

Why Invest in Australia?



At a Glance . .

Population: 21.64 million
(Dec 2008)

Population Growth: 1.9%
(2007-2008)

Land Area: 7,692,850 sq km

Currency: A\$; June 19, 2009
A\$1= 0.8029USD; = 5.4883CNY

Annual GDP Growth: 3.2%
(2001-2007 annual average); 0.4%
(March Quarter 2009)

Annual Inflation: 2.9%
(year to March 2009)

Unemployment rate: 5.7%
(May 2009)



Australian Property Masters

Why Invest in Australia?

Australia is the biggest island in the world; the 6th largest nation; and the only country to occupy an entire continent.

With its stable political system; safe, carefree, multi-cultural lifestyle; wide open spaces; pristine beaches, waterways, and forests; unique 'outback' interior; 14 World Heritage listed sites, abundance of natural resources; low unemployment / low interest rate / high standard of living environment; and one of the most buoyant economic growth rates in the world - it has long been considered a positive and safe investment haven by the international property investment community.

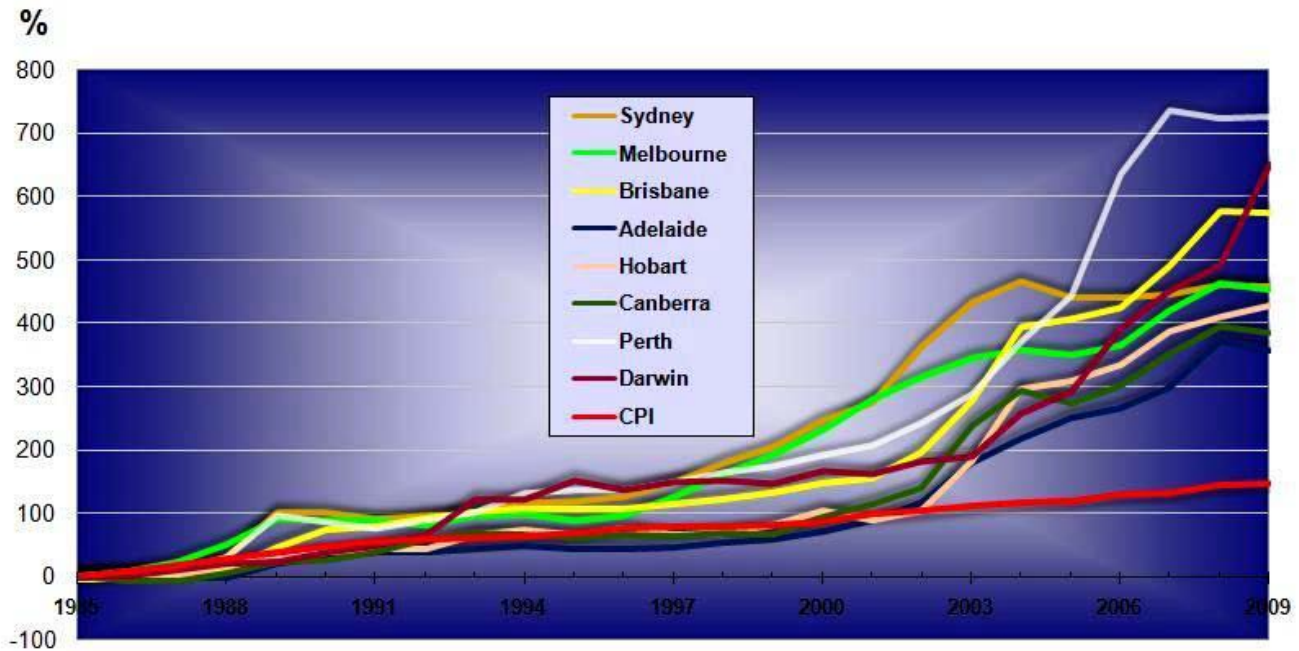
The Australian Property Market

The property market has reflected these attributes with continuing demand for new dwellings while stock levels and new construction in most capital cities being deficient to underlying demand. This demand has resulted in strong, consistent capital growth performance over many years, with median house prices compounding at an average growth rate of some 8.5% per annum since 1987 in our major capital cities, or an increase of more than 330% over that time.



Why Invest in Australia?

Compound Median House Price Growth V CPI (inflation)



Underlying Demand and Hugely Deficient Stock Supply

Underlying housing demand in Australia is currently running at just over 180,000 per annum, while new housing supply is shrinking rapidly. Building approvals have collapsed in the past year and completions in 2009-10 could fall below 120,000. Australia currently has one of the (if not the) strongest population growth rates in the developed world and even if skilled migration targets were cut to zero in the years ahead in response to fears of rising unemployment, underlying housing demand would still be 150,000 in 2010.

It is estimated that by mid-2010 that Australia will have an *unprecedented* underlying housing shortage of 250,000 dwellings!

If housing supply remains on its current trajectory, Australia will face a critical and potentially intractable shortage of housing throughout the decade ahead that would force rents and house prices significantly higher.

Source: ANZ Property Outlook – March 2009

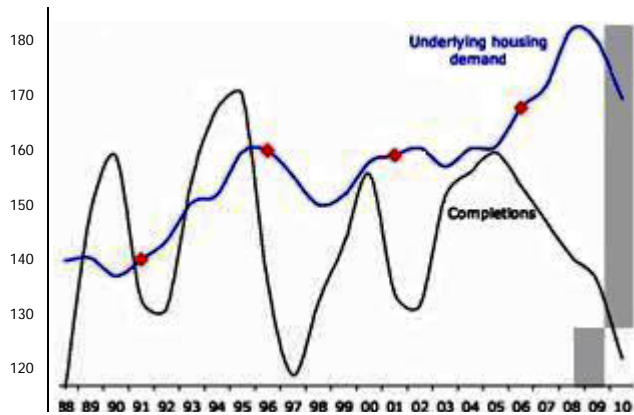


Why Invest in Australia?

Perfect timing for the astute property investor.

Inadequate supply driving a critical shortage

190 '0005 Housing demand versus housing supply



Sources: Australian Bureau of Statistics; Eamornics©ANZ



Resilience of the Economy

The Australian economy has proven its resilience, recording 17 years of uninterrupted growth to 2007-08 despite two global downturns. The strength of the Australian economy is well recognised. In 2009, the worldwide executive opinion survey conducted for the *IMD World Competitiveness Yearbook* assessed Australia's economy as the third most resilient in the world, behind only Qatar and Norway. Australia has been rated the most resilient economy in the world for six of the last eight years. For countries with populations greater than 20 million, Australia again ranked first in 2009, and on this basis has topped this indicator in six of the last eight years.

Sound macroeconomic policies and structural reforms over almost three decades have increased Australia's responsiveness to shifts in the global economy and delivered world's best practice financial, legal and political systems. This has enabled Australia to better withstand global economic pressures and maintain strong economic fundamentals including record low unemployment, robust business investment and household spending, and growing exports. In 2007-08, Australia's export earnings continued to rise sharply reflecting rapid growth in commodity export prices.

Australia is expected to be one of the world's better performing countries over the next 12-18 months. This position is due to Australia's strong economic momentum prior to the global financial crisis, timely fiscal and monetary response, flexible exchange rate and resilient financial system. In its April 2009 *World Economic Outlook*, the IMF forecast a moderate 1.4% fall in Australia's GDP in 2009, the best result of all major advanced



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economies.

Resilience of the Economy, 2009

Country	Rating (1)	Rank
Australia	5.83	3
India	5.78	6
China	5.05	10
Malaysia	5.04	11
Singapore	4.96	14
Hong Kong SAR	4.94	15
Taiwan	4.91	16
Germany	4.79	19
Philippines	4.73	21
New Zealand	4.49	25
Thailand	4.36	30
Indonesia	4.09	35
Japan	4.00	36
France	3.89	38
Korea	3.86	39
United States	3.77	40
United Kingdom	2.85	49



Source: IMF 'World Economic Outlook 2009'

One of the World's Strongest Economies

Australia has a strong and flexible economy which has capitalised on the country's proximity to the emerging Asian markets and on its longstanding trade links to Japan and the United States. In US dollar terms, Australia had the 14th largest economy in the world in 2008, with the value of goods and services produced in the country estimated at US\$1 trillion. In 2007-08, Australia registered its 17th consecutive year of economic expansion with GDP growth averaging an impressive 3.5% per annum over this period. The International Monetary fund estimates that the Australian economy will maintain its position as 13th largest in 2009, having overtaken Korea in 2008.



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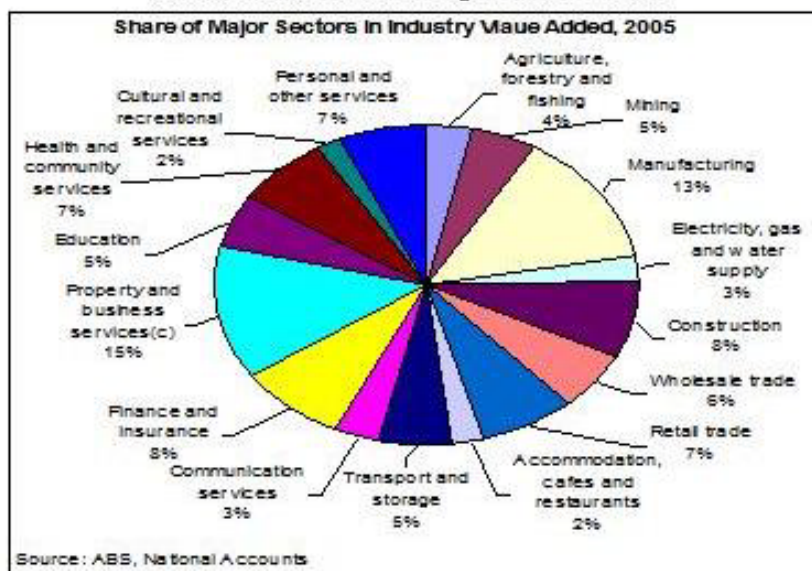
Gross Domestic Product, 2008 (US\$ billions at current prices)

Country	GDP
United States	14,265
Japan	4,924
China	4,402
Germany	3,668
France	2,866
United Kingdom	2,674
India	1,210
Australia	1,011
Korea	947
Indonesia	512
Taiwan	393
Thailand	273
Malaysia	222
Hong Kong SAR	216
Singapore	182
Philippines	169
New Zealand	128



Source: World Economic Outlook, April 2009, International Monetary Fund

Sectoral Share of Major Industries



Why Invest in Australia?

Population Growth

- Australia's population grew by 1.9% during the 12 months ended 31 December 2008. Natural increase and net overseas migration contributed 38% and 62% respectively to this total population growth.
- The preliminary estimated resident population (ERP) of Australia at 31 December 2008 was 21,644,000 persons. This was an increase of 406,100 persons (1.9%) since 31 December 2007 and 101,500 persons since 30 September 2008.
- Preliminary natural increase recorded for the year ended 31 December 2008 (152,700) was 3.1% (or 4,600 persons) higher than the natural increase recorded for the year ended 31 December 2007 (148,100).
- Preliminary net overseas migration for the year ended 31 December 2008 was 253,400 persons.

	Population at end Dec qtr 2008 '000	Change over previous year '000	Change over previous year %
New South Wales	7 041.4	97.5	1.4
Victoria	5 364.8	102.4	1.9
Queensland	4 349.5	106.7	2.5
South Australia	1 612.0	18.5	1.2
Western Australia	2 204.0	66.0	3.1
Tasmania	500.3	4.9	1.0
Northern Territory	221.7	4.2	2.0
Australian Capital Territory	347.8	5.8	1.7
Australia(a)	21 644.0	406.1	1.9

(a) Includes Other Territories comprising Jervis Bay Territory, Christmas Island and the Cocos (Keeling) Islands.



Why Invest in Australia?

Australia - a snapshot

Australia is a stable, culturally diverse and democratic society with a skilled workforce and a strong, competitive economy. With a population of more than 21 million, Australia is the only nation to govern an entire continent and is the sixth largest country in the world in land area. Australia's multicultural society includes its Indigenous peoples and migrants from some 200 countries.



Australia is one of the world's oldest landmasses and has been populated by human beings for an estimated 60 000 years. Before the arrival of European settlers, Aboriginal and Torres Strait Islander peoples inhabited most areas of the continent. Australia's contemporary history is relatively short, with the first European settlement established by Great Britain on 26 January 1788.

Australia has 10 per cent of the world's biodiversity and a great number of its native plants, animals and birds exist nowhere else in the world. Australia is committed to conserving its unique environment and natural heritage and has a range of protection procedures in place, including World Heritage listings and many national parks and wildlife sanctuaries.

Australia has one of the most resilient, high growth economies in the world. It has an efficient government sector, a flexible labour market and a very competitive business sector.

With abundant physical resources, Australia has had a high standard of living since the nineteenth century. It has made a significant investment in social infrastructure, including education, training, health and transport.

Australia's workforce of approximately 10 million is highly trained. Many senior managers and technical staff have international experience, while almost half of Australia's workforce has a university, trade or diploma qualification.

In a globalised economy, language skills are a key workforce advantage. Although Australia is an English-speaking country, more than 5 million of its people speak a second language. Australia offers the familiarity of a Western business culture with a workforce capable of operating in both Asian and Western business environments, since Australia has the widest range of native Asian language skills in the region.

The language skills and other capabilities that attract foreign companies are, in part, a result of Australia's culturally diverse society. Migrants have had a marked influence on all aspects of Australian society. In over 60 years of planned post-war migration,



Why Invest in Australia?

Australia has welcomed more than 6.5 million migrants from over 200 countries, including more than 660 000 refugees. The population has increased from about seven million to more than 21 million.

A strong economy . .

Australia has one of the world's most open and innovative economies and the Australian Government is committed to continue in this direction. Strong growth since the 1990s has been accompanied by strong productivity performance. Australia's stable economic, political and social environment has led to increased foreign investment in recent years. Since 1990, Australia's real economy has grown by an average of around 3.3 per cent a year. Australia's GDP in 2006–07 (in value terms) was just over \$1 trillion, making it the world's 13th largest economy overall and the 10th largest industrialised economy.

As a result of major diversification of Australia's export base, Australia is now not only a commodity exporter, it also has sophisticated manufacturing and service industries. The value of Australia's exports in goods and services reached \$215.8 billion in 2006–07, with service exports comprising \$46.2 billion of that figure — 21.4 per cent of total exports. Japan remains our largest export market (\$35.6 billion in 2006), followed by China (\$26.4 billion), the United States (\$15.5 billion), the Republic of Korea (\$14.9 billion) and New Zealand (\$12.7 billion).

A recent OECD study suggests that Australia is ranked as one of the six fastest-growing new economy traders. Australia is strong in information and communications technology (ICT) infrastructure and innovation. It also has an economic and regulatory environment conducive to business and a well educated and trained workforce.

Australian investment in ICT as a percentage of gross domestic product (GDP) is the third highest among OECD countries. The Reserve Bank of Australia has found a direct link between expenditure on ICT and Australia's strong productivity growth. The emergence of e-commerce is projected to add 2.7 per cent to Australian GDP growth over the next ten years.

A culturally diverse society . .

Australia is a tolerant and inclusive society—a nation built by people from many different backgrounds. Vietnam, China, Greece and the United Kingdom are among the main countries from which Australians have migrated. Cultural diversity has become a touchstone of Australia's national identity.

Australia accepts and respects the right of all Australians to express and share their



Why Invest in Australia?

individual cultural heritage within an overriding commitment to Australia's democratic foundations and to English as the national language.

A vibrant scene for culture and the arts . .

Australia's contemporary arts are as unique and diverse as the society and continent they come from. They reflect an ancient landscape that is home to both the world's oldest continuous cultural traditions and a rich mix of migrant cultures.

Indigenous and non-Indigenous artists alike respond to the imaginative challenges Australia presents in different ways and have developed new modes of expression that have brought Australia's art and culture international attention.

A proud record of delivering education . .

Australia's system of education is of the highest standard and enjoys international recognition. School attendance is compulsory throughout Australia, contributing to an adult literacy rate of 99 per cent. Our schools develop students' skills and confidence; Australian university graduates excel at the cutting edge of research and innovation; and vocational and technical education drives our thriving industrial sector.

Australia is also one of the world's leading providers of education and training to international students, including English language training. More than 400,000 students from around 200 countries receive an Australian education each year. Courses are offered both in Australia and offshore. Australia's system of education and training is subject to continuous review and control by government, industry and professional bodies to maintain and improve its already high standards. Quality assurance in Australian higher education is based on a strong partnership between the higher education sector and the Australian Government, state and territory governments. This partnership ensures nationally consistent standards in approval and accreditation, external monitoring and independent quality audit.

A strong commitment to science and technology . .

Australia is committed to establishing a culture of innovation to make the best use of national and international information networks, encourage creativity in all forms of research, promote collaboration between university researchers and industry, and disseminate the outcomes of research to the wider community. Of the 10 Nobel prizes awarded to Australians since 1915, nine were in the field of science.

Innovations in science and technology are strong drivers of economic growth. Australia



Why Invest in Australia?

is both well positioned and well resourced to make a difference in the global innovation race. The country has a vibrant and competitive economic environment with high productivity and growth, which provides an ideal climate for innovation to thrive. Australian innovations are world-renowned, and range from medical breakthroughs such as the bionic ear and revolutionary flu treatments through to the world's first nanomachine, contactless smartcards, and the orbital engine.

Australia has a sophisticated, world-leading ICT sector. Its ICT market is the eleventh biggest in the world. The production of ICT goods and services generates revenue of around \$54 billion and ICT industries earn more than \$100 billion. ICT gross domestic product (GDP) accounts for around 4.6 per cent of Australia's total GDP. Business use of the Internet continues to grow. Around 60 per cent of small and medium enterprises (SMEs) placed orders for products and services online in 2006 and 47 per cent took orders online. Among overall online activities, accessing government services and Internet banking are most popular, with 59 per cent of people in Australia in 2007 contacting government via the Internet in the previous 12 months, and 40 per cent of adults banking online in September 2006. Australia has one of the highest rates of mobile phone ownership in the world, with state-of-the-art network coverage available to more than 98 per cent of the population.

A great place to visit . .

Australia's spectacular natural environment, multicultural communities, food and wine, the friendliness of its people, combined with its weather and lifestyle place it amongst the world's most popular tourist destinations. These qualities also make it one of the best places in the world to live and conduct business.

Tourism is one of Australia's largest and fastest-growing industries. The number of short-term visitors to Australia grew from 4.3 million in 1997 to a record 5.6 million in 2007. The inbound tourism sector contributed about \$22.6 billion to the Australian economy in 2006–07. Inbound tourism accounts for 12 per cent of Australia's total export earnings, more than the combined value of Australian iron ore and aluminium exports for the year.

A unique and spectacular environment . .

Australia's unique environment has many native plants, animals and birds that exist nowhere else in the world. The country is actively committed to conserving its natural heritage and has a range of protection procedures in place. Despite the vast size of the continent, the majority of Australians live on the coast and in major cities. Around 75 per cent of Australia's population lives in urban areas.



Why Invest in Australia?

Australia is the driest inhabited continent on earth. Its interior has one of the lowest rainfalls in the world and about three-quarters of the landmass is arid or semi-arid. These arid areas extend from the large central deserts to the western coast. Soils in these areas are characteristically very infertile compared to other deserts of comparable aridity. This has presented Australians with the challenge of how best to manage the variety of regions our continent possesses to meet the competing demands of agriculture, economy and conservation.

Key Facts . .

- Australia is one of the world's oldest landmasses and has been populated by human beings for an estimated 60,000 years
- In 2007, Australia's population passed 21 million people
- In over 60 years of planned migration, Australia has welcomed more than 6.5 million migrants from over 200 countries, including more than 660,000 refugees
- More than five million Australians speak a second language
- Since 1990, Australia's economy has grown by an average of 3.3 per cent a year with 17 consecutive years of growth
- In 2007, Australia's gross domestic product (GDP) was around \$1 trillion in value terms, making it the world's 13th largest economy overall and the 10th largest industrialised economy
- Australia is the only nation to govern an entire continent
- Australia has 10 per cent of the world's biodiversity and a great number of its native plants, animals and birds exist nowhere else in the world



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Median House Price Growth 1989 - 2009



	Year	Sydney	Melbourne	Brisbane	Adelaide	Perth	Canberra	Hobart	Darwin	CPI*
20 Years	1989	\$ 185,000	\$ 140,000	\$ 97,000	\$ 100,000	\$ 100,000	\$ 118,000	\$ 85,000	\$ 93,000	92.6
	2009	\$ 600,900	\$ 535,000	\$ 451,000	\$ 387,500	\$ 485,000	\$ 491,000	\$ 370,000	\$ 540,000	167.0
	<i>Compound Growth p.a.</i>	6.1%	6.9%	8.0%	7.0%	8.2%	7.4%	7.6%	9.2%	3.0%

Source: *The Real Estate Institute of Australia; BIS Shrapnel; & The Australian Bureau of Statistics*

Residential Property Median Prices are for the December Quarter

*Inflation Rate - Weighted Average Index



Australia.
As safe as houses!



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...advisors to the astute property investor