

BROOME AREA

Property Watch®

PRD nationwide



BROOME AREA MARKET OVERVIEW

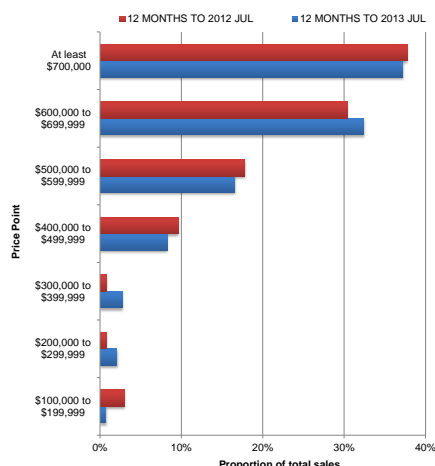
Scope

The following Property Watch report is the result of an investigation into the historic and current market trends within the Broome Local Government Area ("the Area" or "the Region"). This report analyses the performance and behaviour of residential property, including detached housing (also "detached dwellings") and residential units, and vacant land markets in the Region, highlighting key historical performance characteristics and factors which are likely to be of influence in the future.

Geography

The Broome Local Government Area occupies a section of the Kimberley Coast in Western Australia ("WA"). The Area forms a narrow peninsula surrounded by the pristine waters of the Indian Ocean and Roebuck Bay, approximately 2,200 kilometres north of Perth. The Region is famous for its landmarks and natural beauty, including dinosaur footprints at Gantheaume Point and the coral gardens and abundant marine life at Rowley Shoals.

DETACHED DWELLING PRICE POINTS



Prepared by PRDnationwide Research. Source: PDS

MARKET INDICATORS

Change from Last	Year	Half Year
HOUSE SALES	↓	↓
HOUSE MEDIAN	↓	↓
UNIT SALES	↓	↓
UNIT MEDIAN	↑	↑
LAND SALES	↓	↓
LAND MEDIAN	↑	↑

The indicators depicted above are based on the year ending 30 April 2013.

Regional Economy and Market Drivers

The behaviour and performance of the property market in the Broome Local Government Area is strongly linked to local industry sectors including pearling, fishing and aquaculture, pastoral, tourism and energy and natural resources. In recent years an undersupply of dwellings in regional WA and the expanding mining and natural gas sectors have led to a notable increase in "fly in, fly out" or "FIFO" residents relocating to the Region. This diversification has brought with it a range of regional economic benefits, and while recent commodity price volatility and sectoral cost and competitiveness issues have exerted a level of influence on the local residential property and vacant land markets, there remains reasonable up-side potential for the astute buyer.

While mining production and other trade exposed sectors in the Region have, during recent periods, experienced somewhat of a softening of demand from key export markets, particularly China, domestic exporters should, in the medium term, benefit from an Australian Dollar that began to show signs of weakening during the first half of 2013. Furthermore, most economists and market commentators expect this weakening trend to continue, particularly as the U.S. Federal Reserve Bank looks to start tapering its latest round of bond purchasing stimulus.

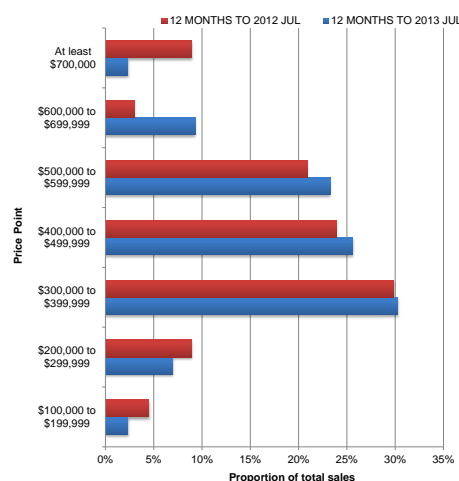
The rapid expansion of the liquefied natural gas (LNG) sector in regional and offshore WA is driving the development of both production and support infrastructure, and a resulting demand for labour, engineering and construction inputs. The Broome Local Government Area is well positioned to take advantage of these developments and leverage the Region's experience in supporting the energy and natural resources sectors. In addition to the increased demand for infrastructure, goods and services driven by the LNG sector's expansion, a number of proposed projects have expected operational lifetimes stretching out several decades. An example is the Browse Floating LNG Joint Venture.

The tourism sector is also well positioned to take advantage of any material weakening in the local currency and should aim to regain some of the market-share lost, in recent years, to lower-cost regional competitor locations including Bali and other South-East Asian destinations.

BROOME AREA LOCALITY MAPS



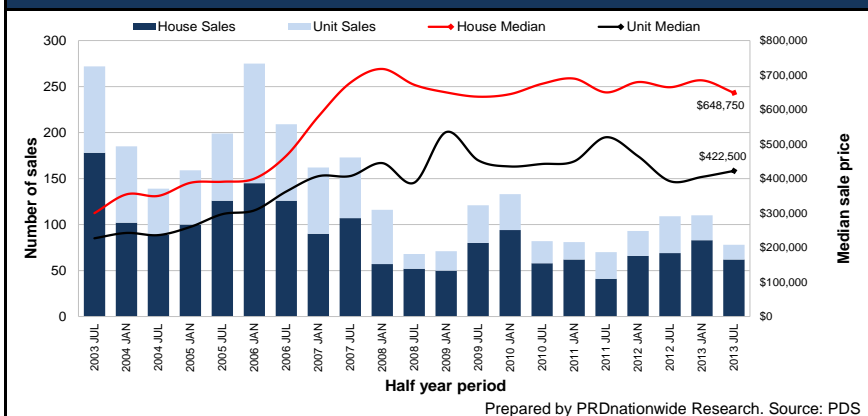
UNIT PRICE POINTS



Prepared by PRDnationwide Research. Source: PDS

- While mining investment will likely continue to consolidate in the near term, production volumes are up and FLNG technology is continuing to develop a social license to operate in the broader community.
- The suburb of Billingurr recorded the highest turnover for the six-month period to July 2013 with 56 transactions (attached, detached and vacant land) recorded.
- Units and vacant land continue to demonstrate a greater level of volatility as measured by both price and volume.

BROOME AREA DETACHED HOUSE AND UNIT SALES CYCLE



Prepared by PRDnationwide Research. Source: PDS

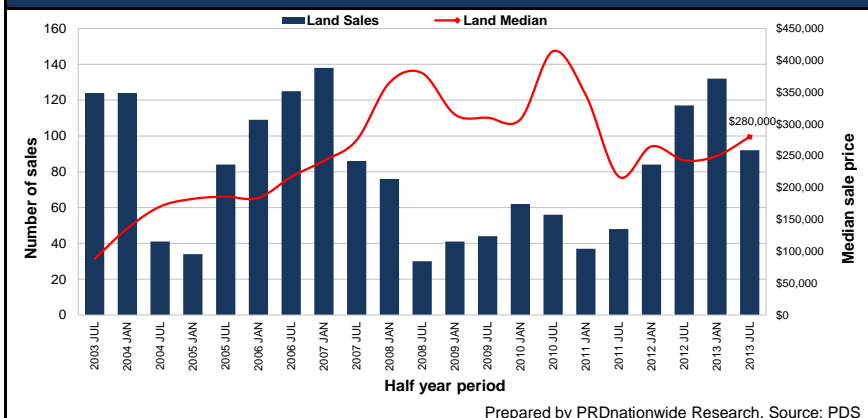
Residential Dwellings and Vacant Land

The Broome Local Government Area residential housing market has proved resilient in the post-Global Financial Crisis ("post-GFC") environment. While a reduction in volume is evident, in contrast to pre-crisis conditions, the majority of six-month periods since July 2007 have recorded in excess of 50 sales. The fall in detached dwelling, unit (including all forms of attached dwelling) and vacant land transaction volumes during the six months to July 2013 may be attributable, in-part, to news that the proposed Browse Joint Venture ("the JV") on-shore LNG development at nearby James Price Point would not be proceeding. Confirmation that the JV had agreed to pursue the use of off-shore Floating LNG ("FLNG") technology for the commercialisation of the Browse gas fields was not received by the markets until September 2013. All else remaining equal, this news should provide notional support to the local market. In the short-term, it is expected that potential investors will take a "wait-and-see" approach in relation to the broader trend in the LNG sector towards unconventional resource development proposals.

The median transaction price for detached dwellings in the Region has held within a range of approximately \$663,750 +/- 3.95 per cent since the six-month period to January 2008. For the most recent six-month period, to July 2013, the median price for detached dwellings was \$648,750, down approximately 5.3 per cent from the prior period (\$685,000) and approximately 9.6 per cent off the 10-year high of \$718,000 recorded in the six-month period to July 2007.

The median price for units in the Region increased approximately 4.3 per cent during the six-month period to July 2013, to \$422,500, despite a notable reduction in volume. The slightly greater level of volatility observed in the median price of units in the Region is typical of the periodic release of new stock in comparable markets. Similar observations have been made in relation to the market for vacant land in the Region. The median price for vacant land increased approximately 12 per cent for the period, to \$280,000. It is expected that vacant land sales will continue to demonstrate greater price elasticity and responsiveness in relation to external factors in the short-term.

BROOME AREA VACANT LAND CYCLE



Prepared by PRDnationwide Research. Source: PDS