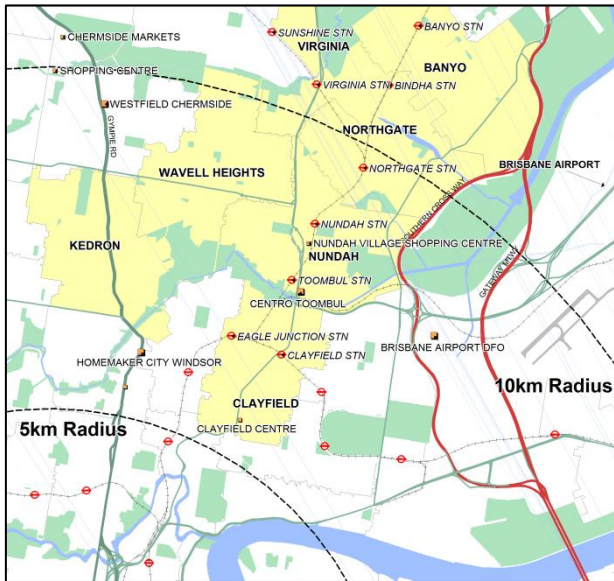


NUNDAH AREA HIGHLIGHT REPORT



Overview

The Nundah Area Highlight Report analyses the performance of residential real estate within the Nundah Area which comprises the suburbs of Banyo, Clayfield, Kedron, Northgate, Nundah, Virginia and Wavell Heights.

The Nundah Area is an inner city region of Brisbane, located between a five and ten kilometre radius north-east of the Brisbane Central Business District. It lies on the western perimeter of the Brisbane Airport and close to the point where the Brisbane River makes its way into Moreton Bay. The Nundah Area is a well serviced district nestled among several transport corridors including the Northern Rail Line, Gateway Motorway and Gympie Road. There is a strong degree of amenity with major centres including Westfield Chermide, Nundah Village Shopping Centre and Centro Toombul. It is well suited to family variations with a myriad of educational institutions ranging from primary to tertiary grades, several large parks and a number of restaurants in the area catering to a variety of tastes.

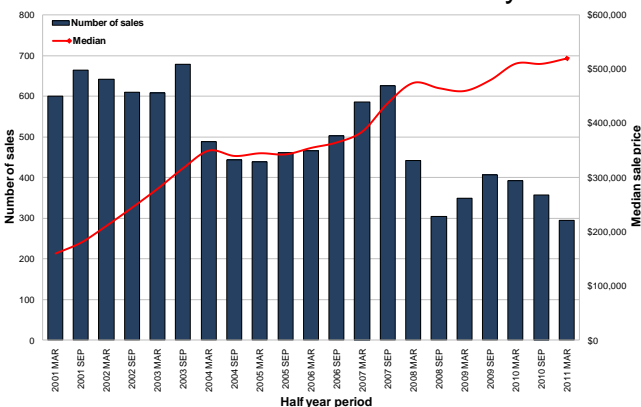
The Brisbane City Council has released a Draft Urban Renewal Plan for the Toombul and Nundah area as a result of its existing transport infrastructure and proximity to the city, airport, employment, shopping, education and health facilities. The final plan is designed to facilitate the growth and appeal of the market through revitalising the area and managing development to pursue "higher quality architecture, better streetscapes and public spaces, a good range of local shops and services, excellent public transport, walk and cycle connections".

Most recently, natural disasters, reluctance of buyers and conservatism surrounding debt has had a severe impact on real estate across Queensland with record low sales volumes and falling capital values. As buyers are sitting on their hands waiting out the bottom of the property cycle, a lack of competition between purchasers has motivated vendors to reduce their expectations to be consistent with the market. Whilst Nundah has experienced similar trends, this market is well placed for future growth with first home buyers and investors likely to benefit the most from discounted prices and increasing rents. Other buyers moving within the same market also stand to gain primarily from the areas direction towards becoming an urban renewal precinct, its proximity to the city and existing infrastructure and amenity.

- This market is well placed for future growth with first home buyers and investors likely to benefit the most from discounted prices and increasing rents.
- The Brisbane market is well supported by strong fundamentals which impede property values from suffering large price corrections and will continue to do so until conditions change.
- Units within the Nundah Area provide good opportunities for buyers at present, with discounted prices, great location, increasing popularity of units as a property type and plans for the future renewal and enhancement of this area all boding well for growth in value.

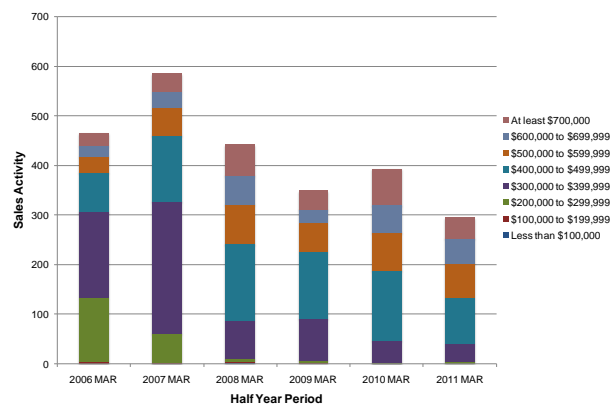
NUNDAH AREA HIGHLIGHT REPORT

Nundah Area LGA House Sales Cycle



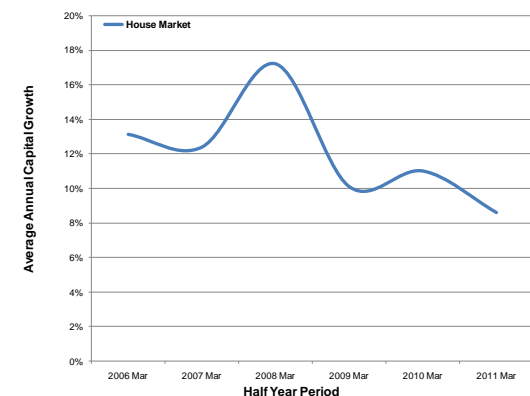
Graph Prepared by PRDnationwide Research, Source: PDS

Nundah Area LGA House Price Points



Graph Prepared by PRDnationwide Research, Source: PDS

Average Annual Capital Growth



Graph Prepared by PRDnationwide Research, Source: PDS

House Market

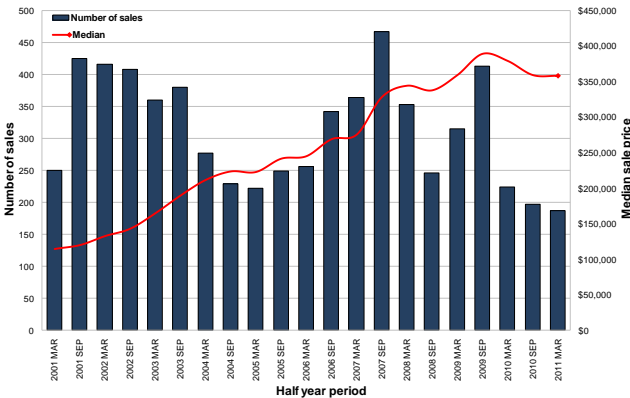
During the March 2011 half year the Nundah Area recorded its weakest period in over a decade as buyer confidence remains low. Throughout the period the rising cost of living, a surprise rate rise in November and negative media surrounding Australian housing prices have seen households display more debt averse and conservative spending patterns. As a shortage of buyers perpetuates declining house prices and strengthening rents, investors and first home buyers are well positioned to capitalise on current market conditions. As the Brisbane market is well supported by strong fundamentals such as good employment, strong investment, high population growth and slow construction which has impeded property values from suffering large price corrections and will continue to do so until conditions change. It is expected that capital values will sustain continued small declines in price over the short term, however given the cyclical nature of the property cycle property values will bounce back.

PRDnationwide Research has conducted a resale analysis on houses sold within the Nundah Area. To do this, all capital gains achieved from houses sold within a six month period are averaged out to give an annual growth figure for the area. As displayed in the Average Annual Capital Growth Graph, houses sold prior to the Global Financial Crisis (GFC) which eventuated over 2008, realised much stronger capital growth than those sold within the past two years. This indicates that capital values have softened periodically as home owners have held onto their properties through the market's decline. Over the half year to March 2011, houses that sold within the Nundah Area returned an average annual capital growth of 8.6% per annum to vendors. Looking at median price, the most recent half year period has seen the Nundah Area recorded a median price of \$520,000.

The Nundah Area housing market has recorded its lowest volume of house sales in over a decade with 295 sales. This represents an annual softening of 25% (98 sales) from the 393 settled transactions recorded during the March 2010 half year. The most active price point during the March 2011 half year was the \$400,000 to \$499,999 bracket, which accounted for 31% of house sales. This was followed by the \$500,000 to \$599,999 price point, which saw a further 23% of total transactions. On an individual suburb level, Wavell Heights recorded the highest number of sales achieving 88 settled transactions, 38% of which registered within the \$400,000 to \$499,999 price point. This was followed by Kedron and Banyo with 55 and 44 settled transactions respectively.

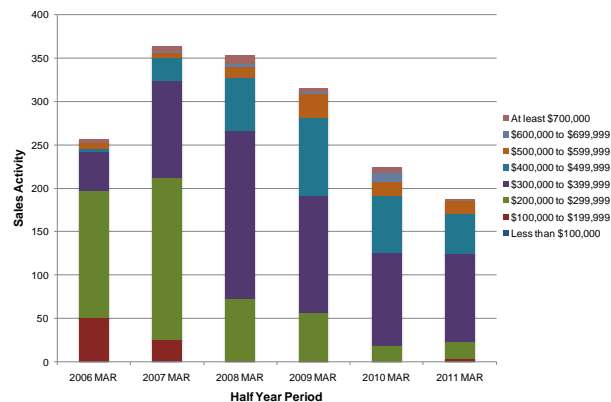
NUNDAH AREA HIGHLIGHT REPORT

Nundah Area LGA Unit Sales Cycle



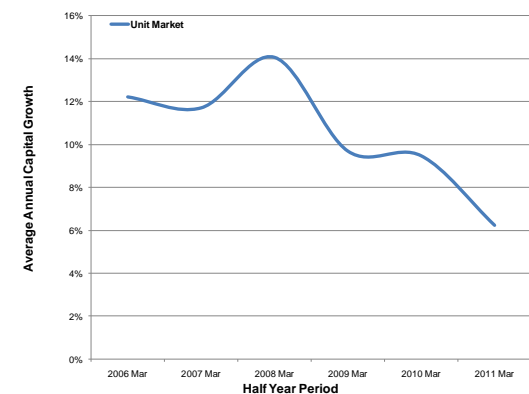
Graph Prepared by PRDnationwide Research, Source: PDS

Nundah Area LGA Unit Price Points



Graph Prepared by PRDnationwide Research, Source: PDS

Average Annual Capital Growth



Graph Prepared by PRDnationwide Research, Source: PDS

Unit Market

The Nundah Area unit market experienced significant growth over 2009 following the GFC as government incentives and record low interest rates stimulated the market, particularly the First Home Buyer demographic. Since then the withdrawal of stimulus, increasing interest rates and the rising cost of living has taken unit sales to its lowest levels in fourteen years. Capital values for the unit market have followed a similar trend to housing with the disparity between what buyers are willing to pay and vendors expectations generally settling in favour of the purchaser. However, units within the Nundah Area provide good opportunities for buyers at present, with discounted values, great location, increasing popularity of units as a property type and plans for the future renewal and enhancement of this area all boding well for value.

A resale analysis was conducted on units sold within the Nundah Area over the half year to March 2011, revealing an average annual capital growth of 6.2% per annum. This registers 2.4% per annum below houses, which traditionally record stronger capital gains as the land content ratio is lower in units. Capital gains within the Nundah Area unit market have also peaked during late 2007 and early 2008 with per annum returns of 14%. As a result of the GFC in 2008, average annual capital growth has declined from 14% over the March 2008 half year to 6.2% per annum over the most recent period. Looking at the median price over the most recent half year to March 2011, the Nundah Area recorded a 5.5% annual softening in values, yielding a median price of \$359,000. This annual decrease can also be attributed to a decrease in sales transacting above \$400,000, while sales under this mark have remained stable.

Unit sales have registered a smaller softening than houses over the past 12 months with a total decrease of 17% (37 sales). Overall, this took sales activity for the period to 187 settled transactions, the lowest volume of sales in 14 years. The most active price point during the six months to March 2011 was the \$300,000 to \$399,999 market, with 33% of total sales, followed by the \$400,000 to \$499,999 market with 25% of total sales. This is a popular price bracket among investors and first home buyers, given the quality of units and strong rental returns achieved when purchasing within this area. On an individual suburb level Nundah recorded the majority of settled unit sales, achieving 71 transactions, closely followed by Clayfield with 69 transacting and Northgate with 22 settled transactions.