market is expected to accommodate largely for the ageing population and mining workers. While the housing market is expected to continue catering to families. Yield may decrease as capital values increase but despite this the overall outlook is positive.

Investment Overview

Historically the Bundaberg region has relied on agriculture as their main industry however as the area develops into a regional hub investment in retail, resources and tourism will become more prevalent. With an average population increase of 1.7 per cent per annum over the next 20 years the population is expected reach around 140,000 people by 2031. This translates to an increase of approximately 40,000. To help facilitate this growth the government has invested over \$80 million in civic works to fix damage created by flooding and prevent future issues as well as improvements to additional infrastructure. Retail investment includes two large hardware stores and construction of supporting retail stores which accounts for the creation at least 750 jobs. The property market will also see an increase in stock due to land, apartment and accommodation developments particularly in the coastal region. This will help to support jobs in construction as well as the broader property industry.



Coral Coast Marina Mixed Use Development



Source: news-mail.com.au

Coral Coast Marina is one of the largest and most ambitious private projects to ever be proposed in the region. The \$150 million development is expected include 150 villas, about 400 units, luxury and backpacker accommodation as well as a marina. A large focus has been placed on bringing boating and other water related activities south from the Whitsundays with the goal of making the area a nationally recognised destination. It is also expected to create more than 1000 jobs over the next 10 years and provide a welcome boost to the tourism industry.

Significant flood mitigation measures have been taken to ensure stable property prices and attraction to the future population. The developer for the site was responsible for Sanctuary Cove, Hope Island Resort and Royal Pines - all of which were once flood plains.

Additional Future Growth

Residential developments are becoming increasingly popular as they take advantage of the strong population projections. Significant projects in the pipeline include Palm Lakes Aged Care Centre, Miara Estate subdivision, Bourbbong street serviced apartments and a large proposed mixed use development in Elliot Heads. This will see the town of Elliot Heads gain retail and accommodation facilities as well as 3000 home sites at an estimated cost of \$35 million. Adding to the lifestyle will be the Burnett Heads marina which will include 273 berths, restaurants, public spaces and tourism facilities. Expected completion in 2015 and an injection of \$12 million into the economy.

Significant retail investment has also been noted. A new Bunnings will see 270 construction jobs, 250 permanent positions and construction costs reaching \$39 million. At the opposite end of town a brand new \$13 million Master's Hardware centre is to go up. Both stores will be accompanied by multiple smaller retail outlets further fuelling growth. Both projects are expected to be completed in 2015.



Source: elliotheadsestates.com.au

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