

Valad Property Group

Investor update

Valad Property Group
February 2005

Overview

VPG – AUM \$1.45billion

Valad Property Trust

Stabilised property ownership

\$561m

- \$257m Premium and A grade offices
- \$113m bulky goods retail
- \$117m interest in Australia's largest self storage portfolio
- 32 properties in total
- \$74m of cash to invest

70% EBIT approx

Valad Funds Management Ltd

Funds management and JVs

\$909m*

- 10 active funds or JVs
- Diverse range of products from passive to development
- \$150m co-investment
- Usually more than 30 individual projects at any one time

30% EBIT approx

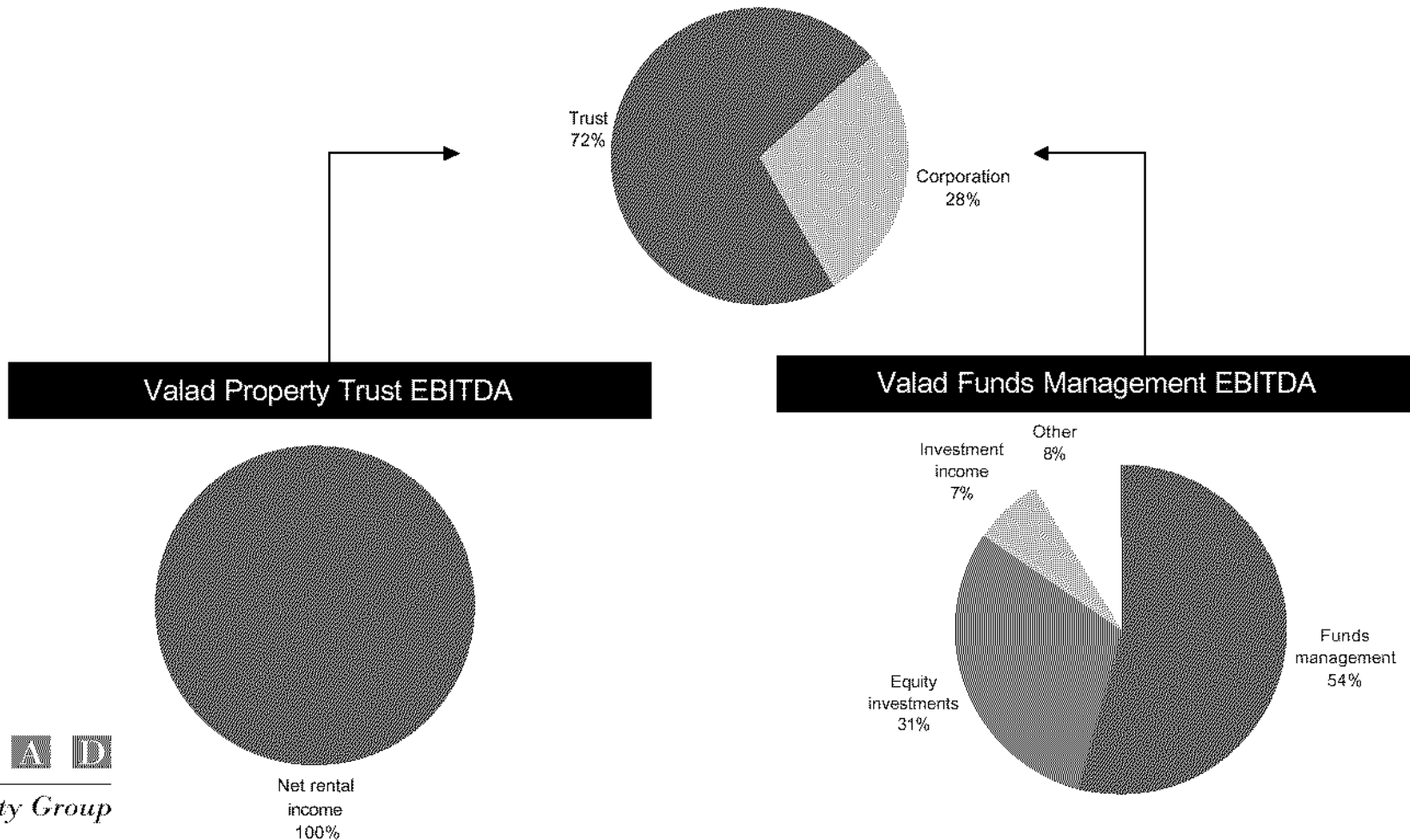


Valad Property Group

* Where projects are incomplete, based on expected completed value

VPG EBITDA composition

Trust / corporation EBITDA split



Valad seeks to achieve:

- Superior and consistent earnings growth
- Clear point of difference through our 'value-add' approach
- Earnings risk mitigated through further diversification

We aim to do this by:

- Increased weighting to growth oriented, higher yielding properties
 - Bulky goods retail, Self-storage and Industrial
 - Considering alternative asset classes as opportunities arise
- Undertaking limited, smart investment in property development
- Offering new investment products with a point of difference

Key staff

Board of Directors

Stephen Day - Executive Chairman
Trevor Gerber – Deputy Chairman
Peter Hurley - Managing Director
Barry Wynne
David Murray
Independent Director (to be appointed)

Peter Hurley
Managing Director

Guy Farrands
Head of Corporate Dev't

Paul Notaras
Head of Funds Man'ment

Martyn McCarthy
Head of Commercial

Shaun Hannah
Head of Development

Jennifer Lambert
CFO

Chris Carroll
Head of Corporate Services

Max Mawhinney
Executive Director

David Agostinis
Head of Projects

Alignment of interest

- Directors and staff own approx 16% of VPG (\$80m approx)
- Employee Securities Ownership Plan introduced Dec 04
 - All staff now own securities
- 19 staff own over 100,000 securities each
 - Those securities purchased with loans from VPG cannot be sold until employment ceases
- Most securities issued to founders at IPO/ICA shareholders at acquisition still subject to escrow

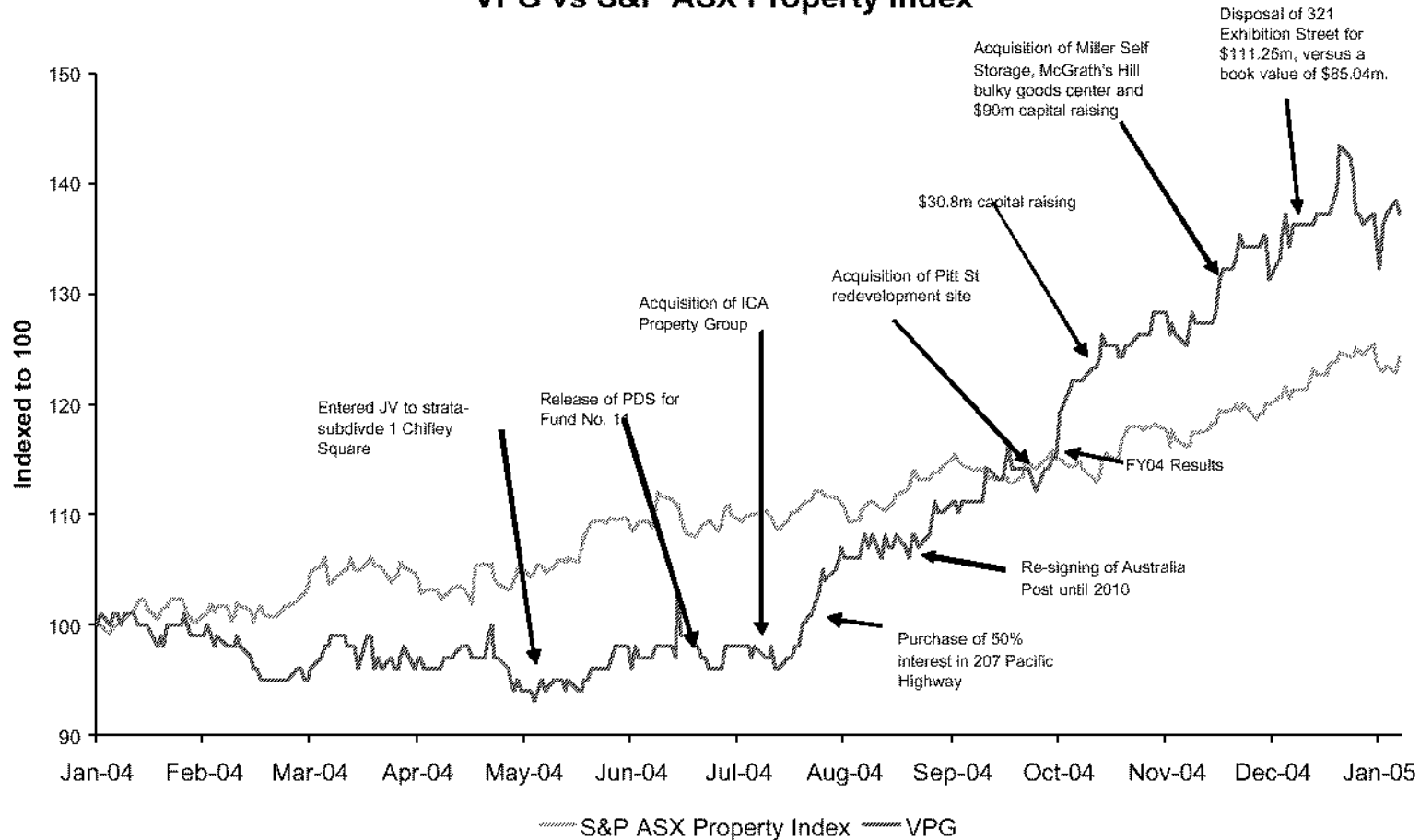
What have we achieved this calendar year

Stated Objective	Achievement
Diversify trust portfolio assets	<ul style="list-style-type: none"> ✓ Purchased 207 Pacific Highway ✓ Purchased 3 bulky goods centres ✓ Purchase 50% interest in Millers Self Storage ✓ Re-leased Australia Post
Diversify income streams	<ul style="list-style-type: none"> ✓ Self storage acquisition ✓ Bulky goods acquisitions ✓ Purchased ICA Property Group
Increase recurring income	<ul style="list-style-type: none"> ✓ Established Valad Opportunity Fund No 11 – perpetual, listed on the ASX ✓ Launch ICA Development Fund No. 4 ✓ New funds management products
Increase market cap and balance sheet strength	<ul style="list-style-type: none"> ✓ Raised \$30 million in new equity in Sept-04 ✓ Raised \$90 million in new equity in Oct-04 ✓ Reduced gearing to circa 40% TD/TA
Distributions	<ul style="list-style-type: none"> ✓ Now forecast to be less than earnings



Security price performance

VPG vs S&P ASX Property Index



Acquisitions and pipeline

Seven-person strong acquisitions team

Third Party Assets

- Strong focus of our most experienced people
- Team acquires for VPG in its won right and development funds
- 84% of deals negotiated off-market
- Further acquisitions pending

**\$505m of acquisitions
in last 6 months**

Development Funds

- Many funds give VPG ROFO
- Others give VPG stronger rights
- Interests of investor customers paramount
- Some properties best suited to sale to owner-occupiers etc

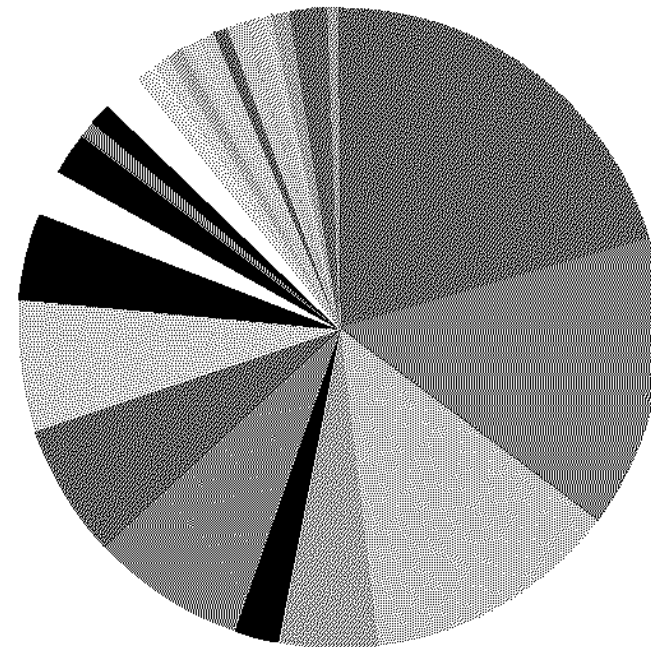
\$750m approx

Valad Property Trust

VPT consists of

- 32 properties
- Four states
- Three market sectors
- Over 14,500 tenants
- Over 330,000 sqm NLA*
- 3.9 yrs average unexpired lease term**
- \$74m in cash for investment

% of book value by property



Value - \$561m



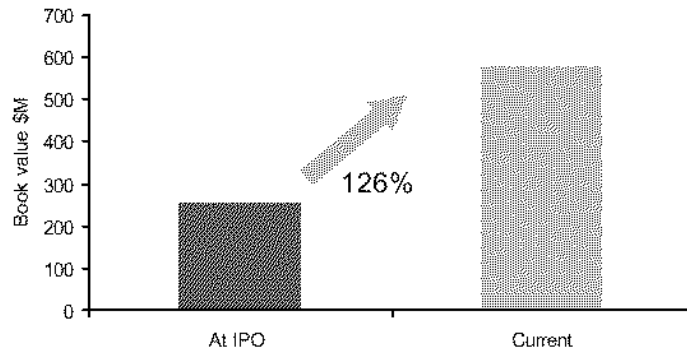
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* 100% of NLA of all properties, including those jointly owned

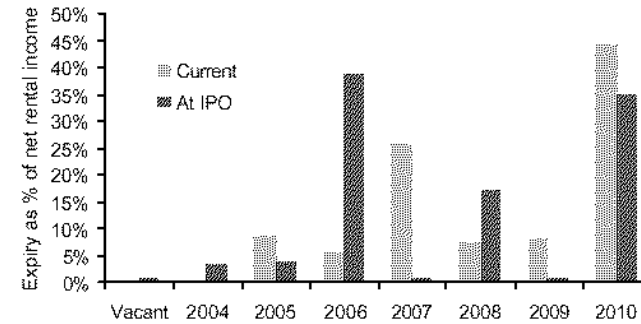
** Excluding storage

Valad Property Trust review

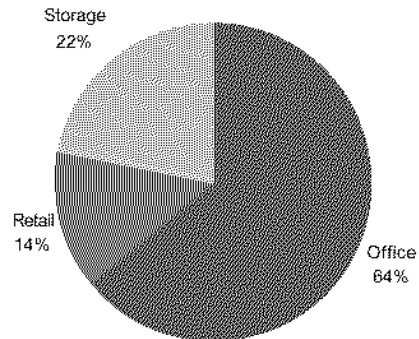
Book value of properties



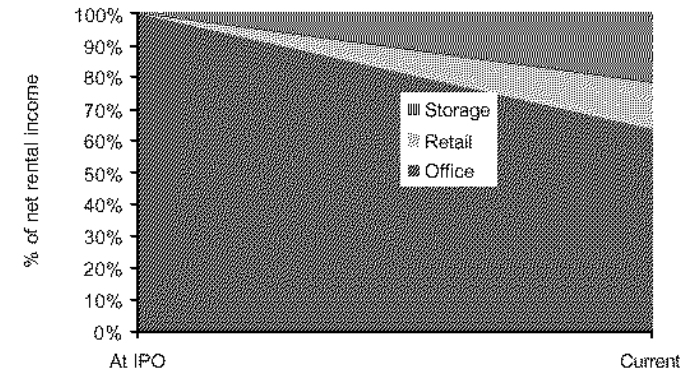
Lease expiry profile



Sector exposure by net income



Property exposure by net income

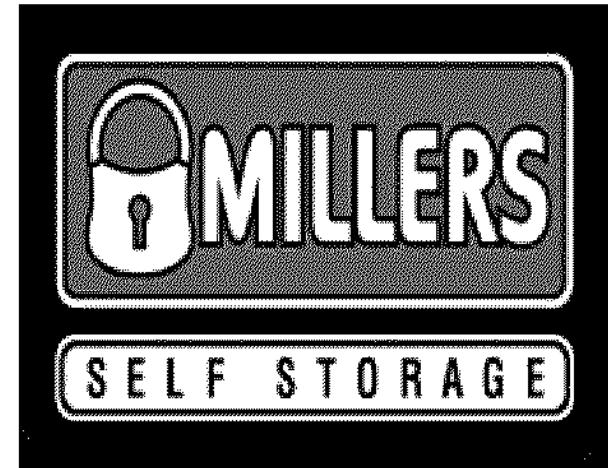


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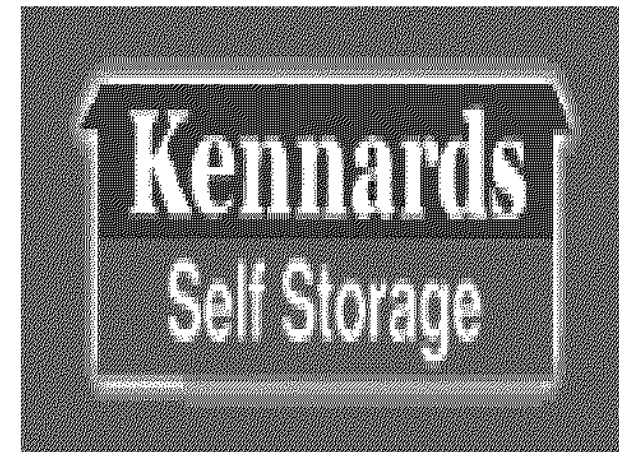
Storage portfolio

- **The leading provider of self-storage in Australia**
- \$117m investment (50%)
- 9.2% initial yield
- 24 properties, 14,600 customers
- Over 200,000 square metres of space



Storage portfolio

- Potential for strong growth
 - Half of the portfolio has occupancy of 60% approx
 - Remainder at 85-95%
 - Encouraging climate for acquisitions
- Kennards will operate and own 50% of the portfolio
 - Strong alignment of interest with securityholders



Office portfolio

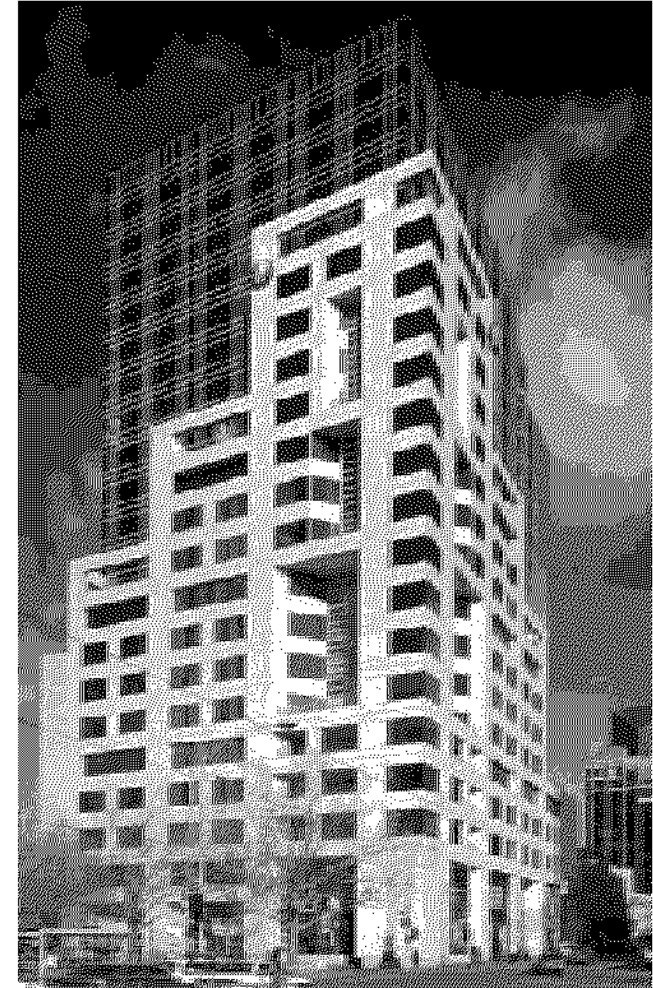


- Premium/A grade buildings in Sydney, Melbourne & Perth
- 53% of trust assets (following sale of Post)
- Intention is to reweight to higher growth asset classes



Australia Post renewal illustrates Valad approach

- Lease now runs to 2010
- Post renewal underlines value of 'Tenant is King' approach
- **Sold for \$111.25m** (2003 acquisition price - \$86m before costs)
- \$37.6m invested in Bankstown Home Central
- Balance expected to be reinvested shortly in higher growth property



Bulky goods retail portfolio

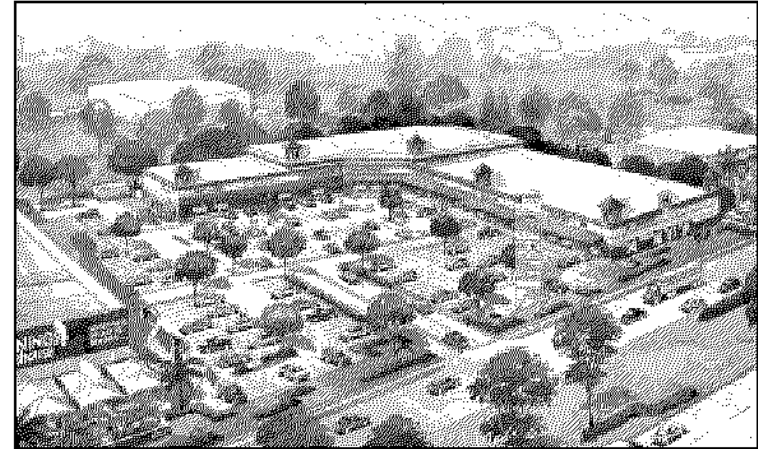
- Strong competence in bulky goods retail
- Trademarked Home Central brand rolling out
- 3 of 5 properties purchased from funds platform
- Acquisition and development activity in funds continues to provide opportunities for VPT
- Strong possible deal flow from managed funds
- Good opportunities for consolidation
- Expect to increase weighting



Recent acquisitions

McGrath's Hill and Bankstown

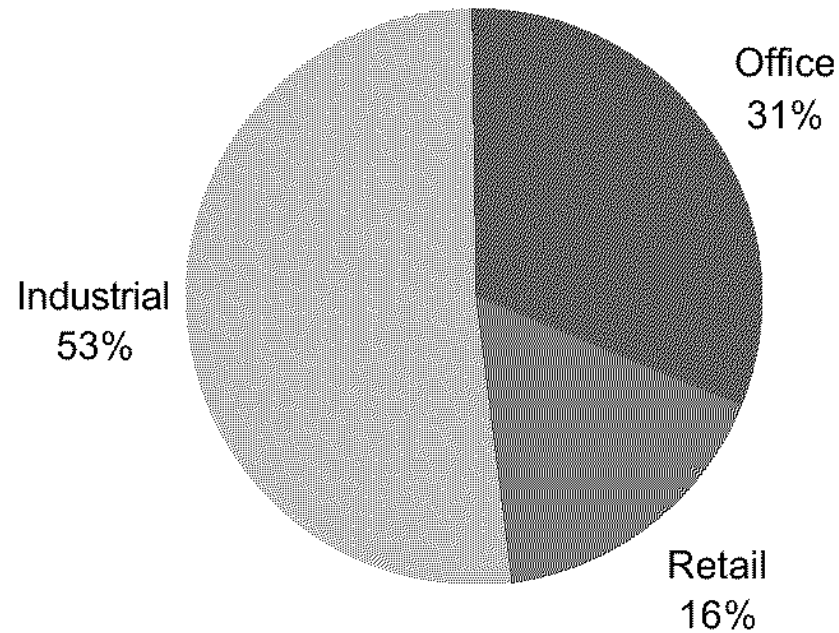
- McGrath's Hill
 - anchored by Bunnings
 - developed by Valad specialist funds
 - Strong population growth expected
- Bankstown
 - Anchored by The Good Guys
 - Home Central branding



Valad Funds Management
Limited

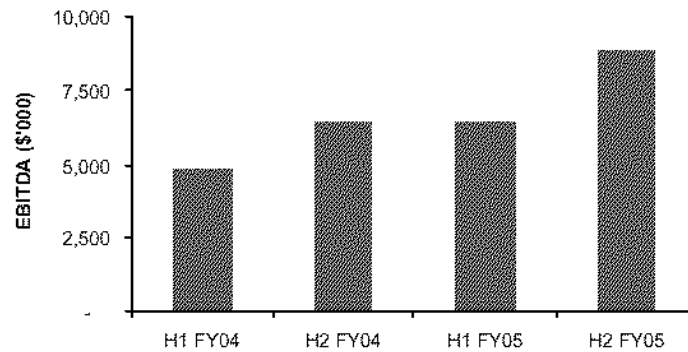
Operates across all asset classes

Usually over 30 individual projects
at any one time

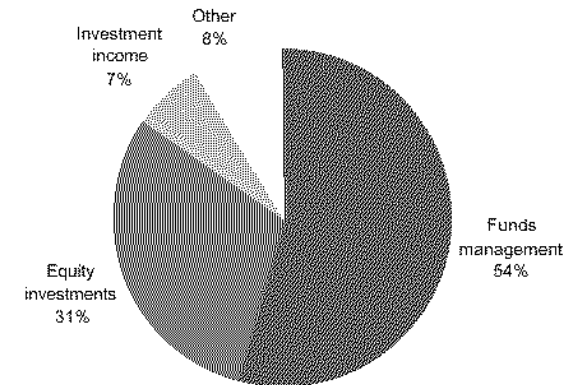


VFML review

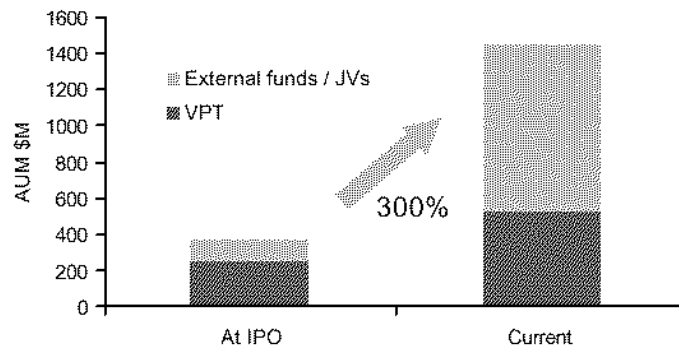
VFML EBITDA Growth



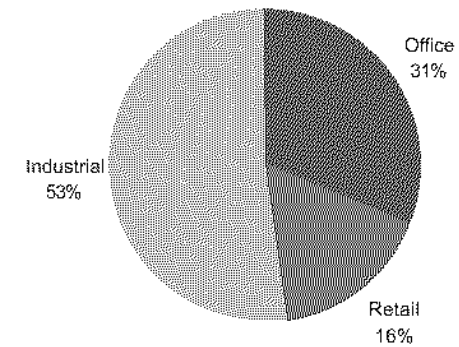
VFML EBITDA Composition



VFML AUM Growth

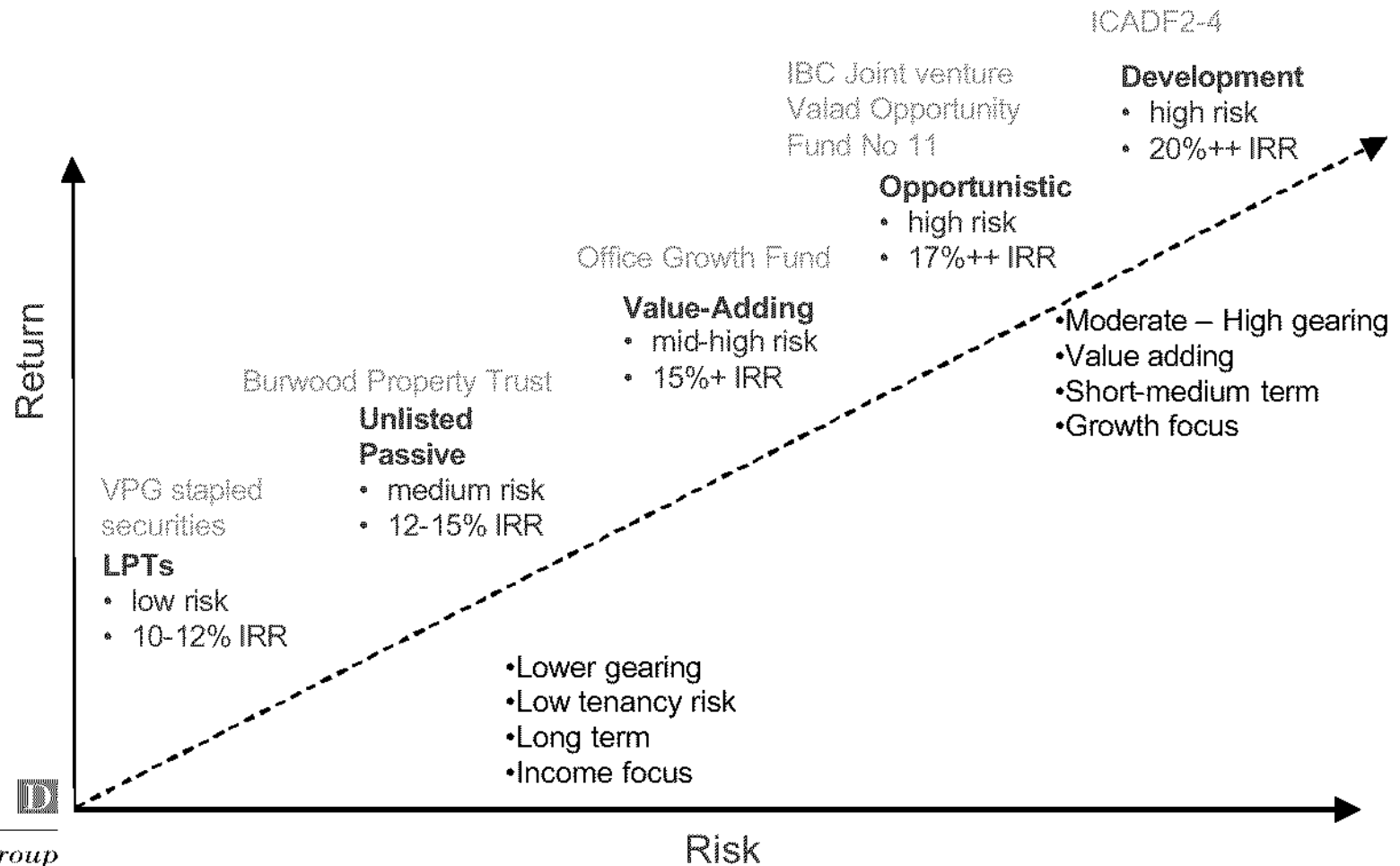


VFML AUM Asset Sector



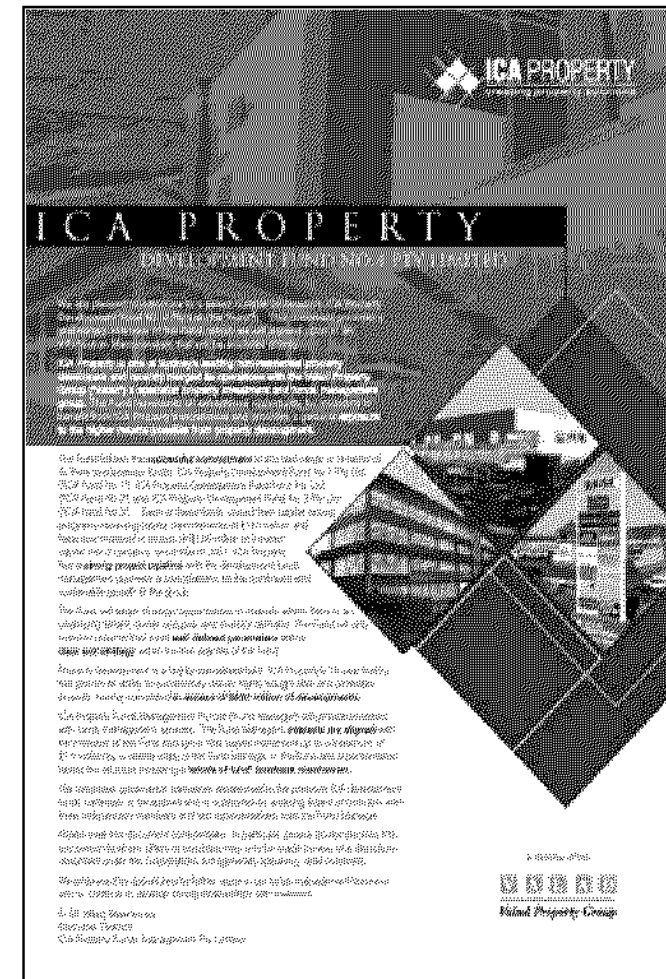
Our products

We offer products tailored to investors' appetite for risk



ICA Development Fund 4

- Blind equity capital for higher risk projects
- Closing late December 2004, expect circa \$80m+
- Primary investors are wholesale superannuation funds
- Capital called down as required
- Capital and after tax profits returned to investors as projects sold

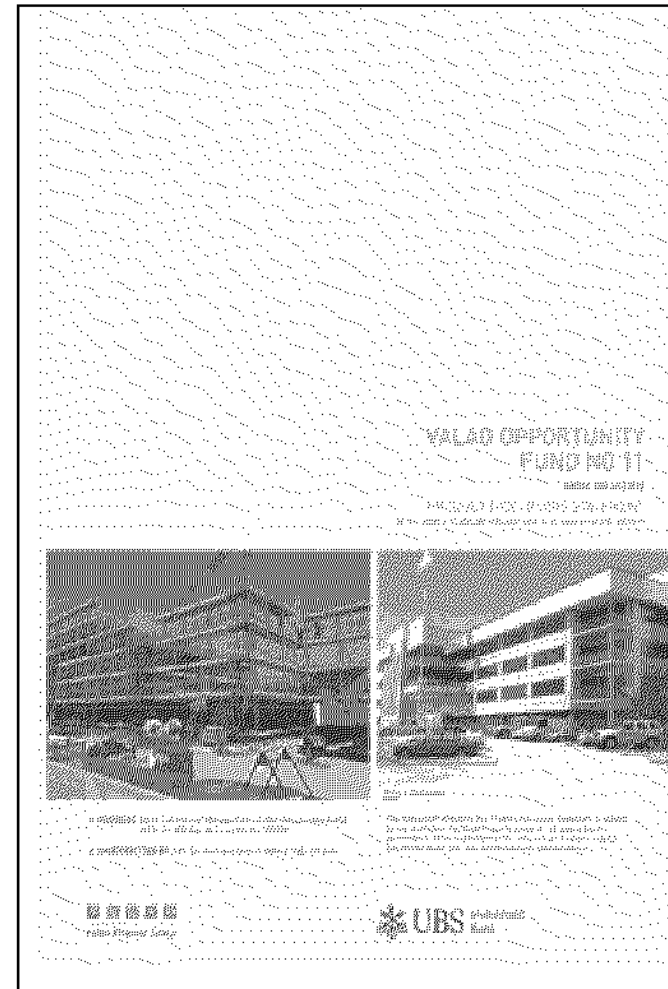


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Valad Opportunity Fund No 11 (ASX: VOF)

- **First** listed multi-project development fund
- Fully invested 4.5 months ahead of forecast
- A unique and valuable asset for VPG
- Initial capital and after tax profits retained by VPG for further investment
- 8.5cpu pa paid quarterly plus NTA uplift from development returns



100% VOF

Valad Corporate Place N. Ryde

- A-Grade suburban office development **just completed**
 - NLA of 15,340 m² over four levels
 - 454 undercover parking spaces; 63 open car spaces
- 5,750 m² is pre-leased to Honeywell (37% of NLA)
 - 10-year lease commencing Nov-04



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50/50JV – VOF and VPG

Pitt Street Properties

- Three adjoining but individual properties:
 - 37-49 Pitt Street
 - 51-57 Pitt Street
 - 6-8 Underwood Street
- 130m from Circular Quay, 100m from ASX

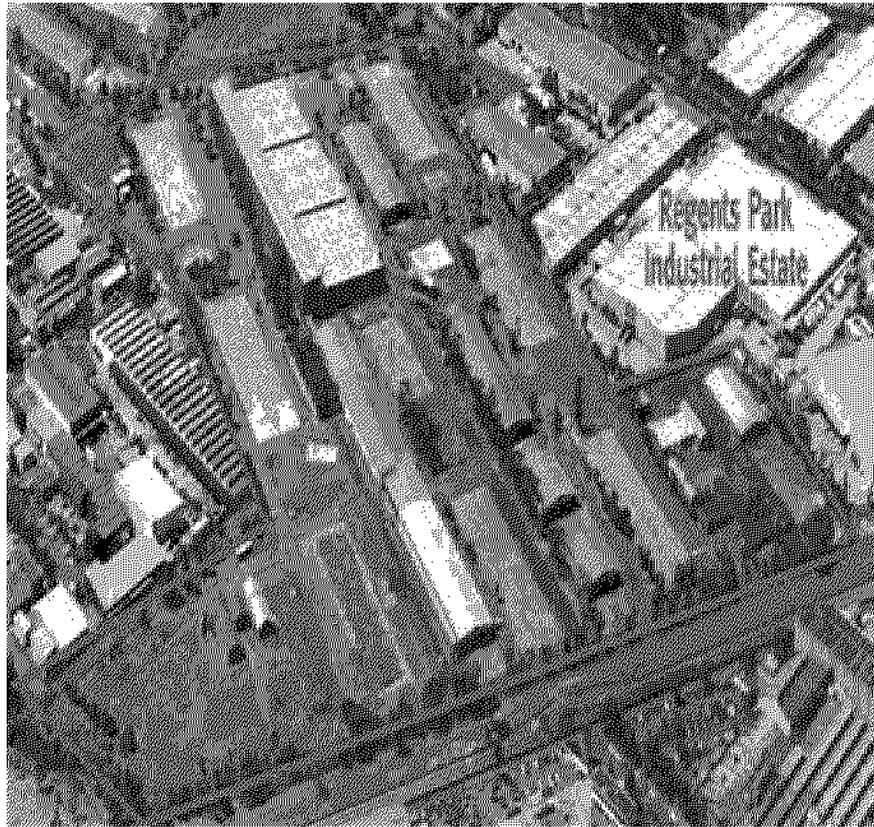


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50/50JV – VOF and VPG

Regency Green Estate



- An industrial land subdivision project
- 65% of lots already under contract by value
- Sales for an **extra** 10% of lots are agreed
- Expect to recognise some revenue in 2005, balance in 2006
- All council approvals received to subdivide the land

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Co-investments \$150m

- Co-investment in funds
 - Typically 10-20% of equity (funds 60-90% leveraged)
- Joint ventures:
 - 50% interest in Regency Green Estate and Pitt Street with VOF
 - 50% interest in Chifley Square
 - 5% interest in IBC Estate

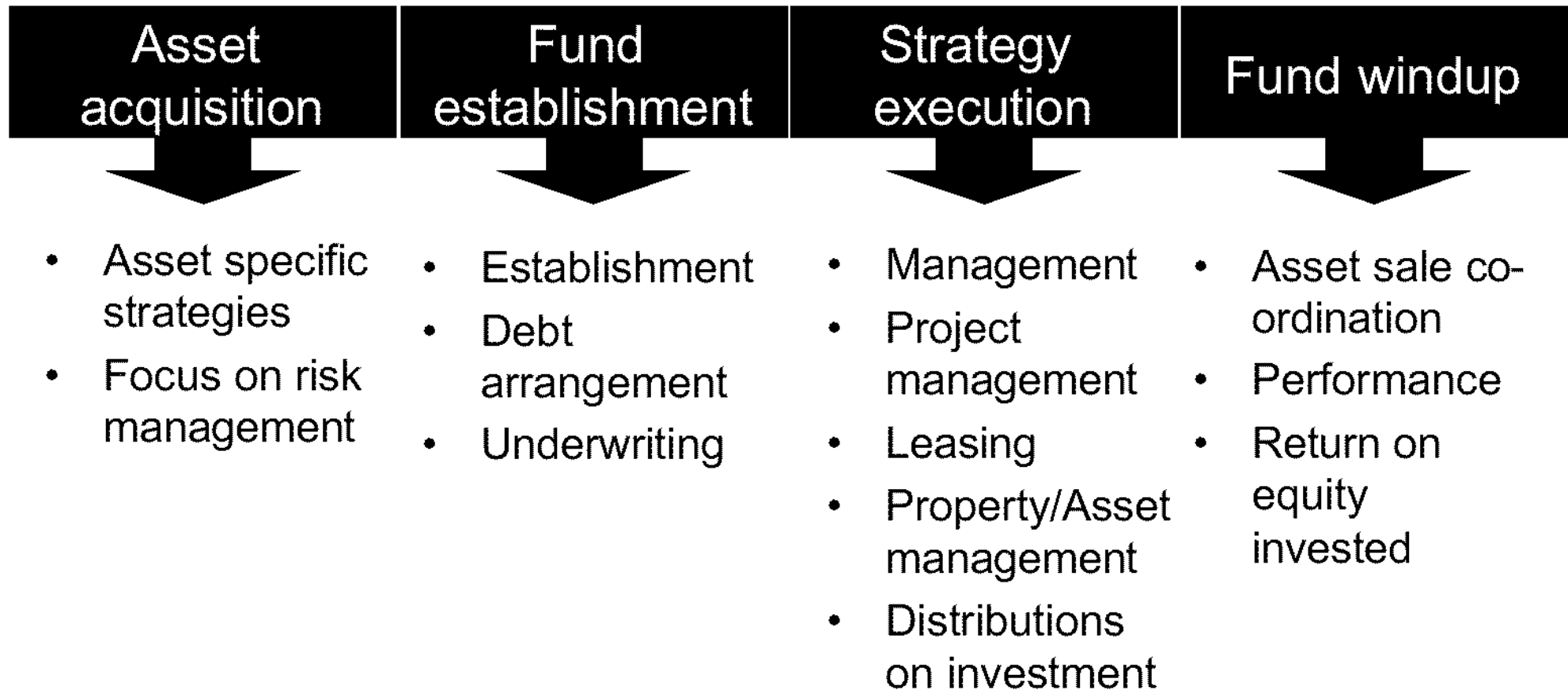
Specialist fund/JV status

Fund No	Name	Status	Equity
6	IBC JV	Fully Invested	Private
8	Burwood PT	Fully Invested	High Net Worth
10	No10/ Office Growth	Fully Invested	High Net Worth
11	VOF	Fully Invested	Listed
12	ICADF 2	Fully Invested	Wholesale

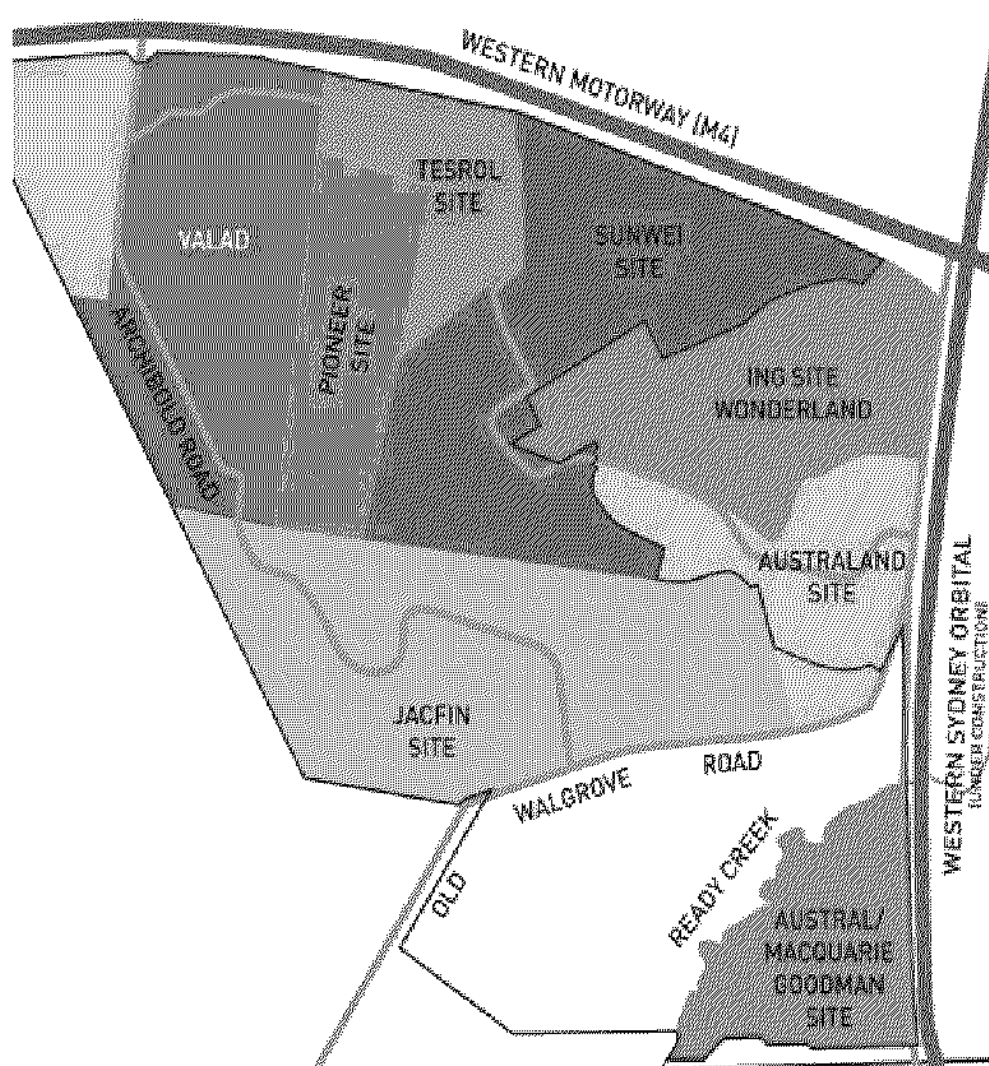
Specialist fund/JV status (cont)

Fund No	Name	Status	Equity
13	ICA DF 3	80% Invested	Wholesale
14	Chifley Sq. JV	Fully Invested	Private
15	Pitt St. JV	Fully Invested	VOF
16	Regency JV	Fully Invested	VOF
17	ICA DF 4	Closing 12/04	Wholesale

Unlisted fund process



Acquisition - M4/M7 Estate

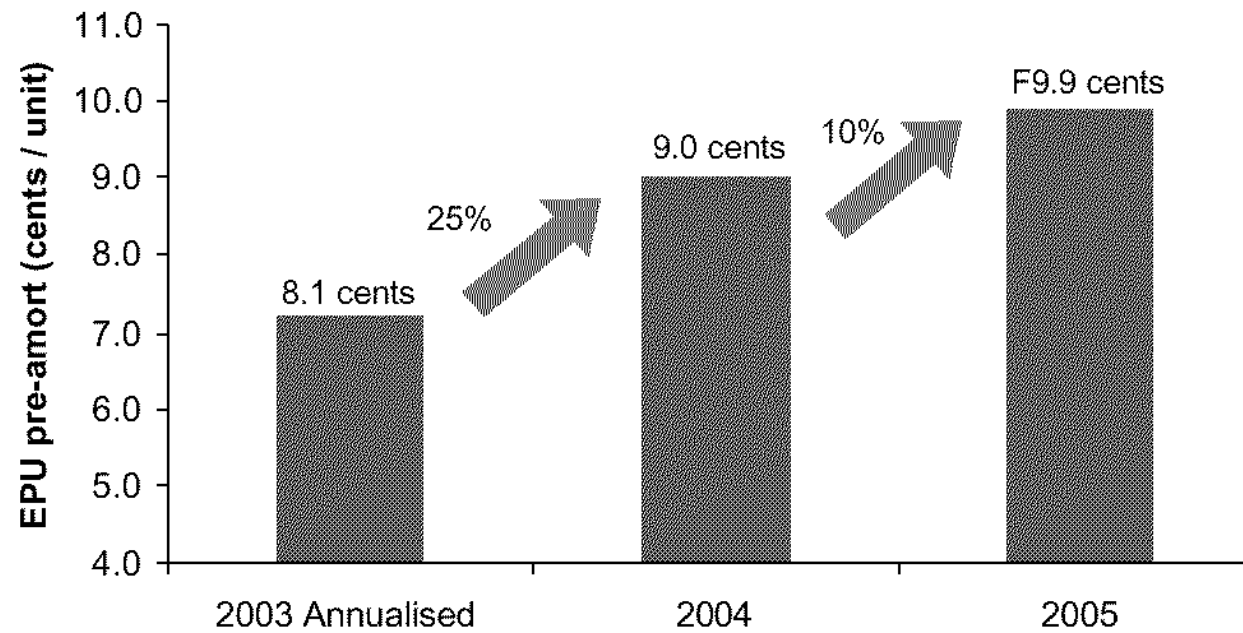


- Industrial land
- 59.2ha of useable at junction of M4/M7 motorways (93ha gross)
- Restocks development pipeline
- Builds on success of Regency Green project
- Multiple development strategies
 - Land sub-division, build to suit for owner-occupiers
 - Quarry lease may generate holding income
- May be suitable for Valad's specialist funds

Outlook

Earnings growth

Earnings per unit (pre-amort) growth



F05 earnings confirmed

F EPSS

9.9 cents

F DPSS

9.8 cents

F Yield

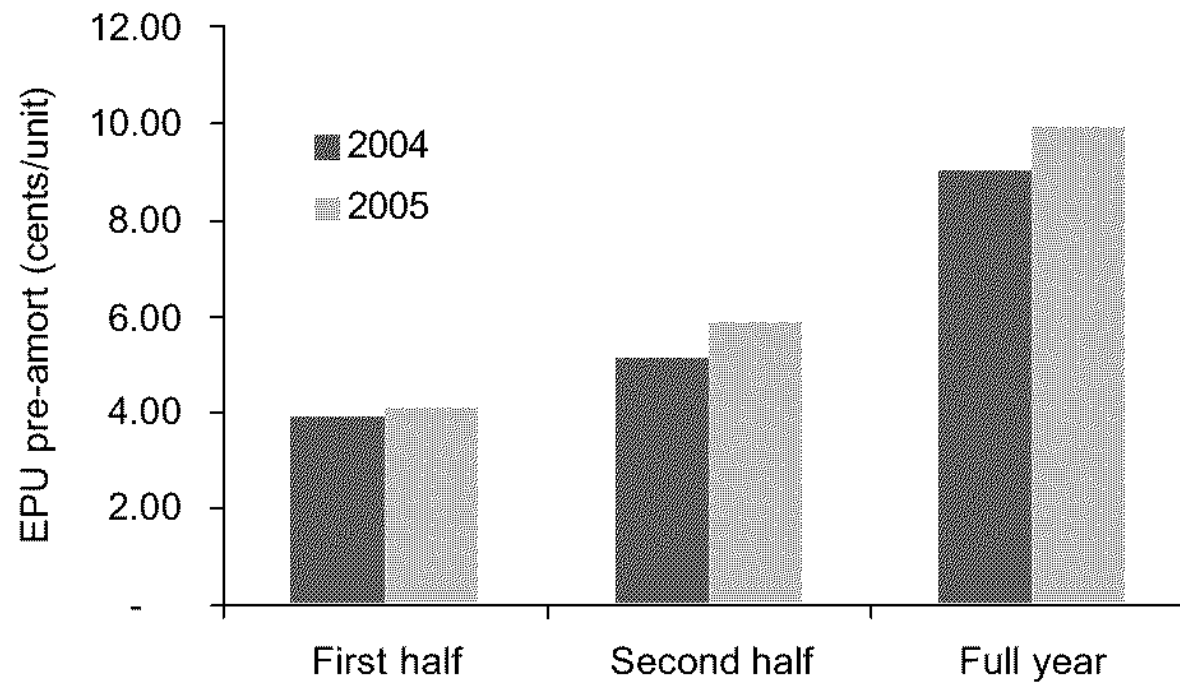
7.53% at \$1.30

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Forecast tracking

Earnings per unit (pre-amort) on weighted average securities on issue



Key goals for 2005

- Successful close of ICADF4
- Qantas Mascot
- Completion of Regency Green estate subdivision
- Continue path of diversification and creating platform for earnings growth
- **Maintain track record of exploiting value-adding opportunities**

Disclaimer

**Valad Funds Management
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Level 9

1 Chifley Square

Sydney

+61 2 8257 6600

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