

Thematic Investing

## ASX-Listed Office Trusts: Does "Green" Pay?

**22 February 2010\***


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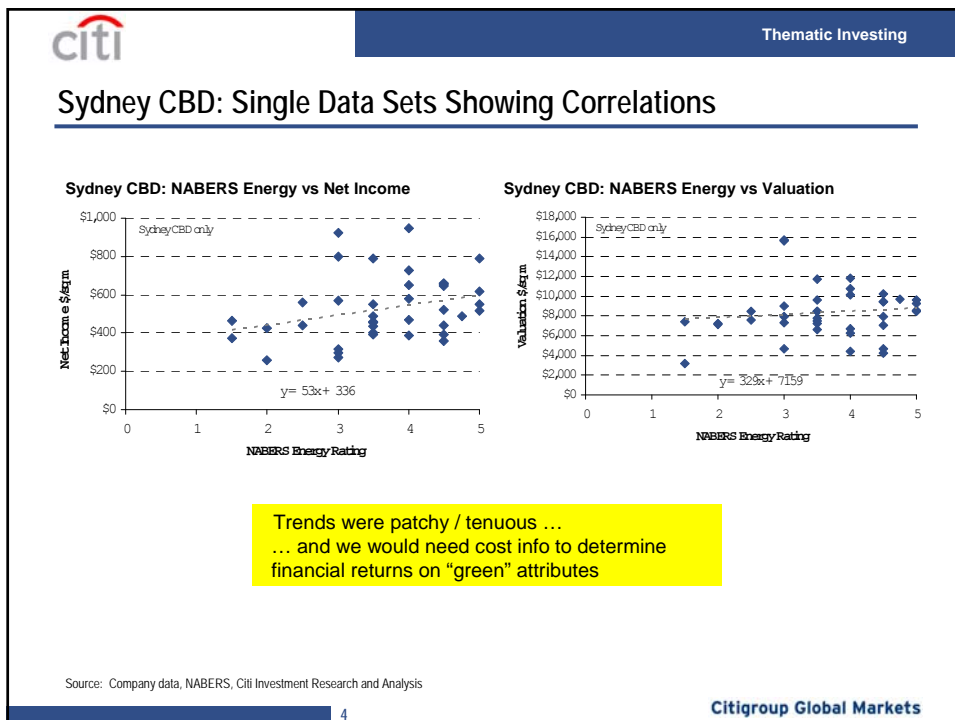
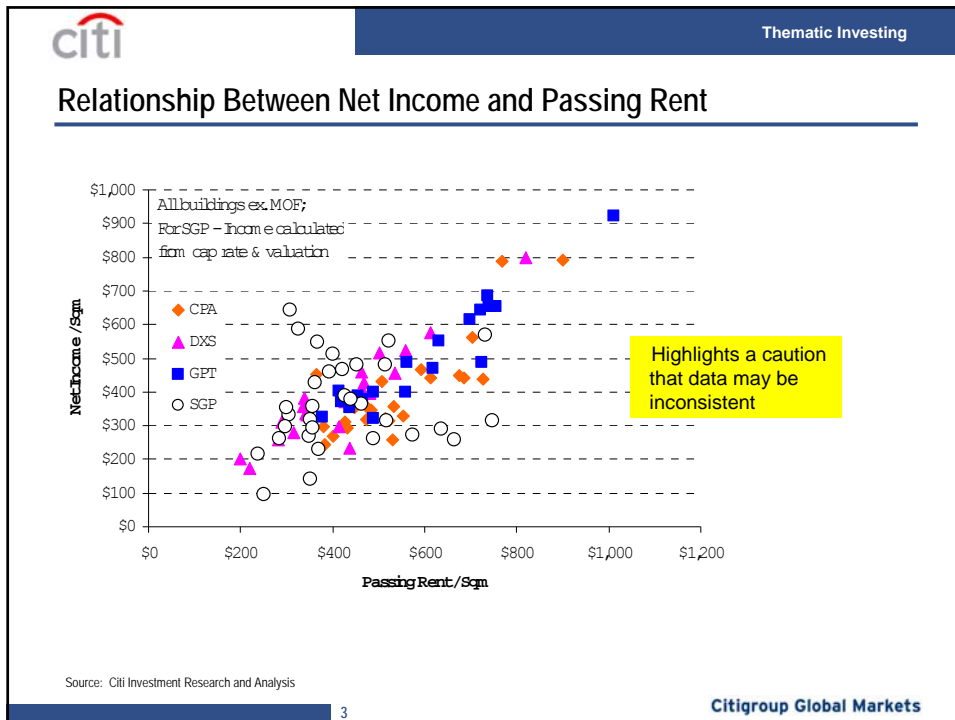
## Commonwealth Property Office Fund Key Data


Building	City/State	Fund Ownership	Major Tenants (and expiry by 2012)	Area Ratio	Capex	Valuation	Valuation	Capitalisation	Net Income	Yield	Vacancy	Green Rating	NABERS Energy / Target	Comments	Current Rating	Water	
				m <sup>2</sup>	\$m	\$/m <sup>2</sup>	\$m	%	\$/m <sup>2</sup>	%	%						
81 Cadzangi, Sydney	Sydney, NSW	100%	BHP Paribas (Jan '10), Goodman International, Glass-Stacking	25,724	1,082	42	229	8,447	346-09	7.0%	15.2	561	0.0%	N/A	2.5	Previously 2.5 stars NABERS Energy and 2 Water both expired and re-rated for C100	2.0
2 & 4 Green Fraser Pt, Sydney	Sydney, NSW	50%	CBA 100% pre-construction	33,319	1,339	523	74	4,285	Jan-09	7.0%	7.6	452	0.0%	N/A	4.5	Occupied for ~12 months, 5 Green Star NABERS Energy Rating 4.5 Star commitment agreement, due February 2010. Currently appears to be 5 star and to be achieved.	0.0
86 George St, Bondville NSW	Sydney, NSW	100%	EDS (Sep '10), NSW Gov Rail Corporation	14,170	-	0	50	3,500	Jun-09	8.0%	3.5	245	0.0%	3.0	N/A	Current Rating	0.0
101 George St, Pyramenia, NSW	Sydney, NSW	100%	CBA 100% of office	17,422	465	265	61	5,022	Jan-09	7.0%	6.3	250	0.0%	4.5	N/A	4.5 star NABERS energy effective until January 2010. Passed under highlights. Current 4.5 star NABERS water rating expires in Feb 2010.	4.5
102 George St, Pyramenia, NSW	Sydney, NSW	100%	CBA 100%	21,964	-	462	103	4,687	Jun-09	7.0%	6.0	310	0.0%	N/A	3.0	3 Star NABERS Energy rating expired	0.0
225 George St, Sydney	Sydney, NSW	25%	Deloitte, Beka Dixon (Dec '11) (Director, JP Morgan)	63,515	1,881	295	250	11,250	Jun-09	6.0%	16.9	791	3.2%	N/A	3.5	3.5 Star NABERS Energy rating currently being accredited. Commencement to be not yet certified.	3.0
229 George St, Sydney	Sydney, NSW	100%	Swire, JP Morgan	42,292	1,562	201	221	7,211	Jun-09	7.1%	18.8	427	0.0%	N/A	3.5	3.5 star NABERS energy target 2011 and no current rating.	2.5
227-229 Kent St, Sydney	Sydney, NSW	25%	ANZ, Balfour Beatty & PricewaterhouseCoopers	38,774	1,242	289	71	7,141	Jun-09	7.3%	9.5	441	4.4%	4.5	N/A	4.5 Star NABERS Energy certified rating, no water rating.	0.0
14 Lane St, Sydney	Sydney, NSW	100%	NBS Govt Print Corp (Jan '10)	13,000	919	69	65	4,571	Jun-09	7.6%	6.6	319	0.0%	N/A	4.0	NABERS Energy target of 4 star until both to be rating for 4.0	4.0
201 Maber St, North Sydney	Sydney, NSW	100%	Wright Galagher Stewart (Apr '11) Services (Feb '11)	14,976	-	91	74	4,541	Mar-09	8.0%	4.7	314	9.0%	N/A	3.0	Previously 3 star NABERS	0.0
56 Pitt St, Sydney	Sydney, NSW	100%	Suncorp (Jan '10), NBS (Aug '11) (CA Dec '10)	20,183	242	16	154	7,528	Mar-09	7.3%	9.0	440	4.9%	N/A	3.5	Previously 2.1 star	0.0
120 Pitt St, Sydney	Sydney, NSW	100%	CBA 100% (Apr '10, Apr '11)	21,173	2,288	23	78	3,221	Jun-09	7.3%	11.4	460	0.0%	N/A	1.5	Previously 1.1 star	0.0
128 Pitt St, Sydney	Sydney, NSW	100%	Building is currently vacant. Re-letting to be completed Feb 2010	23,149	2,056	69	175	6,740	Jun-09	7.0%	16.9	758	100.0%	N/A	4.0	Currently 4.0 star	0.0
10 Shirley St, Sydney	Sydney, NSW	50%	SPMS	27,722	410	137	135	9,558	Mar-09	7.0%	11.1	789	0.0%	5.0	N/A	5 Star NABERS	0.0
Priddy Corp Centre, Canberra	Canberra, ACT	100%	Aust Customs, ACT Government (Jan '10)	26,617	-	315	89	3,220	Mar-09	9.5%	8.9	296	0.0%	N/A	2.5	Previously 2.1 star	0.0
385 Bourke St, Melbourne, VIC	Melbourne, VIC	100%	CBA, TRUenergy (Nov '10), Herbert Group (Apr 2008)	95,488	6,110	240	276	4,368	Jun-09	7.2%	22.5	355	0.0%	N/A	3.5	Previously 2.5 star NABERS Energy and 5 Green Star	0.0
Southcross Building, Melbourne, VIC	Melbourne, VIC	50%	PNAC, SPH Properties, PMP, VZ Heata SA Govt	54,231	691	844	169	5,650	Jun-09	7.8%	12.0	431	0.0%	N/A	4.5	4.5 star NABERS agreement. Currently awaiting certification.	0.0
101 North Terrace, Adelaide, SA	Adelaide, SA	100%	SA Govt	30,112	-	130	74	3,670	Mar-09	9.5%	7.1	353	0.0%	5.0	N/A	Current Rating	2.5
90 Pitt St, Adelaide	Adelaide, SA	100%	SA Govt, Norman Whitehouse (Sep '10), GBE (Dec '11)	19,446	358	71	64	3,226	Jun-09	8.0%	5.3	287	0.0%	N/A	3.0	Previously 3 stars NABERS Energy and 2.5 Water both expired and re-rated for C100	2.5
11 Westmarch St, Adelaide	Adelaide, SA	100%	SA Govt, ABS, ANZ, Deutsche	30,311	602	107	144	4,758	Mar-09	8.0%	11.0	355	0.0%	5.0	N/A	5 Star NABERS Energy, 4 star NABERS Water and Green Star 5 Star NABERS	4.0
80 Cain St, West Perth	Perth, WA	100%	NBSA Inc 100% (Dec '10)	6,290	-	103	25	3,607	Mar-09	9.3%	2.5	258	0.0%	N/A	1.0	Previously 1 star NABERS Energy and 3 Water both expired and re-rated for C100	3.0
188 St. Perth	Perth, WA	100%	Philips (Jan '10)	6,259	-	108	25	5,110	Jun-09	8.9%	2.8	144	0.0%	N/A	1.0	Expired. Target 5 Stars NABERS and 5 Green Star	0.0
188 St. Perth	Perth, WA	100%	Philips (Jan '10)	7,289	-	73	25	4,540	Jun-09	10.0%	2.4	130	7.2%	N/A	1.0	Expired. Target 5 Stars NABERS and 5 Green Star	0.0
16 Parliament Place, West Perth	Perth, WA	100%	BNP Paribas, Australian Resources, Bourne (Feb '11)	3,120	-	45	19	5,600	Mar-09	9.0%	1.0	321	0.0%	N/A	3.5	Expired. Previously 3.5 stars NABERS Energy and 4.5 Water. Will be re-rated again in 2010	4.5
197 St Georges Terrace, Perth	Perth, WA	100%	NBS Govt 90% (Jan '10)	25,500	903	95	100	3,781	Jun-09	9.0%	2.1	348	0.0%	N/A	4.0	Expired. Previously 4 stars NABERS Energy and 5 Water. Will be re-rated again in 2010.	5.0

Source: Company data, NABERS, GBCA, Citi Investment Research and Analysis

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### Government Leased Buildings, Owners & NABERS Ratings

Owner	Building	State	Valuation (\$M)	Valuation/Market Cap (%)	Major Tenants (and expiry by 2012)	All Leases Expiry by Month (Yr)	NABERS Energy Footprint Target	Comments	Current NABERS Rating
CPA	36 George St, Brisbane, NSW	NSW	60	2.4%	QES (Exp: '10), NABERS Govt Rail Corporation	1/8	5	Current Rating	6
CPA	14 Lark St, Sydney	NSW	60	2.4%	NABERS Govt Rail Corp (Jan '10)	1/9	4	NABERS Energy Footprint of 6.0 per sqm to be met by 2012 (under review)	4
CPA	Finlay Corp Centre, Canberra	ACT	87.5	5.1%	Aust Customs, ACT Government (Jan '10)	3/9	2.5	Previously 2.5 stars NABERS Energy and 2.5 Water. Expected to be reviewed	2.5
CPA	108 North Terrace, Adelaide	SA	74	3.0%	SA Govt	4/6	5	Current Rating	2.5
CPA	42 Pitt St, Adelaide	SA	44	2.2%	SA Govt, Northern Infrastructure (Exp: '10), QES (Exp: '11)	6/2	3	Previously 3 stars NABERS Energy and 2.5 Water both reported and pending for 2010	2.5
CPA	11 Wakefield St, Adelaide	SA	146	7.3%	SA Govt, ABS, ABC, Adelaide	1/8	5	5 Star NABERS Energy, 4 star NABERS Water and Green Star 5 Star as well	4
CPA	107 St George Terrace, Perth	WA	100	6.2%	WA Govt 90% (Jan '10)	2/9	4	Expected, previously 4 stars NABERS Energy and 5 Water (to be listed again Jan 2010)	5
DXS	130 George Street & 102 Phillip Street, Perth	NSW	91	2.2%	Commonwealth of Australia (CCA/Medical) (15% FY10)	4/6	4.5	Company reported 4.5 stars NABERS Energy and 5 Water (to be under review)	4
DXS	201-217 Elizabeth Street, Sydney	NSW	70	1.7%	State of NSW (8% FY10, 14% FY11, 20% FY12)	3/7	2	Company reported 3 stars NABERS	3
DXS	Centex Court, 140-160 City Walk, Canberra	ACT	50.6	1.3%	Commonwealth of Australia (20% FY10, 20% FY11, 20% FY12)	3/4	3	Company reported 3 stars NABERS	3
DXS	14 Moore Street, Canberra	ACT	46.2	1.2%	Commonwealth of Australia, Canberra (1% FY10, 9% FY12)	3/2	3	Company reported 3 stars NABERS	3
DXS	Flinders Gate Ctr, Melbourne	VIC	25.3	0.9%	State of Victoria (10% FY10, 10% FY11, 54% FY12)	2/4	0	Missing information currently provided	0
DXS	8 Nicholson Street, Melbourne	VIC	85	2.1%	State of Victoria	4/0	1.5	Company reported 1.5 stars NABERS	0
DXS	10 & 12 Mac St, Canberra	ACT	24.25	1.0%	Commonwealth of Australia (8% FY10)	2/4	2	Current Rating	3
MOF	6 Whitmore Street (formerly Whitmore Place), Parramatta	NSW	26.5	1.8%	Department of Immigration and Citizenship	3/6	4.5	Current Rating	2.5
MOF	Australian Taxation Office, 360 King St, Melbourne	NSW	90	3.3%	Common Govt (ATCO)	7/8	4	Current Rating	4
MOF	Arqon Centre, 300 LaTrobe St, Melbourne	VIC	113.3	7.8%	Telstra, Common Govt (DVA)	1/5	4	Current Rating	2.5
MOF	ATCO 6-20 Oldfathers St, Moonee Ponds	VIC	44	4.3%	Common Govt (ATCO)	3/7	3	Current Rating	0
MOF	Capitol 100, 20-22 George St, Brisbane	QLD	47	3.1%	QLD Govt (State Bank Building)	6/7	4.5	Current Rating	4
MOF	Emblem Plaza, 235-237 Adelaide Terrace, Perth	WA	53	3.5%	Insider for Wharfedale, Aon (11%), New Netcare Title Tribunal	3/4	5	Current Rating	4
MOF	Australia Plaza, 14 Mac St, Canberra	ACT	36	2.4%	Common Govt (DEET)	3/3	4.5	Current Rating	3
SGP	234 Sussex Street, Sydney	NSW	48.5	1.8%	Deep Housing, Flight Centre, Alignment (20% FY10, 21% FY11, 13% FY12)	2/5	4.5	Current Rating	4
SGP	Market Complex, Canberra	ACT	29	0.8%	APF, DEET, Defence (20% FY10, 20% FY11, 4% FY12)	2/2	2	Company of 2.5 star NABERS. Proposals submitted for improvements. Current Rating pending a 2 star NABERS Energy and 1.5 star NABERS Water	1.5
SGP	Havelock Plaza, 402 Flinders Street, Melbourne	VIC	169.2	1.7%	ANZ, UCB, State Police, SP, Electricity (20% FY10, 14% FY11, 24% FY12)	2/9	3.5	Current Rating	3
SGP	Garden Square, 18 Grand	QLD	27	0.4%	QLD (Deep Public Works) (20% FY10, 21% FY11, 40% FY12)	2/1	1	Current Rating	4
SGP	80-88 Jackson Dr, 23 and 27-29 High St, Brisbane	QLD	27.7	0.3%	Chas & J, State Govt (20% FY10, 20% FY11, 7% FY12)	2/1	1.5	Current Rating	4.5

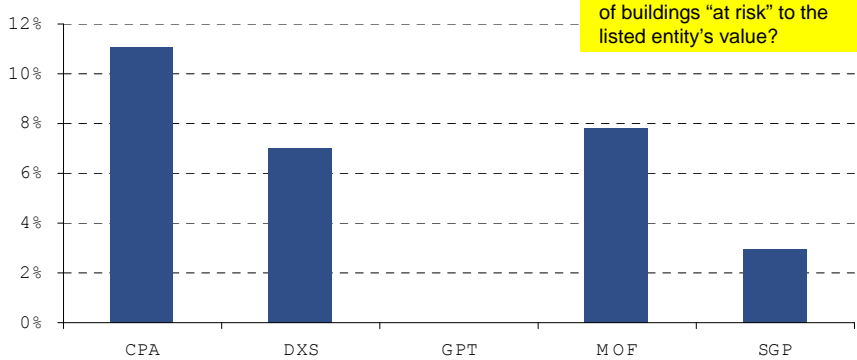
A window on "risk"....  
.... which buildings are largely government occupied?;  
how do they "rate"?;  
and is lease expiry imminent?

\* Stockbook data is based on average lease expiry profile expiry beyond 2014 not detailed as assumed to be 5 years.  
Source: Citi Investment Research and Analysis

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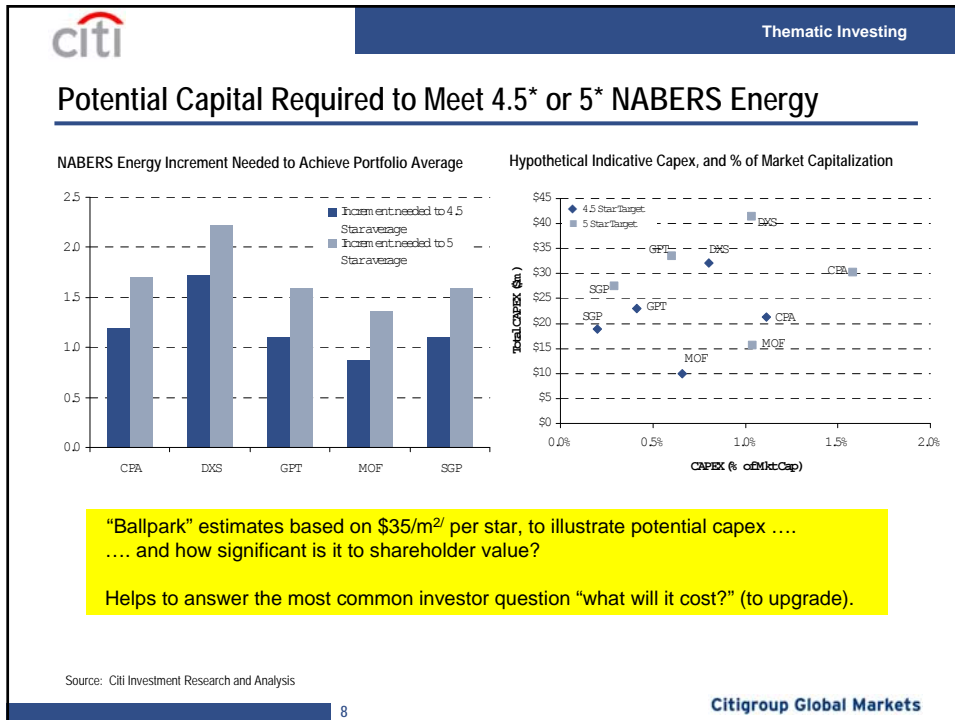
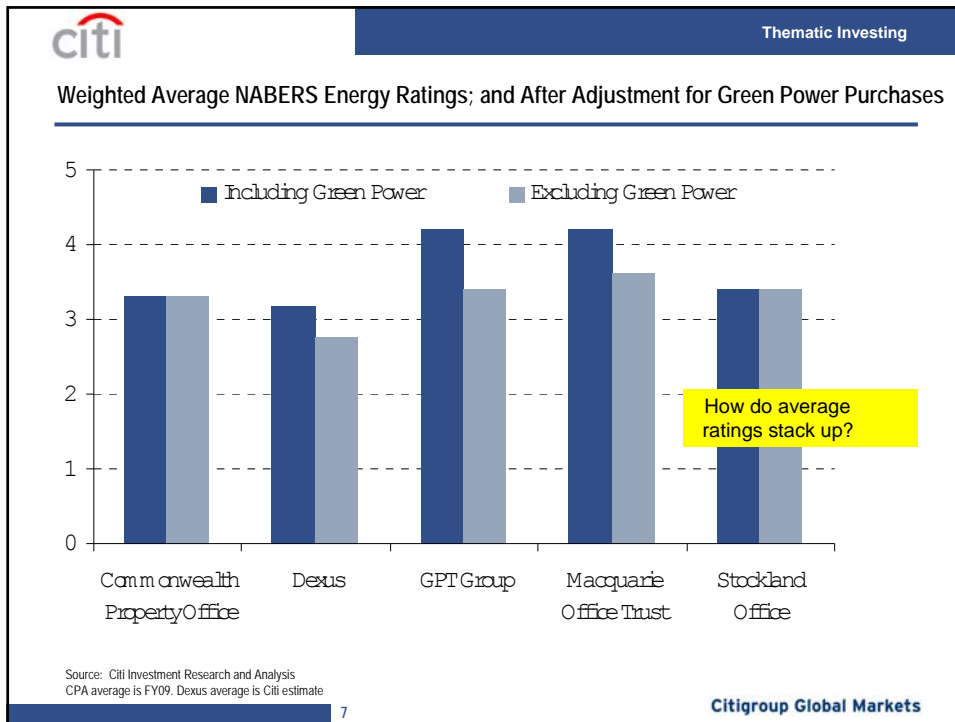
### Percent of Share Market Capitalization Represented by <4-Star Government Occupied Buildings




How significant is the value of buildings "at risk" to the listed entity's value?

Source: Citi Investment Research and Analysis

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## Appendix A-1

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