

Autumn 2007 Update

Forrestdale - a premium industrial precinct

The Forrestdale Business Park is recognised as some of the most accessible prime commercial real estate in the Perth metropolitan area.



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Thanks to ongoing regional roadworks and its major arterial access, the precinct is soon expected to rival Perth's established industrial areas of Canning Vale, Kewdale and Welshpool.

The SAS Global Forrestdale project involves two land parcels totalling 72.89 hectares or around 38% of the business park. The land will be subdivided into 129 commercial/industrial lots and offered for sale.

Despite the fact that public marketing has not commenced, 50% of the lots have already been pre-sold at prices ranging from \$275 to \$400 per sqm, which is approximately \$100 per sqm, or between 30% and 50%, higher than pre construction estimates as contained in the relevant prospectus documents.

Due to the shortage of qualified labour in WA, costs associated with the project's engineering work have been quoted at approximately \$15-20 per sqm higher than stated in the PDS / prospectus. Notwithstanding, the project manager still predicts investor returns to meet or better earlier forecast returns.

The Armadale Redevelopment Authority (ARA), a development and regulatory arm of Landcorp, is managing roll-out of infrastructure within the Forrestdale Business Park.

Stage 1 of the scheme works due to begin in the June 2007 quarter will include the key spine road that links Ranford Rd and Armadale Rd, as well as providing the estate's drainage infrastructure.

We are expecting that upon completion of these works in the March quarter of 2008, the necessary approvals will be in place to proceed to complete the subdivision of the lots by October 2008, with settlement of lots expected by December 2008. This schedule means the land will be among the first available in the business park.



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Chronology of Forrestdale project to date:

- Purchased option on land
- Completed capital raising
- Settled the land acquisition
- Detailed planning and engineering undertaken
- Plan of subdivision finalised
- Pre-sale commenced

Major upcoming project events:

- June 2007 quarter - ARA begins construction of \$10 million worth of key infrastructure
- Anticipated October 2007 - planning approval
- March 2008 quarter - completion of spine road dissecting the park
- Anticipated October 2008 quarter - completion of subdivision works
- Anticipated December 2008 - settlement of lots
- Anticipated early 2009 - final dividend and winding up of project companies

The Perth industrial land market

Perth's industrial property market is expected to remain buoyant throughout 2007, reflecting the continuing strong growth in GDP. WA's economy is among the strongest in the world thanks to its booming mineral and commodity sectors.

With various resource projects coming on line, WA's industrial activity is forecast to grow at 2.7% per annum over the next two financial years, which is expected to drive demand for industrial land throughout the Perth metropolitan area.

Westpac has forecast a healthy outlook for WA's economy, pointing to a continued need for manufacturing, storage and distribution property to 2009. Westpac noted that overall industrial land values rose by between 50% and 60% in 2006, with the growth rate accelerating in the final quarter.

Being ideally located as an arterial hub, Forrestdale is particularly suited to merchants seeking land for storage and distribution.

Capital and rental growth in Perth's southern industrial land markets are being fuelled by a land supply shortage, WA's booming resource economy, the continued development of facilities at Fremantle Port and the southern extension of Tonkin Highway to Thomas Rd, and these factors are likely to ensure continued growth for this development through to its completion.

As an indicator of this project's expected success, Forrestdale's housing values were among the fastest growing in WA during 2006, mostly thanks to infrastructure investment that has boosted its buyer appeal.

Project features at a glance:

- Land area 72.99ha
- Purchase cost:
Forrestdale: \$31 million plus GST
Forrestdale 2: \$7.25 million plus GST
- Indicated offering document return between 20% (Forrestdale) and 30% (Forrestdale 2)
- Returns are anticipated to be in excess of the indicative returns as quoted in the Prospectus / PSD
- To be subdivided into 129 lots
- Core attributes:
 - new business park
 - accessibility to arterial highways
 - shortage of premium industrial land
 - 22km from CBD
- 50% of subdivision pre-sold
- Estimated completion date early 2009

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