

26 August 2010

Mr Styn Timmermans  
Adviser, Issuers  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

Dear Styn

**VALAD PROPERTY GROUP (ASX: VPG)**

Please find attached the following for the year ended 30 June 2010:

1. ASX Announcement re: Full Year Results to 30 June 2010
2. Investor Presentation

We will lodge under sperate cover the following:

- (a) VPG Financial Statement for year ended 30 June 2010
- (b) Appendix 4E

Yours sincerely  
**Valad Property Group**

  
**Katherine Grace**  
Company Secretary



## ASX ANNOUNCEMENT

26<sup>th</sup> August 2010

### VALAD ANNOUNCES FULL YEAR RESULT TO 30 JUNE 2010

- **Underlying EBITDA of \$53.3 million**
- **Underlying earnings of \$8.0 million**
- **Fair value adjustments and impairments of \$173.2 million**
- **Net statutory loss after tax of \$165.2 million, after impact of fair value adjustments/impairments**
- **Operating costs reduced by \$60 million**
- **Gearing of 46.3%**
- **NTA of \$0.134 per security**
- **NAV of \$0.167 per security**
- **Proposed 1-for-10 security consolidation**

**SYDNEY:** Valad Property Group (ASX:VPG) today announced underlying EBITDA of \$53.3 million with underlying earnings of \$8 million for the full year ended 30 June 2010. This result represents a \$44 million improvement in the underlying earnings since last year.

The Group reported a net statutory loss after tax of \$165.2 million (FY09 loss \$1.49 billion) after fair value adjustments, impairments and other non-cash items totalling \$173.2 million.

Consistent with past guidance, no distribution has been declared for the 2010 year.

Directors are proposing a 1-for-10 security consolidation which is designed to reduce the 2.3 billion securities currently on issue to 230 million. It is intended to put the proposal to a shareholder vote at the AGM in October.

Peter Hurley, Valad's Managing Director, said: "The FY10 result is a consequence of our strategy to grow profits from existing operations, expand the business through new mandates, and improve our capital position."

"While conditions remain challenging in some key markets, our real estate teams are seeking opportunities to enhance our business. In Europe, we have leased more than one million square metres (1,000,000 sqm) of space as a result of 1,500 new deals or renewals during the year," Mr Hurley said.

Cost control remains a priority for the Group. FY10 operating expenses were reduced by approximately \$60 million from FY09 to \$73.8 million.

During the year, assets totalling \$72 million were sold, \$64 million of equity was raised and three corporate debt arrangements totalling \$234 million have been extended. Gearing was 46.3% and total balance sheet debt stood at \$489.9 million as at 30 June 2010.

## **BUSINESS UPDATE**

### ***Real Estate Investment Management (REIM)***

Valad's REIM business manages A\$8.1 billion<sup>1</sup> in assets. REIM fee income totalled \$72.3 million, of which \$64.3 million was derived from Europe.

The investor base was further diversified during the year with new mandates from financial institutions and direct property investors seeking Valad's broad geographic representation and value-adding skills.

This has increased the scale of Valad's funds platform, which provides a recurring income stream, with a weighted average fund/mandate life of 5.5 years.

In April the Group announced its appointment to manage the European Commercial Real Estate (ECRE) portfolio. The €250 million (A\$360 million) portfolio comprises 53 properties in Scandinavia, Germany and the Netherlands.

In July the Group announced it had been appointed by Kefren Properties to manage a €480 million (A\$700 million) portfolio of office, retail and warehouse properties in Sweden.

These appointments re-affirm Valad's strategy to grow the REIM business through securing new mandates.

### ***Real Estate Ownership***

Valad's property portfolio comprises income producing investment property assets, co-investment in funds managed by Valad and positions in several developments including Valad's interest in the Australian residential market through One Alfred St in Sydney, Pentridge Coburg in Melbourne, and Sheraton Noosa.

The investment portfolio, maintained solid occupancy through the year with no delinquencies. Occupancy increased strongly to 95.5% as at 30 June 2010 up from 91.6% at 31 December 2009.

---

<sup>1</sup> including the Kefren Properties mandate announced in July 2010

Revenue from the property portfolio totalled \$50.4 million with \$42.6 million of net rental income from the investment portfolio and the balance contributed by the co-investment and development positions.

The Group's investment portfolio was revalued at 31 December 2009 and again at 30 June 2010. This resulted in write-downs of \$52 million for the year to 30 June 2010. The weighted average cap rate for the portfolio now stands at 8.8% compared to 8.9% at 31 December 2009.

Write-downs of the co-investment and developments assets amounted to \$101 million for the year.

Valad continues to hold a mezzanine loan to the c78,000 sqm Top Ryde shopping centre project in Sydney which officially opened this month.

We continue to explore potential residential redevelopment options for Sheraton Noosa. The hotel is performing well with occupancy levels averaging 74% with the RevPAR<sup>2</sup> performing above average. Our investment is through a 50-50 joint venture with Ashington in relation to which we are currently in litigation.

The Australian V+ Fund – one of Valad's major co-investment positions – has experienced a stabilisation in its portfolio value with evidence of increases in value for several assets at 30 June 2010, as a result of strong leasing results during the year.

The redevelopment of One Alfred Street, in which Valad holds 28% through a direct share and its stake in V+, is progressing in line with strategy. Some 6,800 sqm of leases were signed during the year, taking occupancy to approximately 86% at 30 June 2010.

Pentridge Coburg obtained formal approval for its master planned community in January. The next stage AIR Apartments have unconditional pre-sales of 76% with a construction contract agreed.

## **OUTLOOK**

Last year we outlined our strategy to stabilise the business, then grow earnings. During the course of the 2010 financial year, we achieved milestones consistent with our strategy including raising capital, selling non-core assets, reducing costs, and importantly, winning \$1 billion of new real estate investment management mandates. This has resulted in an improvement in underlying earnings of \$44 million.

---

<sup>2</sup> Revenue per Available Room

Heading into the 2011 financial year, our strategy remains unchanged and is aimed at growing securityholder value through improving profitability, winning new mandates, and further strengthening our balance sheet.

### **About Valad**

Valad Property Group is a real estate investment manager with an international network of local offices managing \$A9 billion<sup>3</sup> globally in 7 regions.

Its core business is value-adding real estate investment management, specialising in multi-let commercial and industrial property, with local asset management teams taking care of approximately 9,000 tenant customers in 1,000 properties.

Valad has 300 staff and 23 offices in 13 countries.

---

<b>Australia</b>	<b>Europe</b>
Peter Hurley Managing Director Valad Property Group Tel. +61 2 8257 6600	Martyn McCarthy Chief Executive Officer - Europe Valad Property Group Tel. +44 (0) 20 7659 6666
Ian Pemberton P&L Corporate Communications Tel: +61 2 9231 5411	Jeremy Carey Tavistock Communications Tel. +44 (0) 20 7920 3150

---

[www.valad.com.au](http://www.valad.com.au)

---

<sup>3</sup> including the Kefren Properties mandate announced in July 2010



Artists Impression, One Alfred Street, Sydney, Australia

**VALAD**

**VALAD Property Group**

**Full Year Result - 30 June 2010**

# Agenda

---

1. Valad Overview
2. Valad Strategy
3. FY10 Financial results
4. Business Line Performance
  - Real Estate Investment Management
  - Real Estate Ownership
    - Investment Portfolio
    - Fund Co-Investments
    - Developments
5. Summary and outlook



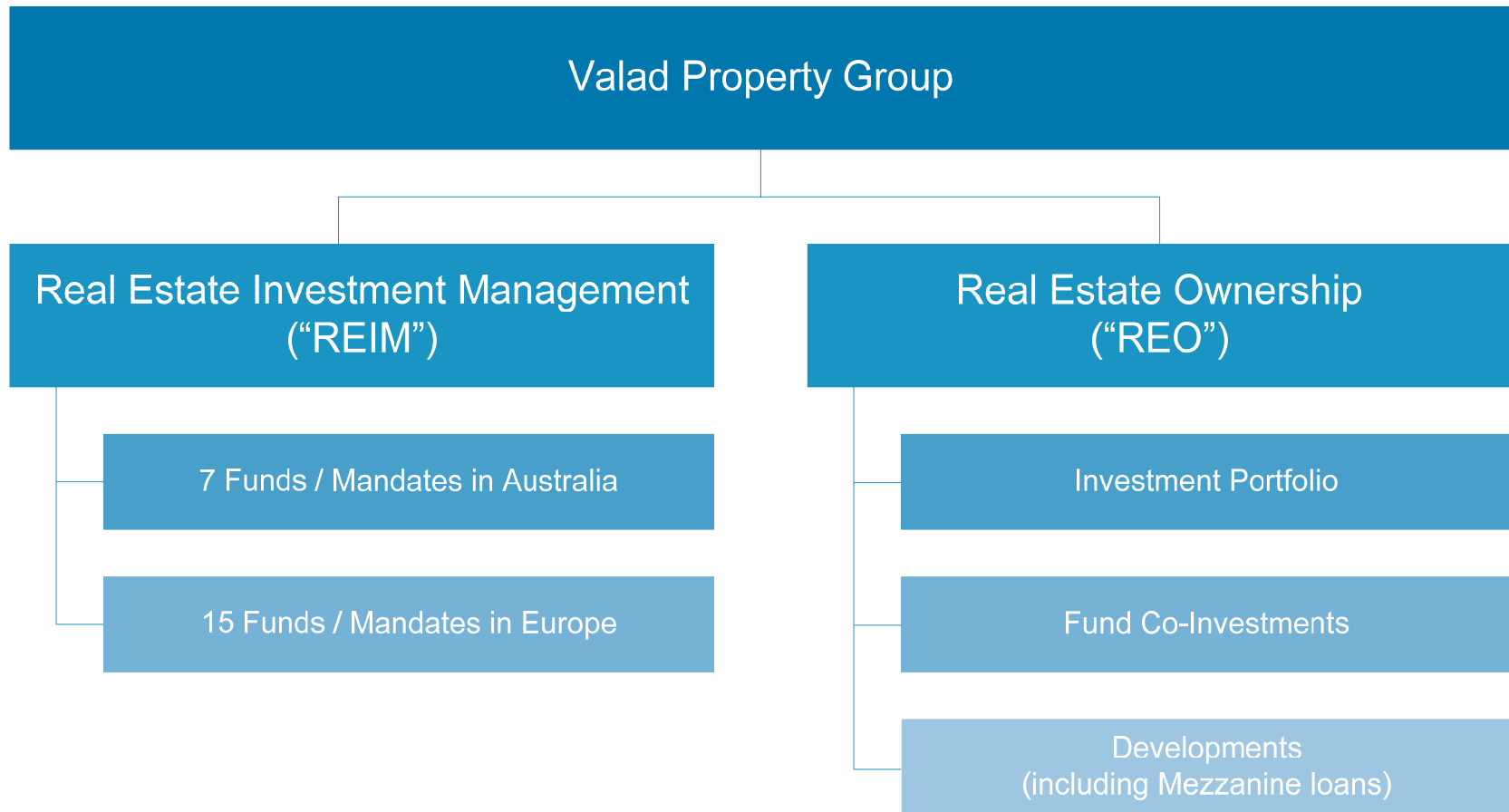
View from One Alfred Street, Sydney, Australia

**VALAD**

Valad Overview



# Valad business structure



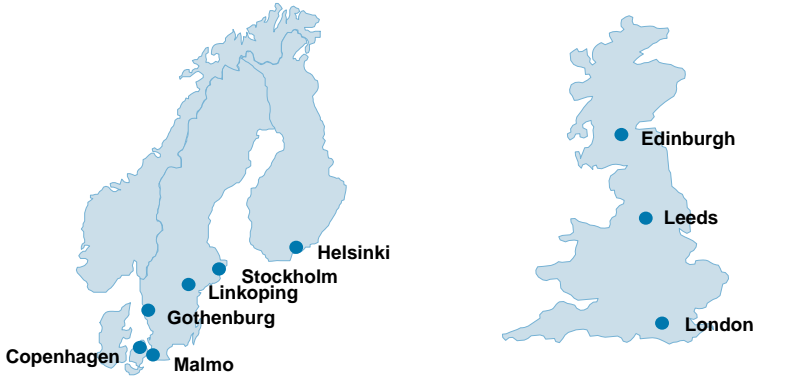
# Valad locations



## Valad Real Estate under management at 30 June 2010

Assets Managed (\$bn)	\$9.0bn
Number of Valad Offices	23
Valad people	Approx 300
Number of Funds / Mandates	22
Number of Properties	Approx 1,000
Number of Tenants	Approx 9,000
Total Property Floor Area (sqm)	Approx 8,000,000

## Nordics United Kingdom

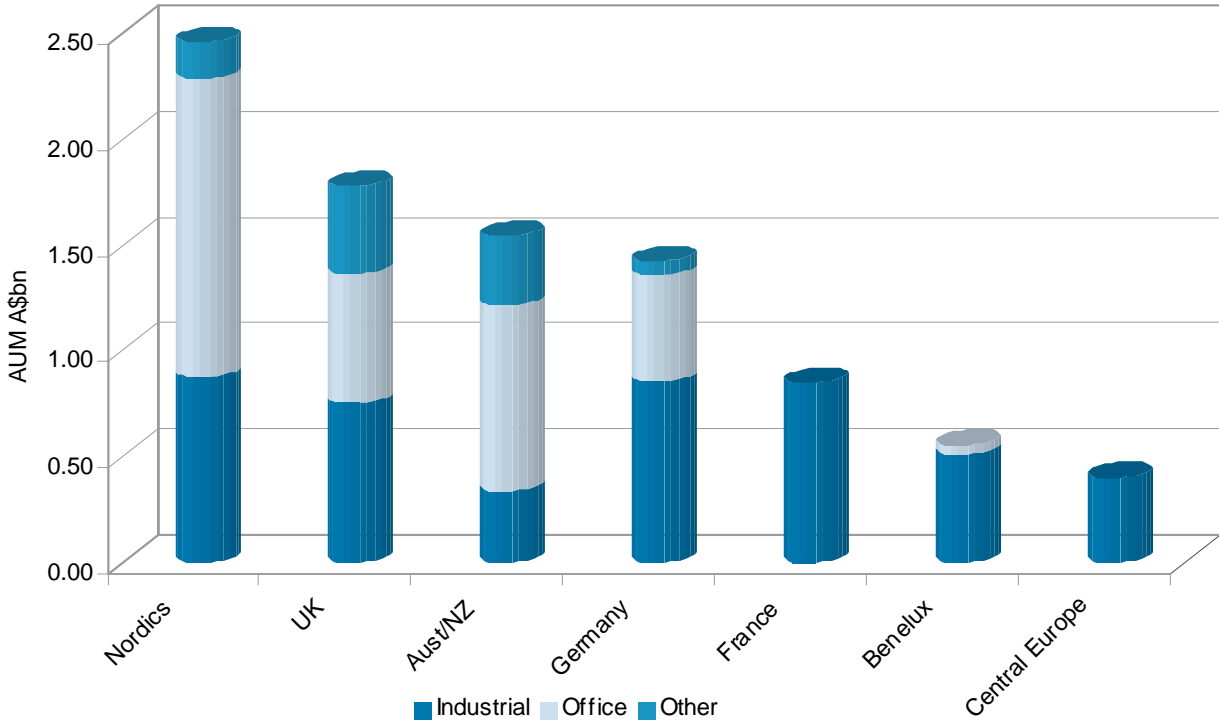


• Valad Office

# Valad asset management

- Valad manages a total of \$9.0<sup>1</sup> billion in assets across all parts of its business

AUM by Region & Sector



1. Includes A\$700m Kefren Properties mandate



Essener Bogen in Hamburg, Germany

**VALAD**

## Valad Strategy and Full Year Highlights



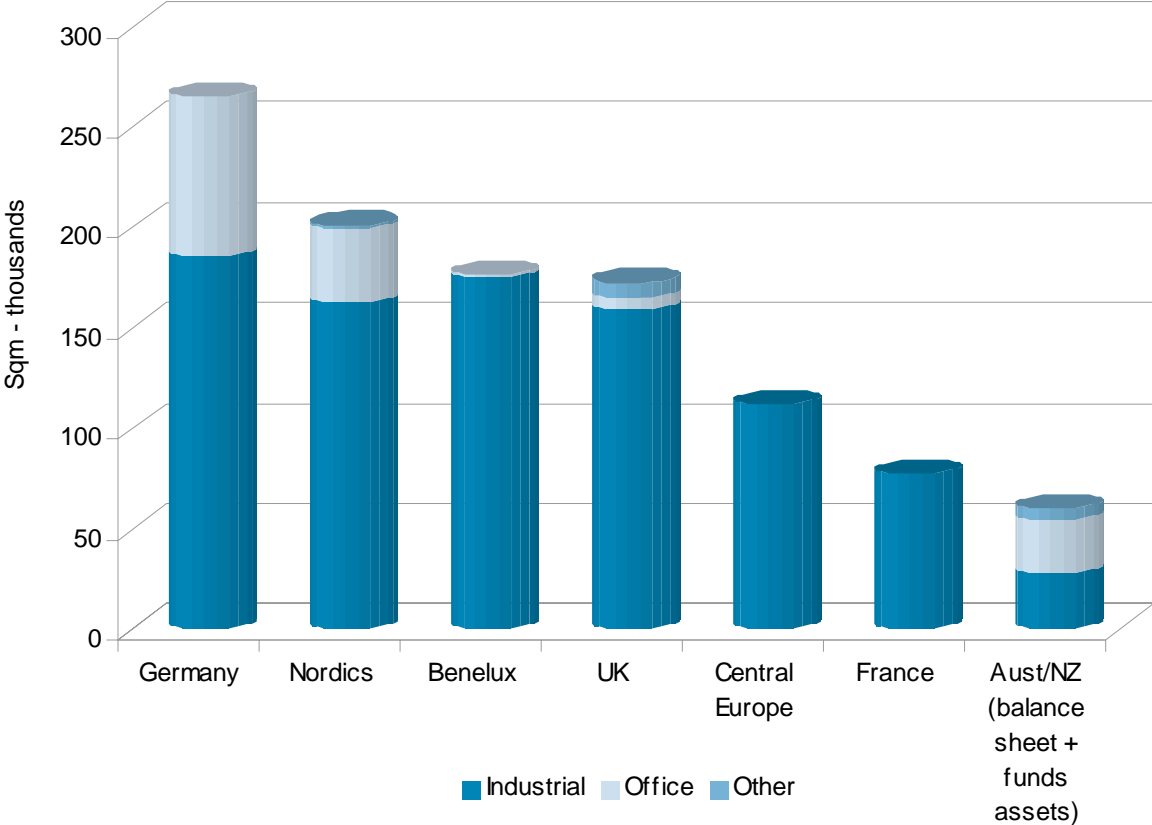
# FY10 Strategic initiatives



# Active Asset Management

- Leasing Activity

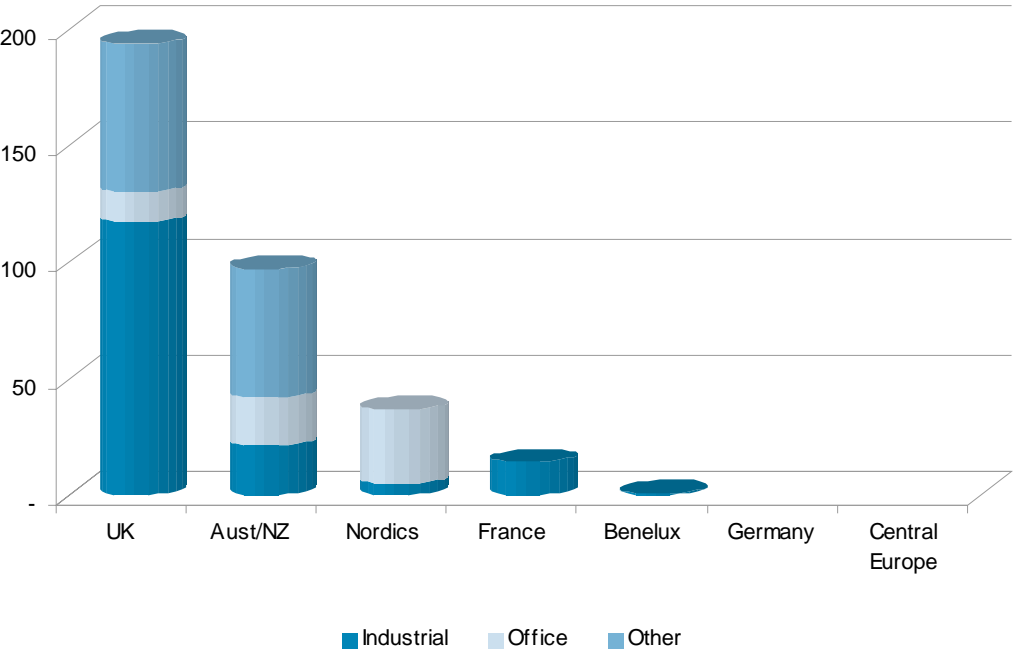
Leasing Activity by Region and Sector  
- Total 1.1 million sqm leased



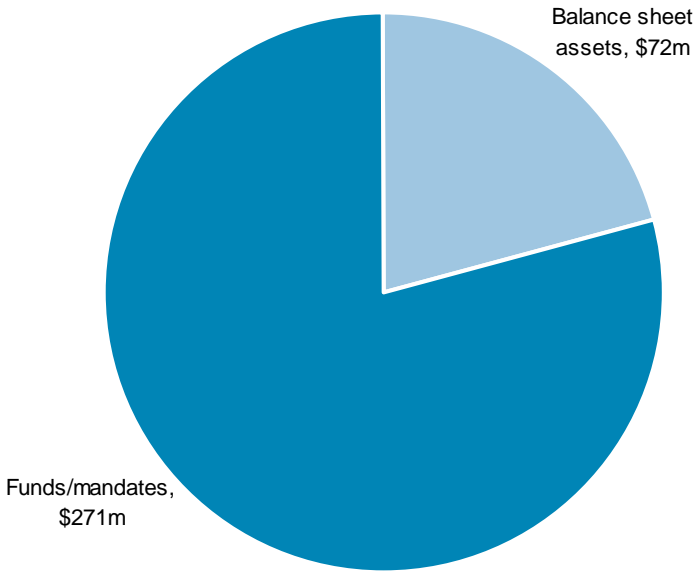
# Active Asset Management

- Value-Add
- Sales activity
- Sustainability

FY10 Asset Sales - by sector & region - total value A\$343m



FY10 Asset sales - by ownership category - total value A\$343m







CPH Business Park, Copenhagen, Denmark

**VALAD**

Financial Overview

# Financial Result

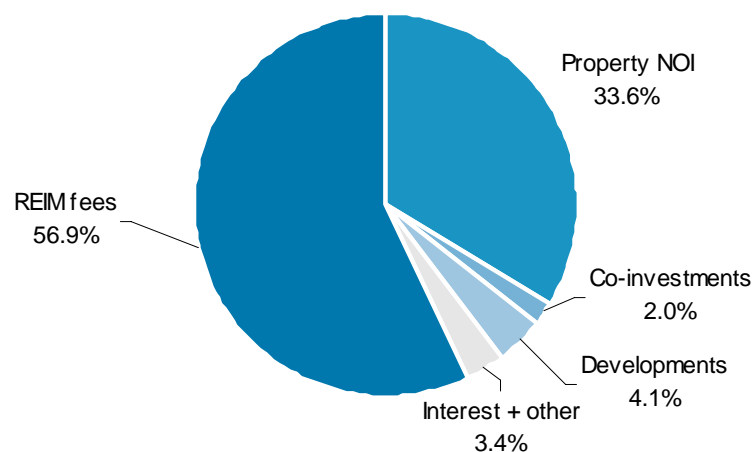
Financial Result	FY10 A\$M	FY09 <sup>1</sup> A\$M
Net Revenue	127.1	242.8
Operating Expenses	(73.8)	(132.9)
<b>Underlying EBITDA</b>	<b>53.3</b>	<b>109.8</b>
Borrowing Costs	(43.6)	(121.8)
Depreciation, tax & minority interest	(1.7)	2.3
<b>Underlying Earnings</b>	<b>8.0</b>	<b>(9.6)</b>
Total one-off / restructuring costs	-	(26.4)
<b>Underlying Earnings after one-off / restructuring costs</b>	<b>8.0</b>	<b>(36.0)</b>
Fair Value / impairments / Non Cash Items		
Property Assets – Investment Properties	(51.9)	(312.0)
All other Property Assets	(100.9)	(654.7)
Intangibles, Derivatives & Other Non-Cash Items	(20.4)	(489.6)
<b>Net Loss After Tax</b>	<b>(165.2)</b>	<b>(1,492.3)</b>
Underlying Earnings per Security (cents)	0.39	(2.24)

<sup>1</sup> FY09 result includes full year for Europe real estate ownership activities and related debt which were transferred to DUKE JV at 30 June 2009

# Revenue and Earnings Composition

FY10	Total A\$M	Aust/NZ A\$M	Europe A\$M
<b>Revenue</b>			
Real Estate Investment Management (REIM) fee Income	72.3	8.0	64.3
<i>Investment Portfolio</i> <sup>1</sup>	42.6	42.6	-
<i>Fund Co-investments</i>	2.6	2.2	0.4
<i>Developments</i> <sup>2</sup>	5.2	5.2	-
Real Estate Ownership – Total	50.4	50.0	0.4
Interest & Other Income	4.3	3.7	0.6
<b>Total Revenue</b>	<b>127.1</b>	<b>61.7</b>	<b>65.4</b>
Operating Expenses	(73.8)	(23.2)	(50.6)
<b>Underlying EBITDA</b>	<b>53.3</b>	<b>38.5</b>	<b>14.8</b>

## FY10 Revenue Composition



<sup>1</sup> Investment portfolio revenue is rental + other property revenue less direct property operating expenses

<sup>2</sup> Includes mezzanine loans to developments (Valad Capital Services)

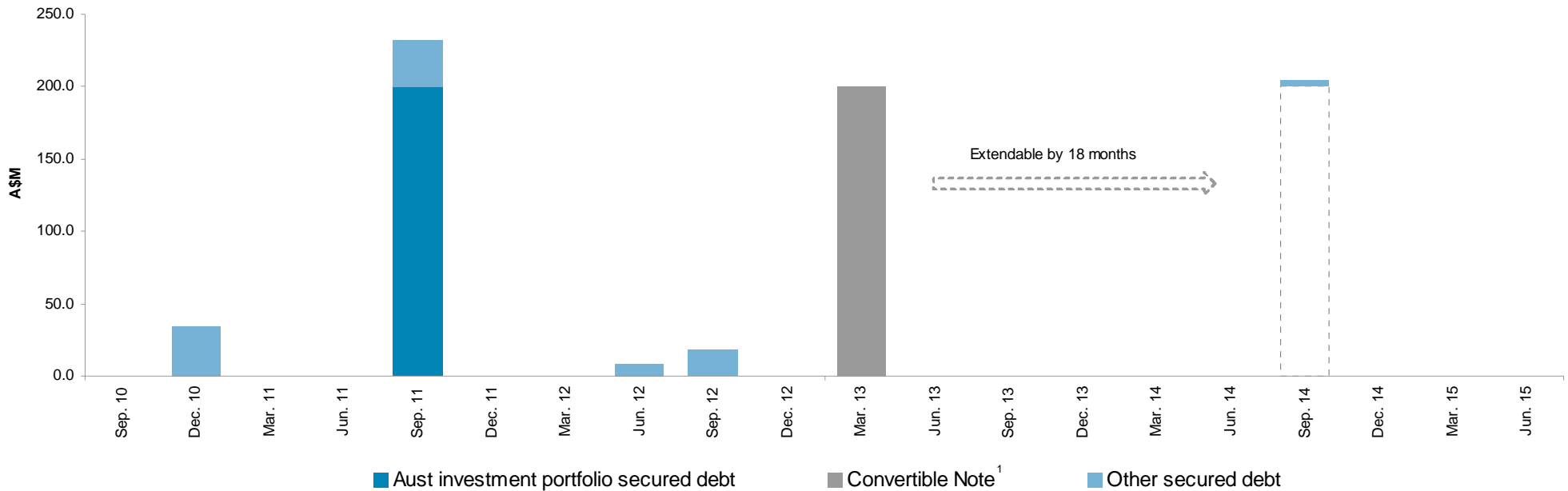
# Balance Sheet

Balance Sheet By Business Line as at 30 June 2010	Total A\$M	Aust/NZ A\$M	Europe A\$M
Investment Portfolio	508.6	508.6	-
Fund Co-Investments	94.5	68.2	26.2
Developments	141.4	141.4	-
<b>Total Real Estate Ownership Assets</b>	<b>744.5</b>	<b>718.2</b>	<b>26.2</b>
Goodwill, Management Rights and other Intangibles	73.9	8.8	65.1
Cash	82.6	70.3	12.4
Other Assets	61.2	33.2	28.0
<b>Total Regional Assets</b>	<b>962.3</b>	<b>830.5</b>	<b>131.8</b>
<b>Liabilities</b>			
Interest Bearing Liabilities	(291.1)	(271.9)	(19.2)
Other Liabilities	(76.5)	(40.5)	(36.0)
<b>Total Regional Liabilities</b>	<b>(367.6)</b>	<b>(312.5)</b>	<b>(55.1)</b>
<b>Net Regional Assets</b>	<b>594.7</b>	<b>518.0</b>	<b>76.7</b>
<b>Group Liabilities</b>			
Kimco Convertible Note	(198.8)		
Deferred Equity Contribution to DUKE	(14.3)		
<b>Total Net Assets</b>	<b>381.5</b>		
<b>NAV (A\$ per security)</b>	<b>\$0.1668</b>		
<b>NTA (A\$ per security)</b>	<b>\$0.1344</b>		
<b>On Balance Sheet Gearing (net debt / TA-cash)</b>	<b>46.3%</b>		

# Group Debt Expiry Profile and Status

- Australia c\$200 million investment portfolio secured facility automatically extended by 12 months to September 2011

Balance Sheet Debt Expiry Profile (drawn)



1. Extendable by 18 months (higher interest rate will apply)

# Risk Management

Risk Management	June 10	December 09	June 09
Total Debt Drawn (on balance sheet)	\$489.9m	\$497.5m	\$593.7m
Total Debt Facilities (on balance sheet)	\$505.3m	\$520.8m	\$604.2m
Weighted Average Debt Term	1.9 years	2.2 years	2.6 years
Gearing (Net Debt / Total Assets Net of Cash)	46.3%	43.3%	43.4%
Interest Rate Hedging <sup>1</sup>	86.0%	90.3%	80.6%
Interest Rate Hedge Duration <sup>1</sup>	3.6 years	3.5 years	4.0 years
Weighted Average Interest Rate – All Debt (Includes Margins and Hedges)	8.9%	8.9%	8.4%

<sup>1</sup> Includes Kimco convertible note and other fixed term debt



Woolwich IO, London UK



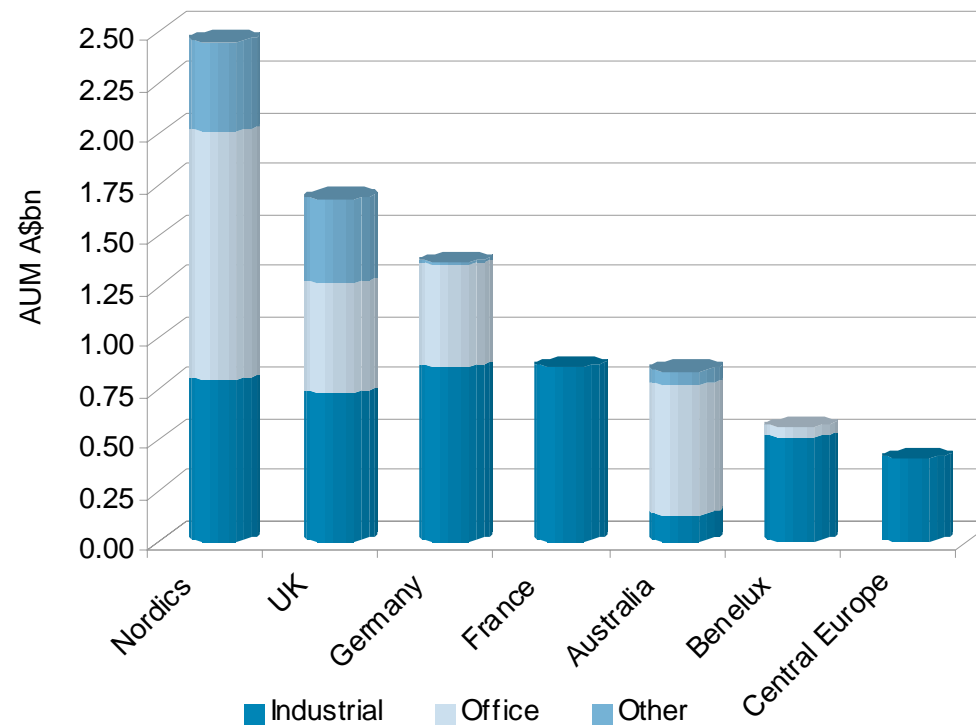
**VALAD**

Business Line Performance

# Real Estate Investment Management - Assets Managed

- Valad manages external assets of A\$8.1<sup>1</sup> billion (including DUKE)
- The REIM assets are primarily multi-let industrial and office

30 June 2010 AUM by Region and Sector



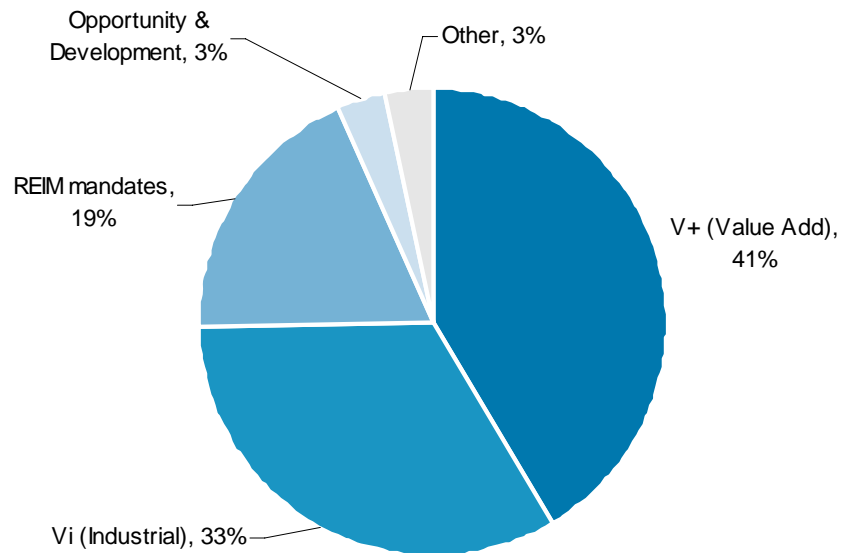
1. Includes A\$700m Kefren Properties mandate



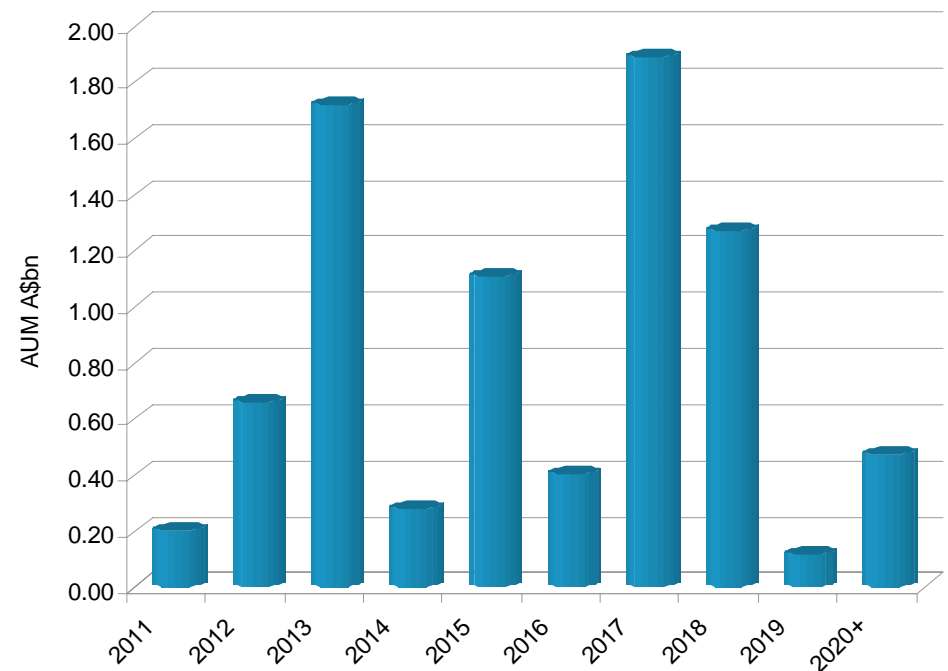
# Real Estate Investment Management - Platform

- The REIM platform is characterised by long term funds + mandates with a weighted average expiry term of 5.5 years

REIM Assets Managed by Fund / Mandate Type



Fund / Mandate Expiry Profile



# Real Estate Investment Management - In Detail

	Funds / Mandates	Current AUM <sup>1</sup> A\$M	Region	Expiry Date (FY)	Sector	VPG Ownership (direct) %	VPG Co- investment (direct) A\$M
V+ (Value-Add) Funds	V+ Australia	571	Australia	2017	Diversified	18%	62
	V+ UK (Osprey)	357	UK	2017	Diversified	11%	7
	V+ Nordic (Nordic Aktiv 1)	961	Nordic	2017	Diversified	1%	1
	V+ Nordic 2 (Nordic Aktiv 2)	283	Nordic	2018	Diversified	Nil	Nil
	V+ Germany (German Aktiv)	990	Germany	2018	Diversified	Nil	Nil
	The Advantage Property Income Trust <sup>2</sup>	200	UK	2011	Diversified	1%	1
Vi (Industrial) Funds	Parc D'Activités	116	France	2019	Industrial	5%	3
	European Industrial Partnership	620	Pan-Europe	2013	Industrial	Nil	Nil
	European High Income <sup>3</sup>	1,100	Pan-Europe	2013	Industrial	2%	10
	Central European Industrial Fund	401	Central Europe	2016	Industrial	2%	3
	The Industrial Trust	474	UK	2026	Industrial	Nil	Nil
Opportunity & Development Funds	ICA Funds (3, 4 & 5)	108	Australia	2012	Development	10% (average)	2
	VOF Funds (11 & 12)	19	Australia	2012	Development	25% (average)	4
	VOF UK	133	UK	2014	Diversified	Nil	Nil
REIM Mandates	DUKE	532	Pan-Europe	2012	Diversified	50%	Nil
	ECREL (Kenmore)	291	Pan-Europe	2015	Diversified	Nil	Nil
	Kefren Properties	689	Nordics	2015	Diversified	Nil	Nil
Other Funds / Mandates	One Alfred Street joint venture <sup>4</sup> (Gold Fields House)	126	Australia	2015	Office	Nil	Nil
	University Capital Trust	147	UK	2014	Student Accom	1%	1
	Total	8,118					94

1. Represents the value of property assets managed as at date of presentation.

2. VPG has indirect exposure via Conygar (TAP parent) shareholding. Negotiations to extend management agreement are ongoing.

3. Fund expiry date is May 2011 with a 2 year asset sell-down period assumed. Negotiations are ongoing regarding an extension of the Fund's expiry date

4. VPG's 21% investment is held on balance sheet and included within 'Developments'. V+ Aust 39% investment is included in V+ Aust AUM.

# Real Estate Ownership

Real Estate Ownership Overview	A\$m	% of total
Investment portfolio	508.6	68.3%
Fund co-investments	94.5	12.7%
Developments	141.4	19.0%
<b>Total</b>	<b>744.5</b>	



Home Central, McGraths Hill, NSW

34 Shortland St, Auckland, NZ

2 Richardson Place, North Ryde, NSW

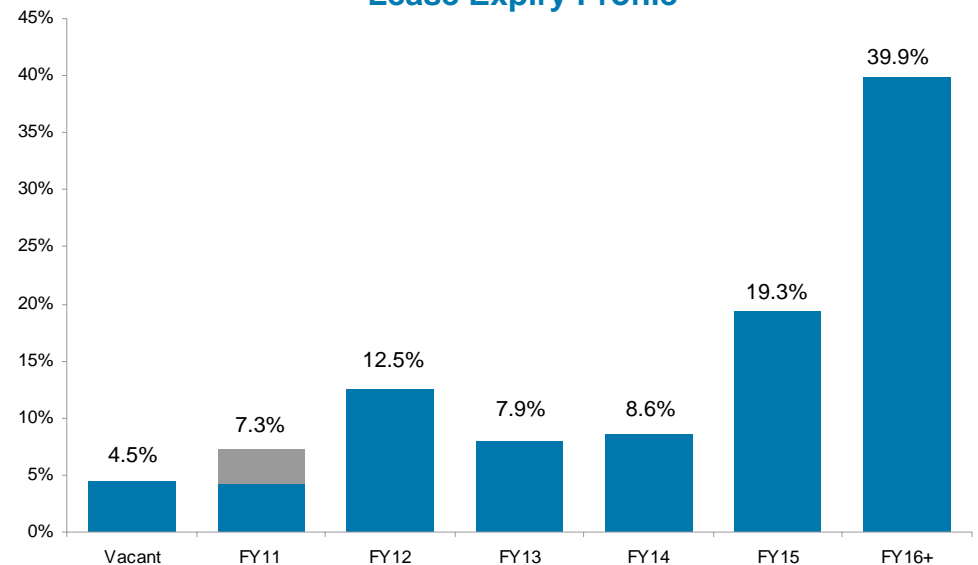
# Real Estate Ownership - Investment Portfolio Income

- Valad is focused on maximising and protecting income growth
  - Occupancy level 95.5% as at 30 June 2010 up from 91.6% at 31 December 2009
  - Strong tenant management with no delinquencies during the year
  - c75% of rent reviews are fixed over next 3 years (with growth 3-4%)
  - FY10 tenant retention 73% by income

## Balance Sheet Portfolio Overview

WALE	4.3 years	
Weighted Cap Average Rate	8.8%	
Occupancy	95.5%	
% of reviews that are fixed	FY11	FY12
	74.1%	76.8%
Arrears	0.5% 60 day debtor	
Like for Like Rental Growth	2.7%	
Delinquencies	Nil	

## Lease Expiry Profile

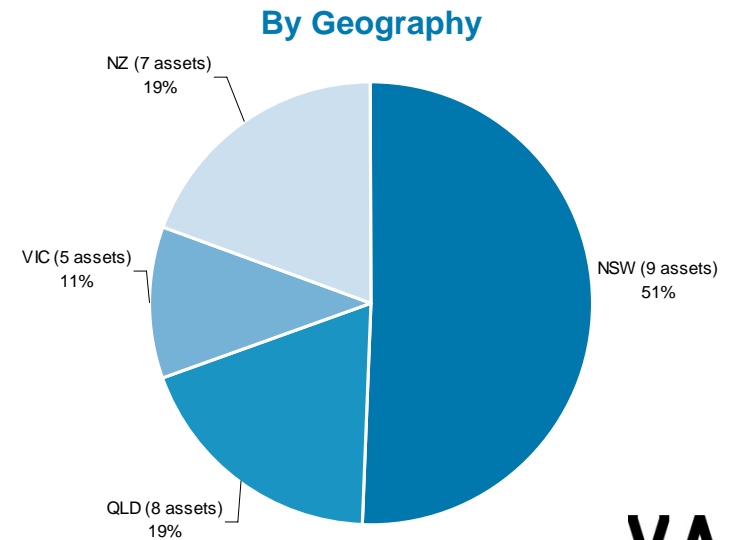
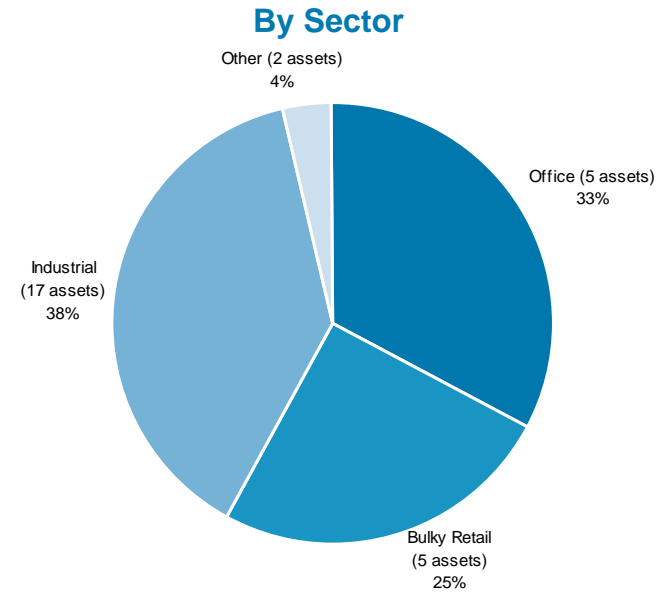


■ Represents FY11 lease expiries already secured by signed leases

# Real Estate Ownership - Investment Portfolio

- 29 assets diversified by sector and geography

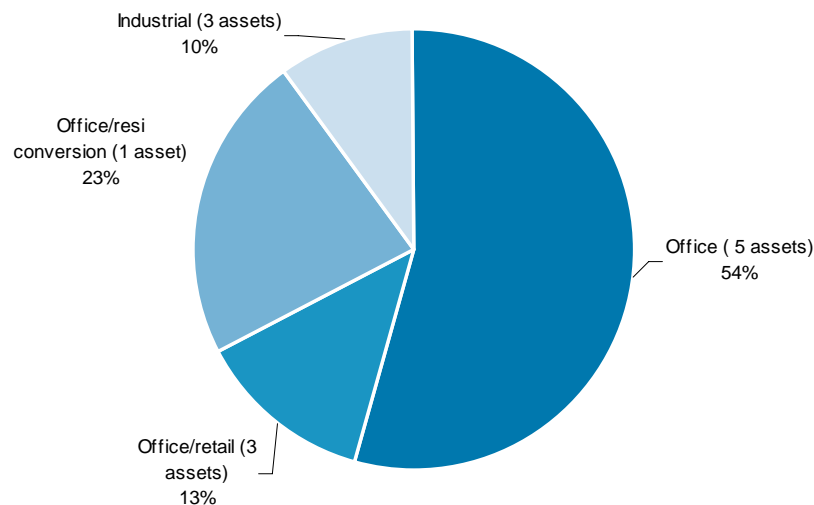
Largest Tenants	Share Portfolio Income %
Carter Holt Harvey	23.3%
Bunnings	7.1%
Honeywell	4.5%
Northline Freight Management Pty Ltd	3.7%
Toyota Finance	2.3%
Sleep City & Everyday Living	2.1%
Baxter Health Care	2.0%
Komatsu	1.9%
Toll Transport Ltd	1.7%
Dorchester Pacific	1.6%



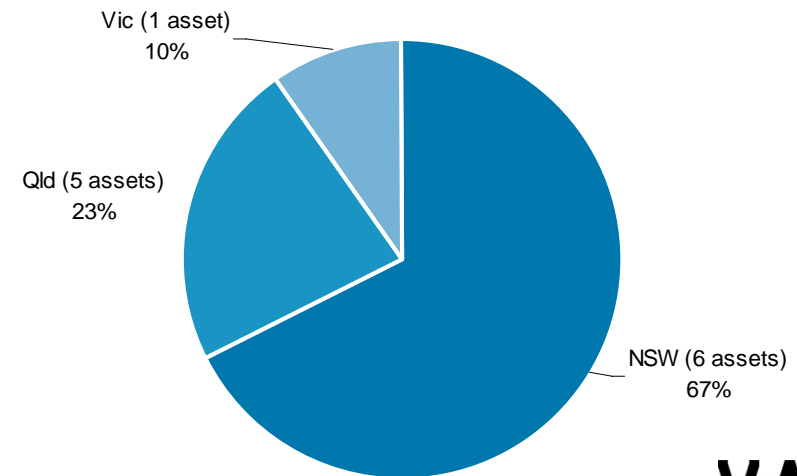
# Real Estate Ownership - Fund Co-investments

- Main fund co-investments are in V+ Australia and One Alfred Street
- Valad owns 18% of V+ which is an open-ended wholesale diversified value-add fund with:
  - Twelve investment properties across the Eastern Seaboard
  - Total property value \$571m (including 39% One Alfred Street)
  - Rent reversion, value-add and re-development opportunities able to be unlocked over the next 3 to 5 years
  - Three international and eight domestic investors having contributed >\$440m of equity
- Valad directly owns 21% of One Alfred Street, Sydney in partnership with V+ and an international pension fund

### V+ Assets By Sector



### V+ Assets By geography



# Real Estate Ownership - Developments

- Four key projects make up 80% of the group's development portfolio
- One Alfred Street, Sydney
  - The property is an existing office asset with 86% occupancy:
    - Design competition held November 2009 with the unanimous decision made to appoint winning design and architect
    - Early stage approval for c.36,000 sqm of luxury residential apartments
    - On track for Stage 2 DA submission first half FY11
    - Current leasing ahead of budget, circa 86% occupied, providing holding cashflow
    - Panoramic north facing views of Sydney Opera House and Harbour Bridge
    - Potential for significant profits from development



Winning design of One Alfred Street

# Real Estate Ownership - Developments

## ▪ Pentridge Coburg, Melbourne

- One of Australia's largest most flexible masterplan sites within 8.5km (20mins) of Melbourne CBD
- Approximately \$1bn end revenues and 8-10 year project on full development
- Rare opportunity of a branded infill site combining a heritage precinct and magnificent views of city skyline and adjoining parklands
- High quality, affordable residential apartments satisfying a strong market demand including:
  - QM building (56 apartments) constructed, sold and occupied
  - Next stage AIR (290 apartments) 76% unconditional pre-sales (by volume) and construction contract agreed
- A masterplan including 'as of right' approvals
- Next 2 stages: 290 apartments( AIR) and 126 apartments (DIV B) already DA approved
- Masterplan includes flexibility for further retail, commercial and over 1500 apartments (126,000 sqm NSA)
- Multiple exit options for equity return as a minimum of 8 separate stages, ability to sell super lots and/or further subdivide, develop stages immediately and/or fully develop a long term project
- A targeted process, off-market, has commenced with a shortlist of potential capital partners for equity participation for the next stages of the development



AIR Pentridge – Artists Impression

**VALAD**



# Real Estate Ownership - Developments

- Sheraton Noosa – 50% joint venture
  - Continue to explore potential residential redevelopment
  - Occupancy levels averaging 74.9%
  - Room rate and RevPAR<sup>1</sup> have performed well<sup>2</sup>

<sup>1</sup> Revenue per Available Room

<sup>2</sup> Compared to Starwood Australia Average

- Top Ryde Shopping Centre

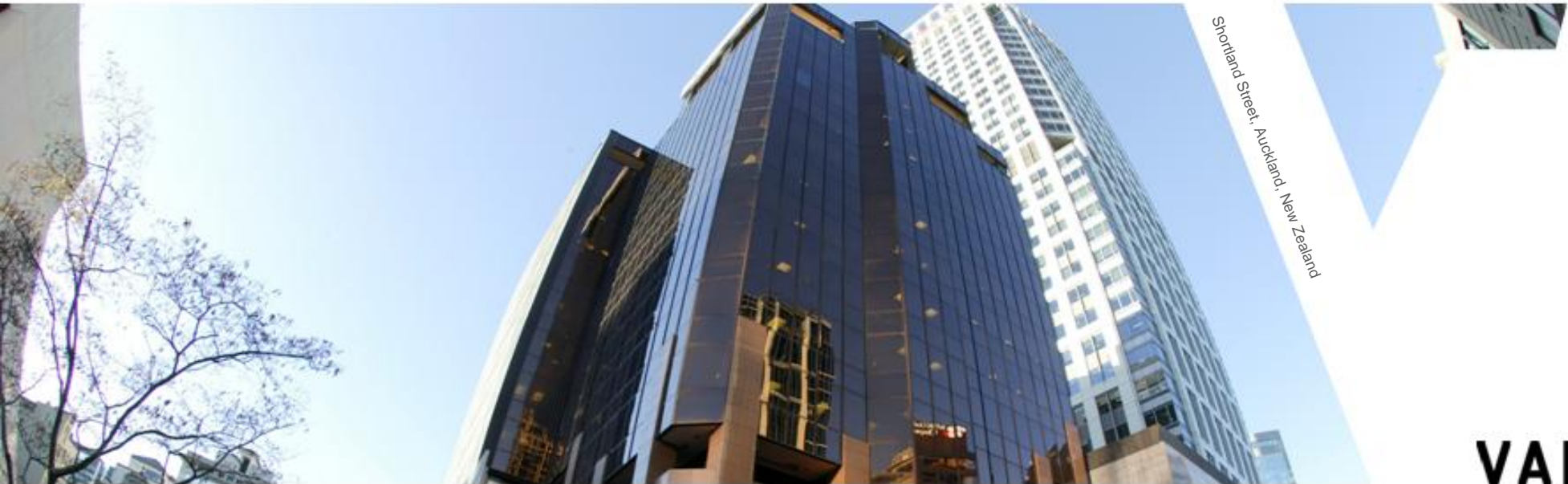
- Officially opened by Julia Gillard on 20 August 2010
- Centre comprises c78,000 sqm of retail area including a La Strada outdoor fashion strip and La Piazza alfresco dining area
- Major tenants include Myer, Big W, Woolworths, Aldi and Franklins
- Entertainment section due to commence trading in December 2010 and includes Event Cinemas (Greater Union) and Strike Bowling Alley

Sheraton Noosa



Top Ryde Shopping Centre





Shortland Street, Auckland, New Zealand

**VALAD**

Outlook

# Outlook for FY2011





Guillaumes, Paris, France

# VALAD

Appendices

# Appendix 1 - Financial Performance

Financial Performance	FY10 A\$M	FY09 A\$M <sup>1</sup>
Real Estate Investment Management (REIM) - Fee Income	72.3	86.1
<i>Investment Portfolio</i>	42.6	105.0
<i>Fund Co-Investments</i>	2.6	11.8
<i>Developments</i>	5.2	5.1
Total Real Estate Ownership Net Revenue	50.4	121.9
Interest and Other Income	4.3	34.8
<b>Total Revenue</b>	<b>127.1</b>	<b>242.8</b>
Total Operating Expenses	(73.8)	(132.9)
<b>Underlying EBITDA</b>	<b>53.3</b>	<b>109.8</b>
Borrowing Costs	(43.6)	(121.8)
Depreciation	(2.6)	(2.8)
Tax credit	1.0	4.2
Minority Interest	(0.1)	0.9
<b>Underlying Earnings</b>	<b>8.0</b>	<b>(9.6)</b>
Total one-off / restructuring costs - operating expenses	-	(13.7)
Total one-off / restructuring costs - borrowing costs	-	(12.7)
<b>Underlying Earnings after one-off / restructuring costs</b>	<b>8.0</b>	<b>(36.0)</b>
<b>Fair Value / Impairments / Non Cash Items</b>		
Property Assets - Investment Portfolio	(51.9)	(312.0)
Property Assets - Fund Co-Investments	(11.9)	(198.3)
Property Assets - Developments and Other	(89.0)	(456.4)
Derivatives including realised net losses	(0.6)	(136.3)
Intangibles	(14.3)	(459.8)
DUKE JV assets	-	93.3
Other Non-Cash Items	(5.5)	13.2
<b>Reported Net Loss After Tax</b>	<b>(165.2)</b>	<b>(1,492.3)</b>
Distribution Paid / Payable	Nil	Nil
Distribution per Security (cents)	Nil	Nil
Underlying Earnings per Security (cents)	0.4	(0.6)
Weighted Average Number of Securities - EPS (million)	2,062.6	1,608.0

1. FY09 result includes full year for Europe real estate ownership activities and related debt which were transferred to DUKE JV at 30 June 2009

## Appendix 2 - Group Debt Facility Summary

Facility summary	Maturity	Facility Limit A\$M	Drawn A\$M	Security
<b>Australia</b>				
Australian Investment Portfolio Secured Debt	Sep 2011	199.5	199.5	Asset Backed
Convertible Note <sup>1</sup>	Feb 2013 <sup>+</sup>	200.0	200.0	Unsecured
Other Corporate / Project Finance <sup>2,3</sup>	Various	75.8	72.4	Asset Backed
<b>Total Australian Facilities</b>		<b>475.3</b>	<b>471.9</b>	
<b>Europe</b>				
Various Corporate Facilities	Jun 2012 to Aug 2014	30.0	19.2	Cashflow Secured
<b>Total European Facilities</b>		<b>30.0</b>	<b>19.2</b>	
<b>Total Debt Facilities on Balance Sheet</b>		<b>505.3</b>	<b>491.1</b>	

1. Feb 2013 represents the initial term expiry. Valad has the ability to extend the maturity of this note by 18 months on certain revised terms.
2. The difference of \$3.4m between the facility limit and drawn balances represents the ability to capitalise interest on certain facilities rather than capacity to draw down further debt
3. \$9.6m of debt was repaid following 30 June 2010 from the proceeds of the sale of rural assets.

# Appendix 3 - Risk Management

## ■ Foreign currency

### – Balance sheet

- Maximise borrowings in the currency of the underlying investments to limit currency impact on the balance sheet
- Residual foreign currency investments hedged through vanilla FX derivatives
- Policy to hedge 90% of capital exposure where net capital exposure being returned within five years

### – Income statement

- Net foreign currency income are hedged within the following ranges:

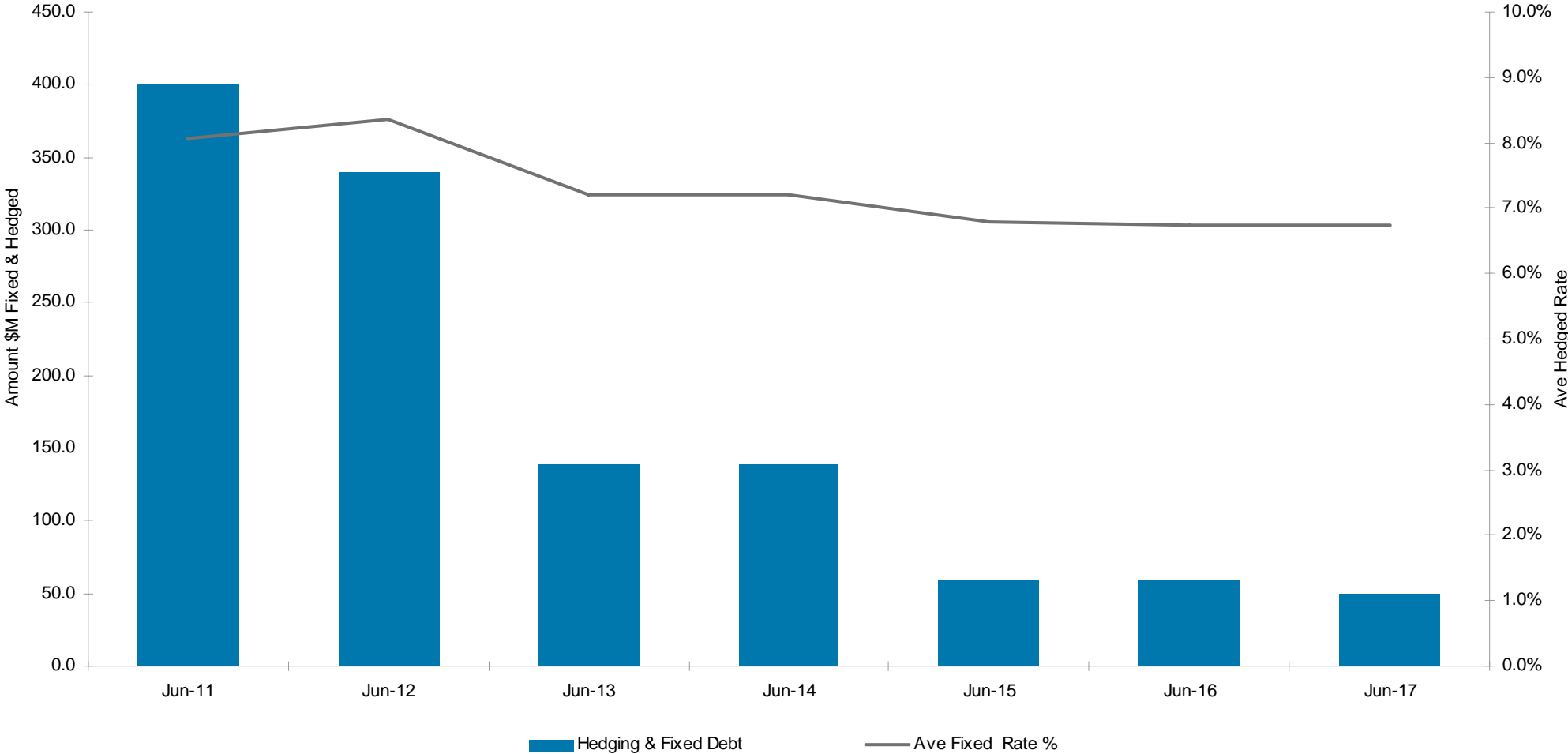
- 1-2 years – 60% to 80%
- 3-5 years – 50% to 70%

- Valad currently has no FX derivative exposures

## ■ Interest rate

- 86% of balance sheet debt hedged or fixed rate debt (Kimco convertible note and other fixed term debt).
- Average hedge term of 4.6 years and average hedge rate of 6.69% (hedges only).
- Average hedged/fixed term (including Kimco convertible note and other fixed term debt) of 3.6 years and average hedged/fixed rate of 8.05% (including Kimco convertible note and other fixed term debt).

# Appendix 4 - Interest Rate Hedging Profile on Balance Sheet





## Appendix 5 - Real Estate Ownership Investment Portfolio Statistics

Balance Sheet Property Investments Portfolio by Location	Cap Rate Movement 6 months to 30 Jun 10 %	Cap Rate Movement 12 months to 30 Jun 10 %	Valuation As at 30 Jun 10 A\$M	Revaluation / (Write Downs)				Average Occupancy %	Like-on- like Rental Growth %
				6 months to 30 Jun 10 <sup>1</sup>		12 months to 30 Jun 10 <sup>2</sup>			
				A\$M	% of book value	A\$M	% of book value		
Australia	(0.1)	0.4	409.9	2.3	0.6	(31.1)	(7.1)	94.6	2.6
New Zealand	0.0	0.2	98.7	0.1	0.1	(6.7)	(6.3)	99.5	3.0
<b>Total Investment Portfolio</b>	<b>(0.1)</b>	<b>0.4</b>	<b>508.6</b>	<b>2.4</b>	<b>0.5</b>	<b>(37.8)</b>	<b>(6.9)</b>	<b>95.5</b>	<b>2.7</b>

1. Excludes \$8.2m write-downs on assets sold during the period
2. Excludes \$14.1m write-downs on assets sold during the year

# Appendix 6 - Real Estate Ownership Investment Portfolio Statistics

Australia	Valuation 30 Jun 10 A\$M	Revaluation 6 Months to 30 Jun10 A\$M	Revaluation (%)	Weighted Average Cap Rate (%)	Cap Rate Movement over 6mths (%)	Cap Rate Movement over 12mths (%)	Like on Like Income Growth (%)	WALE (yrs)	Occupancy at 30 Jun 10 (%)
Office	143.9	0.0	0.0	8.3	0.0	0.3	3.6	2.6	91.8
Industrial	120.7	0.5	0.4	9.2	0.0	0.5	2.4	3.9	100.0
Bulky Retail	127.4	1.8	1.4	8.8	(0.1)	0.4	1.6	5.3	92.7
Other	18.0	0.0	0.0	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>409.9</b>	<b>2.3</b>	<b>0.6</b>	<b>8.7</b>	<b>(0.1)</b>	<b>0.4</b>	<b>2.6</b>	<b>4.0</b>	<b>94.6</b>

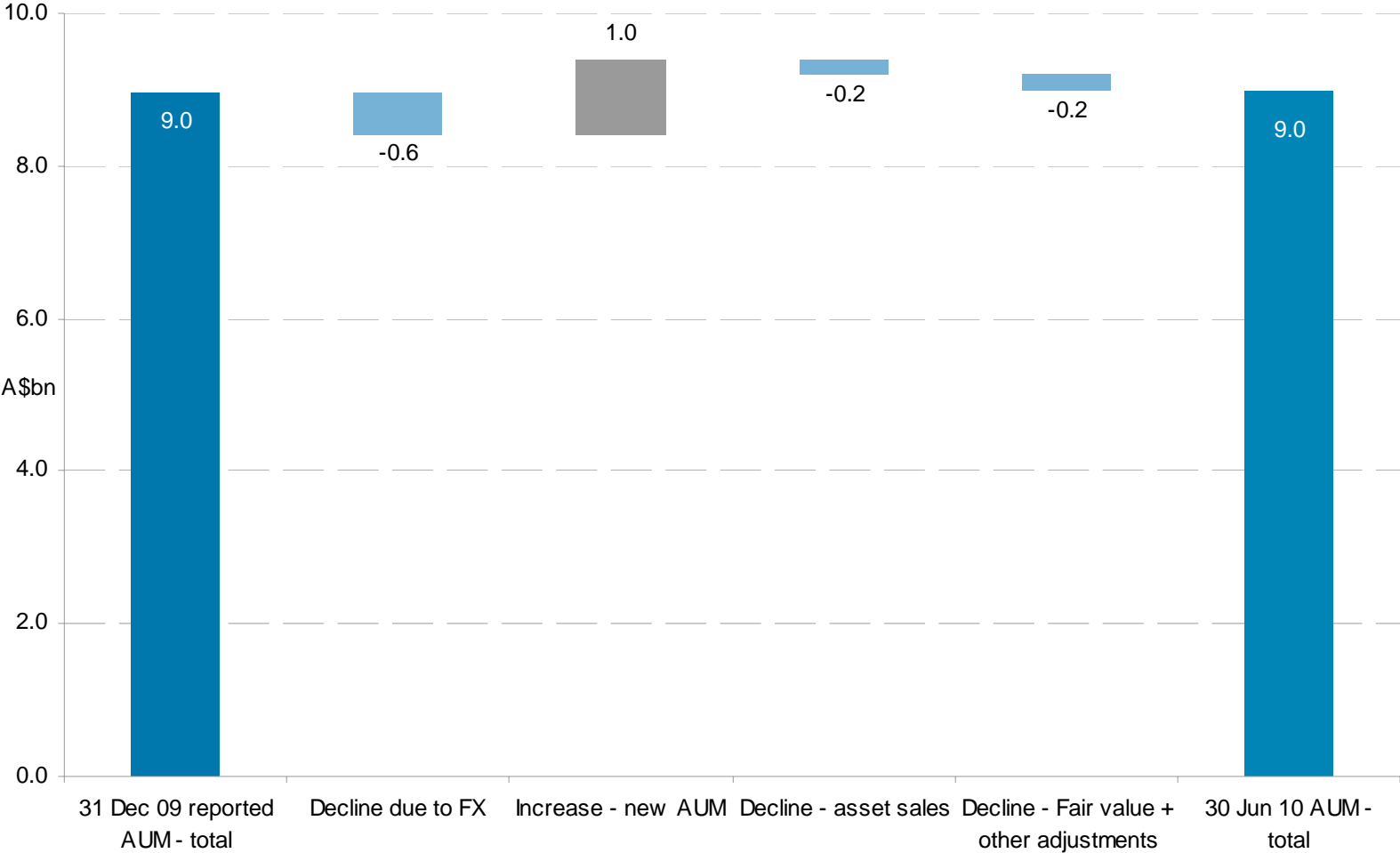
12 month revaluation (7.1)%

New Zealand	Valuation 30 Jun 10 A\$M	Revaluation 6 Months to 30 Jun 10 A\$M	Revaluation %	Weighted Average Cap Rate (%)	Cap Rate Movement over 6mths (%)	Cap Rate Movement over 12mths (%)	Like on Like Income Growth (%)	WALE (yrs)	Occupancy at 30 Jun 10 (%)
Office	22.6	0.0	0.0	9.0	0.0	0.5	3.1	4.8	98.1
Industrial	76.1	0.1	0.1	9.3	0.0	0.1	3.0	6.2	100.0
<b>Total</b>	<b>98.7</b>	<b>0.1</b>	<b>0.1</b>	<b>9.2</b>	<b>0.0</b>	<b>0.2</b>	<b>3.0</b>	<b>5.8</b>	<b>99.5</b>

12 month revaluation (6.3)%

# Appendix 7 - Movement in Total Assets Managed

Movement in Total Assets Managed



# Appendix 8 - Australian Overview



• Valad Office

## Market Data

Population		21.4m
GDP Growth (to March 2010) <sup>1</sup>		2.71%
Unemployment <sup>1</sup>		5.10%
Inflation <sup>1</sup>		3.1%
Average Yield for Office <sup>2</sup>	Prime	6.50-8.75%
	B-Grade	7.75%+
Average Yield for Industrial	Prime	8.00% - 9.75%

## Property Data

Assets Managed (A\$bn)	1.57
Number of Funds	7
Number of Properties	63
Number of Tenants	369
Total Property Area (sqm)	512,604

## Local Presence

Valad Offices	3
Valad Team	60
Key Executives	Mark Frinsdorf – Head of Real Estate (Aust/NZ)
	Giles Stapleton - Head of Real Estate Investment Management (Aust/NZ)

Source

<sup>1</sup> RBA

<sup>2</sup> JLL March 2010

# Appendix 9 - European Regional Overview - Benelux



- Valad Office

Market Data	Belgium	Netherlands	Luxembourg
Population	10.6m	16.6m	0.50m
GDP Growth (2010) <sup>1</sup>	1.1%	1.1%	2.9%
Unemployment <sup>1</sup>	8.5%	5.6%	6.5%
Inflation <sup>1</sup>	1.9%	1.4%	2.1%
Average Yield for Office	Prime <sup>2</sup>		5.7% - 6.2%
	B-Grade <sup>3</sup>		7.25% - 9.0%
Average Yield for Industrial	Prime <sup>2</sup>		6.9% - 7.3%
	B-Grade <sup>3</sup>		7.5% - 10.0%

Property Data	
Assets Managed (A\$m)	553.8
REIM* Mandates	4
Number of Properties	58
Number of Tenants	873
Total Property Area (sqm)	596,573

•REIM – Real Estate Investment Management

Source: <sup>1</sup>Global Insight

<sup>2</sup>Jones Lang LaSalle

<sup>3</sup>Valad

Local Presence	
Valad Offices:	2
Valad Team:	18
Key Executives:	Mark McLaughlin – Head of Benelux
	William Smit – Head of Asset Management
	Franck De Bruycker – Finance Director

# VALAD

# Appendix 10 - European Regional Overview - Central Europe



● Valad Office

Market Data	Poland	Czech Rep	Hungary	Romania
Population	38.1m	10.5m	10.0m	21.2m
GDP Growth (2010) <sup>2</sup>	2.7%	1.6%	0.7%	0.3%
Unemployment <sup>2</sup>	12.3%	7.4%	11.0%	7.6%
Inflation <sup>2</sup>	2.7%	1.6%	5.8%	6.2%
Average Yield for Office	Prime <sup>1</sup>			7.00% - 8.50%
	B-Grade <sub>3</sub>			10.0%+
Average Yield for Industrial	Prime <sup>1</sup>			8.50% - 10.0%
	B-Grade <sub>3</sub>			10.0%+

Property Data	
Assets Managed (\$Am)	401.3
REIM* Mandates	1
Number of Properties	22
Number of Tenants	247
Total Property Area (sqm)	626,555

Local Presence	
Valad Offices:	4
Valad Team:	12
Key Executives:	Matt Bann – Head of Central Europe
	Maja Biesiekierska – Manager Poland
	Harry Bunbury – Manager, Czech Republic
	Silviana Badea – Manager, Romania
	Ferenc Trexler – Manager, Hungary

\* REIM – Real Estate Investment Management

Source: <sup>1</sup>Global Insight  
<sup>2</sup>Jones Lang LaSalle  
<sup>3</sup>Valad

# Appendix 11 - European Regional Overview - France



- Valad Office

## Market Data

Population		62.9m
GDP Growth (2010) <sup>1</sup>		1.3%
Unemployment <sup>1</sup>		10.0%
Inflation <sup>1</sup>		1.5%
Average Yield for Office	Prime <sup>2</sup>	5.25%-6.25%
	B-Grade <sup>3</sup>	8.00%+
Average Yield for Industrial	Prime <sup>2</sup>	7.30%
	B-Grade <sup>3</sup>	9.00%+

## Property Data

Assets Managed (A\$m)	849.6
REIM* Mandates	4
Number of Properties	40
Number of Tenants	891
Total Property Area (sqm)	724,011

## Local Presence

Valad Offices:	1
Valad Team:	26
Key Executives:	Gilles Vaissié – Head of France
	Laurent Roussel – Head of Asset Management
	Pierre Durance – Head of Finance & Accounting

\* REIM – Real Estate Investment Management

Source: <sup>1</sup>Global Insight

<sup>2</sup>Jones Lang LaSalle

<sup>3</sup>Valad

# Appendix 12 - European Regional Overview - Germany



● Valad Office

Market Data		
Population		81.6m
GDP Growth (2010) <sup>1</sup>		2.0%
Unemployment <sup>1</sup>		7.7%
Inflation <sup>1</sup>		1.0%
Average Yield for Office	Prime <sup>2</sup>	4.95%-5.20%
	B-Grade <sup>3</sup>	6.50%-9.00%
Average Yield for Industrial	Prime <sup>2</sup>	7.00%-7.50%
	B-Grade <sup>3</sup>	8.50% - 10.5%

Property Data	
Assets Managed (\$Abn)	1.42
REIM* Mandates	4
Number of Properties	117
Number of Tenants	1387
Total Property Area (sqm)	1,422,314

Local Presence	
Valad Offices	4
Valad Team	24
Key Executives	Klaus Kortebein – Head of Germany
	Martina Kleistner – Head of Finance
	Thomas Heidelberger – Senior Asset Management

\* REIM – Real Estate Investment Management

Source: <sup>1</sup>Global Insight  
<sup>2</sup>Jones Lang LaSalle  
<sup>3</sup>Valad

**VALAD**



# Appendix 13 - European Regional Overview - Nordics



● Valad Office

Market Data	Norway	Finland	Denmark	Sweden
Population	4.9m	5.4m	5.5m	9.3m
GDP Growth (2010) <sup>1</sup>	1.1%	1.6%	1.4%	2.9%
Unemployment <sup>1</sup>	3.7%	9.9%	6.9%	8.9%
Inflation <sup>1</sup>	2.6%	1.1%	2.0%	1.1%
Average Yield for Office	Prime <sup>2</sup>			5.00% - 6.00%
	B-Grade <sup>3</sup>			6.50% - 8.25%
Average Yield for Industrial	Prime <sup>2</sup>			7.00% - 7.40%
	B-Grade <sup>3</sup>			8.00% - 9.00%

Property Data	
Assets Managed (\$Abn)	2.45
REIM* Mandates	6
Number of Properties	378
Number of Tenants	3,611
Total Property Area (sqm)	2,553,128

Local Presence	
Valad Offices	6
Valad Team	51
Key Executives:	Michael Bruhn – Head of Nordics
	Jeppe Bo Petersen – Head of Finance
	Mikael Fogermann – Head of Asset Management

\* REIM – Real Estate Investment Management

Source: <sup>1</sup>Global Insight  
<sup>2</sup>Jones Lang LaSalle  
<sup>3</sup>Valad

# Appendix 14 - European Regional Overview - UK



● Valad Office

## Market Data

Population		62.2m
GDP Growth (2010) <sup>1</sup>		1.1%
Unemployment <sup>1</sup>		8.1%
Inflation <sup>1</sup>		3.0%
Average Yield for Office	Prime <sup>2</sup>	4.25%-6.00%
	B-Grade <sup>3</sup>	7.50%-10.50%
Average Yield for Industrial	Prime <sup>2</sup>	6.50%-6.75%
	B-Grade <sup>3</sup>	8.50%-11.00%

## Property Data

Assets Managed (\$Abn)	1.78
REIM* Mandates	6
Number of Properties	281
Number of Tenants	1,576 <sup>4</sup>
Total Property Area (sqm)	1,411,974 <sup>4</sup>

## Local Presence

Valad Offices:	3
Valad Team:	103
Key Executives:	Rob Howe – Head of UK Investment
	Andrew Richardson – Head Development, Scotland
	Andrew Slipper – Head of Development, Southern England

\* REIM – Real Estate Investment Management

Source: <sup>1</sup>Global Insight  
<sup>2</sup>Jones Lang LaSalle  
<sup>3</sup>CBRE

<sup>4</sup> Excluding UCT

# VALAD

# Disclaimer

---

This presentation is issued by Valad Funds Management Limited (VFML) and Valad Commercial Management Limited (VCML) in its capacity as responsible entity of Valad Property Trust (together VFML and VCML are Valad). It is not an offer of securities for subscription or sale and is not financial product advice.

Information in this presentation including, without limitation, any forward looking statements or opinions (the Information) may be subject to change without notice.

To the extent permitted by law, Valad, and their officers, employees and advisers do not make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of the Information and disclaim all responsibility and liability for it (including, without limitation, liability for negligence).

Actual results may differ materially from those predicted or implied by any forward looking statements for a range of reasons outside the control of the relevant parties.

The information contained in this presentation should not be considered to be comprehensive or to comprise all the information which a Valad securityholder or potential investor may require in order to determine whether to deal in Valad stapled securities. This presentation does not take into account the financial situation, investment objectives and particular needs of any particular person.

The repayment and performance of an investment in Valad is subject to investment risk and is not guaranteed by Valad or any of its related bodies corporate or any other person or organisation.

Valad Funds Management Limited (ACN 102 249 294)

Valad Commercial Management Limited (ACN 101 802 046; AFSL 223339) as responsible entity of the Valad Property Trust (ARSN 102 618 824)

## **Valad Property Group**

Level 9, 1 Chifley Square  
Sydney, NSW 2000  
Phone: +612 8257 6600  
Fax: +612 8257 6655

**VALAD**