

# Property Syndicate No.1

## Announcement – 13 July 2009

### Property revaluations and leasing update

All of the Syndicate's properties were independently valued during the June 2009 quarter resulting in a net fall in value of \$2.79m or 11.84% on prior book value. The lower valuations are primarily attributed to the challenging economic environment, tightening credit markets, and valuers generally adopting more conservative assumptions and higher capitalisation rates. Overall, valuations for the Syndicate have been generally consistent with the broader industrial property market over recent times.

The fall in property values corresponds to a reduction in the Syndicate's net assets of \$2.79m or 18.7% incorporating the gearing effect of borrowings.

The Syndicate's effective gearing ratio has changed from 35.82% (as at 31 December 2008) to 40.80%<sup>(1)</sup> (as at 30 June 2009) inclusive of the change in property book value. The Syndicate's total gross assets stand at \$21.20m<sup>(1)</sup> with total borrowings of \$8.65m as at 30 June 2009.

The current economic environment has created difficult conditions in which to lease properties. Work continues on securing a tenant for the Carrum Downs property with the leasing agent having received interest from a number of prospective tenants. The distribution for the July 2009 quarter is significantly lower than the previous quarter. We expect that distributions for the September 2009 quarter and potentially the following quarter may also be impacted by capital works, the vacancy and any associated leasing costs.

Please refer to other pages of this website or contact Investor Services on 13 29 39 for up to date information about the Syndicate.

<sup>(1)</sup> Based on unaudited accounts at 30 June 2009 and excluding accounting adjustments required under Australian accounting standards.