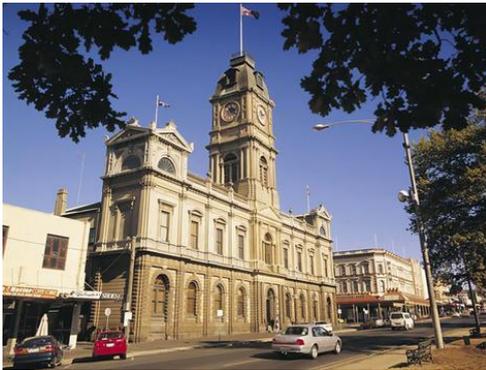


BALLARAT AREA

Property Watch®

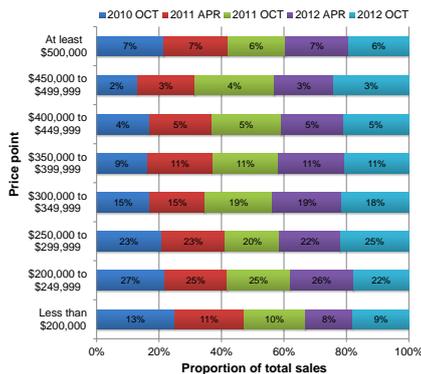


BALLARAT AREA MARKET OVERVIEW

The following Property Watch report is the result of an investigation into the historic and current market trends of the Ballarat Local Government Area (LGA) encompassing both the greater Ballarat urban area and outlying towns spanning an area of 740 square kilometres. The suburb of Ballarat as well as Alfredton, Sebastopol and Wendouree comprise over 60% of the housing, unit and vacant land sales market.

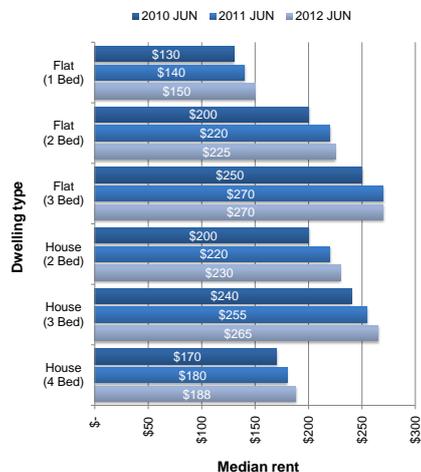
The Ballarat Area housing market has seen a consistent spread of price point sales since October 2010 prompting the plateau in median house price at \$285,000 as at October 2012, yet representing a 7.0 per cent increase on October 2011. Sales activity for the Ballarat Area housing market has decreased to 787 (down 18 per cent) for the six months to October 2012 compared to the 1,062 sales of April 2012 period.

HOUSE PRICE POINTS



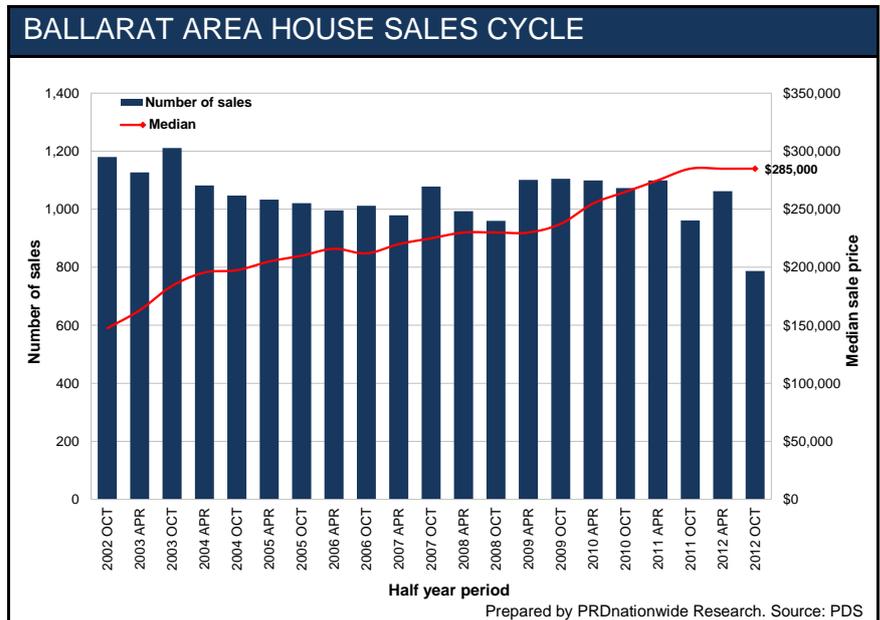
Prepared by PRDnationwide Research. Source: PDS

MEDIAN RENTS – 3350(pc)



Prepared by PRDnationwide Research. Source: RTA

The Ballarat Area housing market in comparison with the remainder of Victoria has seen well above average capital growth of up to 15.2 per cent for the 10-year period to October 2012 currently 6.2 per cent for the 6-month period ending October 2012.



While the majority of regional Victorian centres including the Ballarat Area housing market have seen decreasing activity levels since October 2011, there remains to be positive sentiment regionally. With increased consumer confidence the Ballarat area is witnessing a consistency in the housing market which will see home buyers and prospective investors return, setting the scene for a positive 2013.

While residential house and unit purchasers currently remain in a state of flux, the Ballarat Area rental market has become increasingly reliable for investors since June 2012 due to the simultaneous settlement drop in the housing and unit sales numbers as well as an increase in local investment in the Ballarat Area with 156 million dollars of development expected to be completed by July 2013.

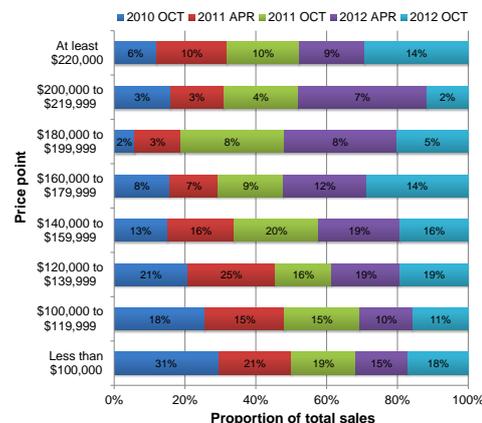
MARKET INDICATORS

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

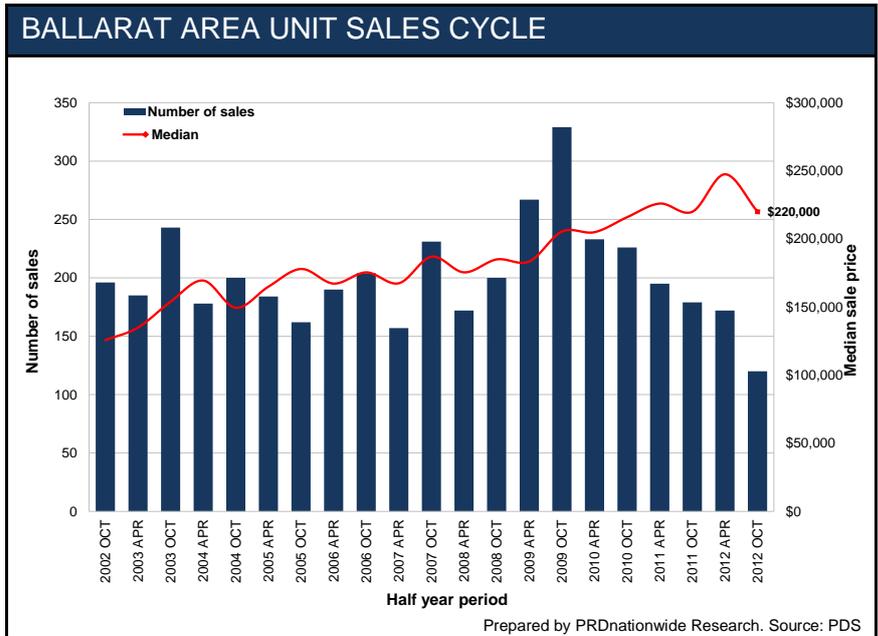
The indicators depicted above are based on the year ending 30 June 2012, with exception to rental indicators which are based on the year ending 30 October 2012.

With increased **consumer confidence** the Ballarat Area is seeing a consistency in the housing market which will see home buyers and prospective investors return, **setting the scene** for a positive 2013.

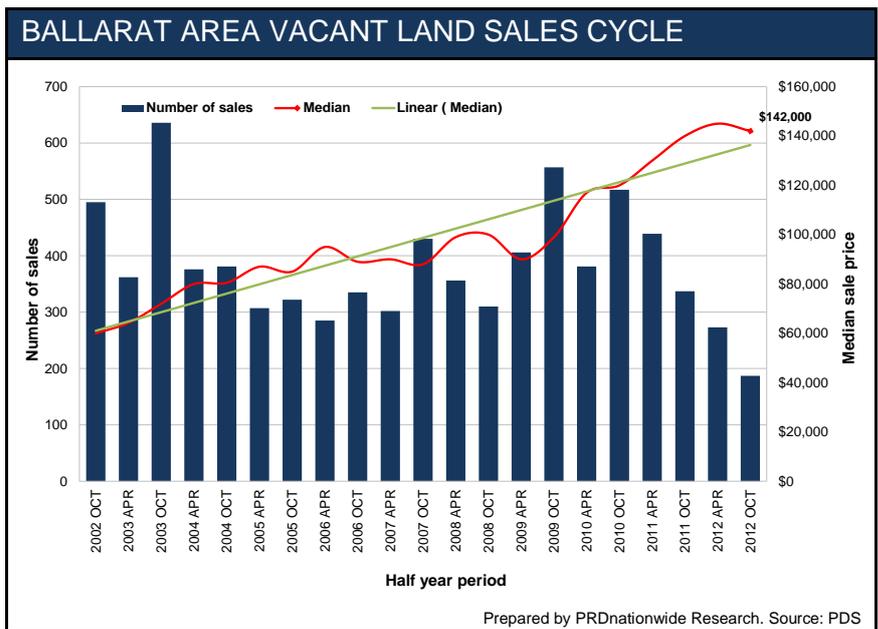
LAND PRICE POINTS



Prepared by PRDnationwide Research. Source: PDS



As previously mentioned, the Ballarat Area has witnessed consistent capital growth in all residential markets over the past 10-year cycle although recently house and unit sales numbers have dwindled 18 and 30 per cent respectively since October 2011. Similarly, the Ballarat Area unit market has witnessed 11 per cent decline in median price for the 6-month period to October 2012 due to the aforementioned drop in total unit sales.



The Ballarat Area vacant land market has reportedly seen encouraging interest from developers since April 2012 despite sales figures currently declining. The increase is due to economic factors including the projected Victorian population and household growth figures, 15.5% median price increase since October 2010, as well as the predicted upturn in developer confidence.

With these economic growth indicators as well as increase in enquiry levels in the Ballarat Area and the announcement of the Victorian government offering an additional \$16,000 in potential savings for all potential Victorian first-home buyers, including existing homes, The increased likelihood of the Ballarat Area property market stabilizing with expected total sales and median price growth is predicted toward the end of 2013.