

Dear Bakehouse Quarter Fund Investor

Offer by Pelorus to purchase your Bakehouse Quarter Fund units

Pelorus Property Group is offering to exchange your BQF units for Pelorus shares. Pelorus shares are listed on the ASX (ASX Code: PPI) and therefore may be offered for sale on the ASX at a time of your choosing. BQF has a fixed term expiring in 2040 and has no mechanism within its constitution for an investor to elect to convert their investment into cash prior to this date.

Under the offer BQF unitholders will be paid 14.5 Pelorus shares for each BQF unit

On completion of the offer BQF will be Pelorus' largest investment. As a consequence, the offer allows investors to roll their investment into a structure that is listed on the ASX while maintaining an interest in the Bakehouse Quarter project.

This offer is one of a number of transactions Pelorus is undertaking to merge with some of its unlisted funds and associated companies (Merger). The Merger will grow Pelorus' balance sheet, cash flow, shares on issue and funding capacity. Assuming all offers under the Merger are accepted Pelorus' net assets will grow from \$42 million to \$136 million with issued shares increasing from approximately 114 million to 377 million.

More information on Pelorus, its operations and the Merger are detailed in the prospectus enclosed with this letter and on Pelorus' website at www.pelorus.com.au/investor/ppi/merger. You should read the Prospectus and the terms and conditions in the attached personalised Acceptance Form carefully. Please note that the pro forma balance sheet on page 9 of the Prospectus is unaudited.

Will Pelorus' directors accept the Offer?

As previously disclosed to the ASX all Pelorus directors and their related entities holding BQF units intend to accept the offer. These director related holdings account for approximately 65% of all BQF units.

Value of your BQF units

Pelorus announced that the net tangible asset value per BQF unit is \$4.80. This value is based on independent valuations of the Bakehouse Quarter as at 31 December 2007. Pelorus currently holds approximately 4.9 million units in BQF. These BQF units are held in Pelorus' financial statements at a value of \$4.80 per unit.

How to Accept

To accept this offer simply complete, sign and return the attached personalised Acceptance Form by mail, hand, email or fax so that it is received **on or before the 7pm (Sydney Time) 22 December 2008**.

By Mail:

Merger Offer
Pelorus Property Group
PO Box 612
Neutral Bay NSW 2089

By Hand:

Merger Offer
Pelorus Property Group
Level 3 50 Yeo Street
Neutral Bay NSW 2089

By Email:

Scan your form and email it to
merger@pelorus.com.au

By Fax:

(02) 9033 8600

This offer is dated 21 November 2008. Unless withdrawn the offer will be open until 7pm (Sydney Time) on 22 December 2008. The offer may be extended in accordance with the Corporations Act. The offer may only be withdrawn by the Company by sending a withdrawal document in accordance with the Corporations Act at any time but not within the first month from the date of the offer.

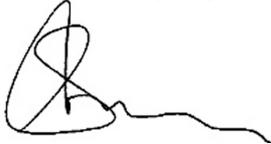
Under the BQF constitution if an offer is made on the same terms to acquire all the units in the fund and 75% of unitholders accept the offer then Pelorus (as responsible entity of BQF) may do all things necessary to require all non-accepting unitholders to accept the offer. It is Pelorus' intention to require all non-accepting unitholders to accept the offer if 75% or more acceptances are received.

Questions

If you have any questions regarding this offer please contact Pelorus on 1800 789 141.

Yours faithfully

Pelorus Property Group Ltd



Stuart Brown
Managing Director

Important Dates

Announcement of the Offer	19 June 2008
Prospectus, Offer Document and Acceptance Forms dispatched (Open Date)	21 November 2008
Final time and date for receipt of acceptances (Closing Date)	22 December 2008
Expected allotment date	29 December 2008
Expected date dispatch of holding statements	29 December 2008
Expected date of quotation on ASX	30 December 2008
Expected date for commencement of trading	30 December 2008

Note: All dates are indicative only. The Company reserves the right, subject to the Corporations Act and the ASX Listing Rules, to amend this indicative timetable and in particular, to extend the Closing Date. Any extension of the Closing Date will have a consequential effect on the date of allotment and issue of Pelorus shares.

21 November 2008

Dear Pelorus Storage Fund Investor

Offer by Pelorus to purchase your Pelorus Storage Fund (PSF) units

Pelorus Property Group is offering to exchange your PSF units for Pelorus shares. Pelorus shares are listed on the ASX (ASX Code: PPI) and therefore may be offered for sale on the ASX at a time of your choosing. PSF has a fixed term expiring in September 2013 and has no mechanism within its constitution for an investor to elect to convert their investment into cash prior to this date.

Under the offer PSF unitholders will be paid 5 Pelorus shares for each PSF Unit

The offer allows investors to roll their investment into a structure that is listed on the ASX while maintaining an interest in the Storage Fund's assets and the fees generated by them.

This offer is one of a number of transactions Pelorus is undertaking to merge with some of its unlisted funds and associated companies (Merger). The Merger will grow Pelorus' balance sheet, cash flow, shares on issue and funding capacity. Assuming all offers under the Merger are accepted Pelorus' net assets will grow from \$42 million to \$136 million with issued shares increasing from approximately 114 million to 377 million.

More information on Pelorus, its operations and the Merger are detailed in the Prospectus enclosed with this letter and on Pelorus' website at www.pelorus.com.au/investor/ppi/merger. You should read the Prospectus and the terms and conditions in the attached personalised Acceptance Form carefully. Please note that the pro forma balance sheet on page 9 of the Prospectus is unaudited.

Value of your PSF units

The net tangible asset value per PSF unit is \$1.08. This value is based on the last independent valuation of the properties in which PSF holds an interest. Pelorus does not currently hold any units in PSF.

How to Accept

To accept this offer simply complete, sign and return the attached personalised Acceptance Form by mail, hand, email or fax so that it is received **on or before the 7pm (Sydney Time) 22 December 2008**.

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Merger Offer
Pelorus Property Group
PO Box 612
Neutral Bay NSW 2089

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Managing Director

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21 November 2008

Dear Pelorus Penrith Fund No. 2 Investor

Offer by Pelorus to purchase your Pelorus Penrith Fund No. 2 (PPF) units

Pelorus Property Group is offering to exchange your PPF units for Pelorus shares. Pelorus shares are listed on the ASX (ASX Code: PPI) and therefore may be offered for sale on the ASX at a time of your choosing. PPF has a fixed term expiring in June 2014 and has no mechanism within its constitution for an investor to elect to convert their investment into cash prior to this date.

Under the offer PPF unitholders will be paid 5 Pelorus shares for each PPF Unit

On completion of the offer Pelorus will have a significant investment in PPF. As a consequence, the offer allows investors to roll their investment into a structure that is listed on the ASX while maintaining an interest in the Penrith Fund's assets and the fees generated by them.

This offer is one of a number of transactions Pelorus is undertaking to merge with some of its unlisted funds and associated companies (Merger). The Merger will grow Pelorus' balance sheet, cash flow, shares on issue and funding capacity. Assuming all offers under the Merger are accepted Pelorus' net assets will grow from \$42 million to \$136 million with issued shares increasing from approximately 114 million to 377 million.

More information on Pelorus, its operations and the Merger are detailed in the prospectus enclosed with this letter and on Pelorus' website at www.pelorus.com.au/investor/ppi/merger. You should read the Prospectus and the terms and conditions in the attached personalised Acceptance Form carefully. Please note that the pro forma balance sheet on page 9 of the Prospectus is unaudited.

Value of your PPF units

The net tangible asset value per PPF unit is \$1.00. This value is based on the last independent valuation of the property in which PPF holds an interest. Pelorus currently holds 4.094 million units in PPF.

How to Accept

To accept this offer simply complete, sign and return the attached personalised Acceptance Form by mail, hand, email or fax so that it is received **on or before the 7pm (Sydney Time) 22 December 2008**.

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Pelorus Property Group
PO Box 612
Neutral Bay NSW 2089

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Neutral Bay NSW 2089

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Questions

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Managing Director

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