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## Annual General Meeting

31 October 2007

**VALAD**

# Agenda

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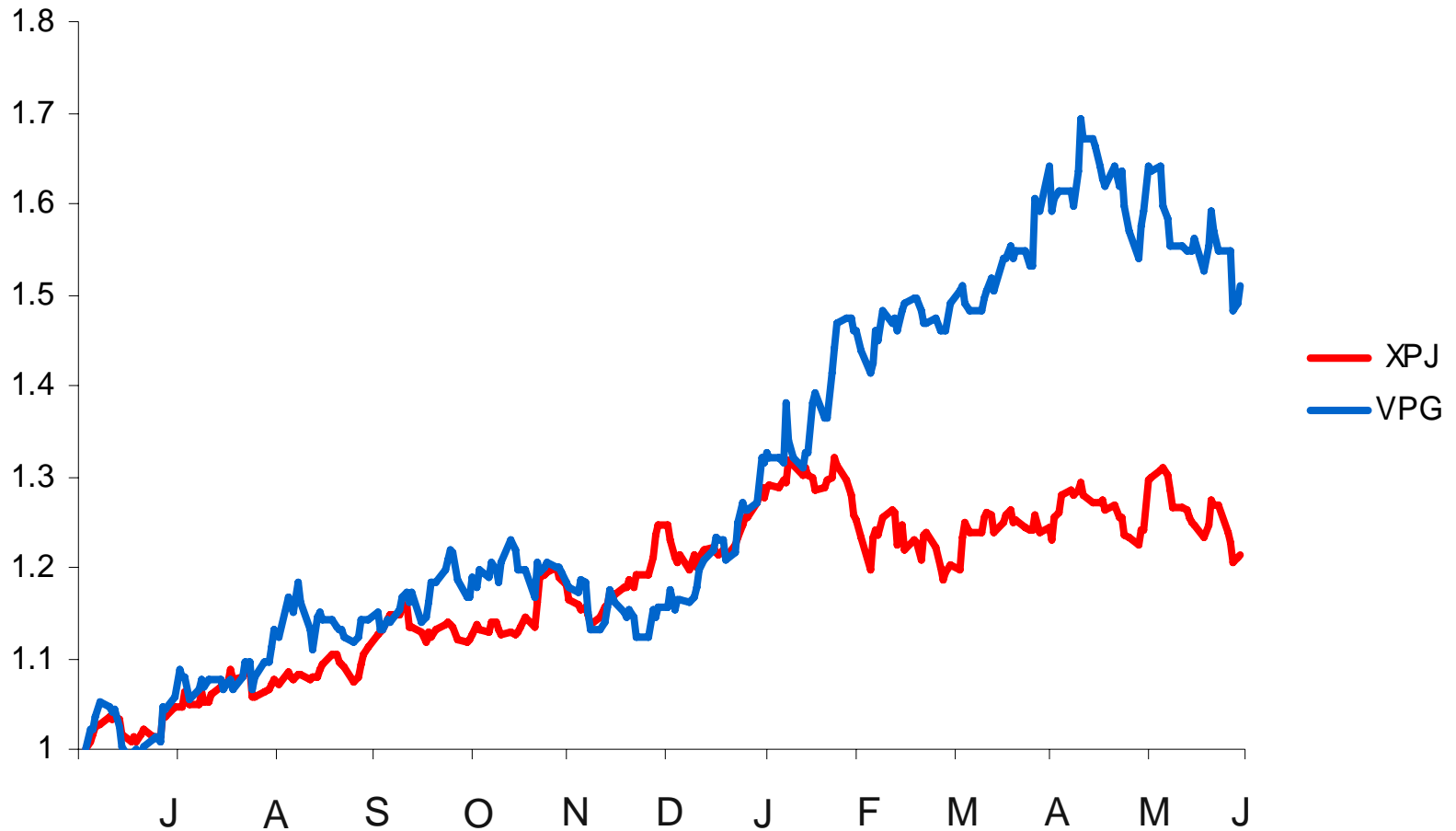
- Introduction
- Highlights in 2006/7
- Business Platform
- UK / Europe Business Overview
- Asia Pacific Business Overview
- Financial Highlights
- Outlook
- Ordinary business and voting

# Passing of David Murray



- David was a director of Valad since listing in 2002
- The success of the Valad is due in no small measure to the contribution of David
- David had a distinguished career at both Valad and in the banking sector

## Price performance\*



Source: IRESS



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Riverside – 2 Richardson Place, North Ryde NSW

Highlights in 2006/7

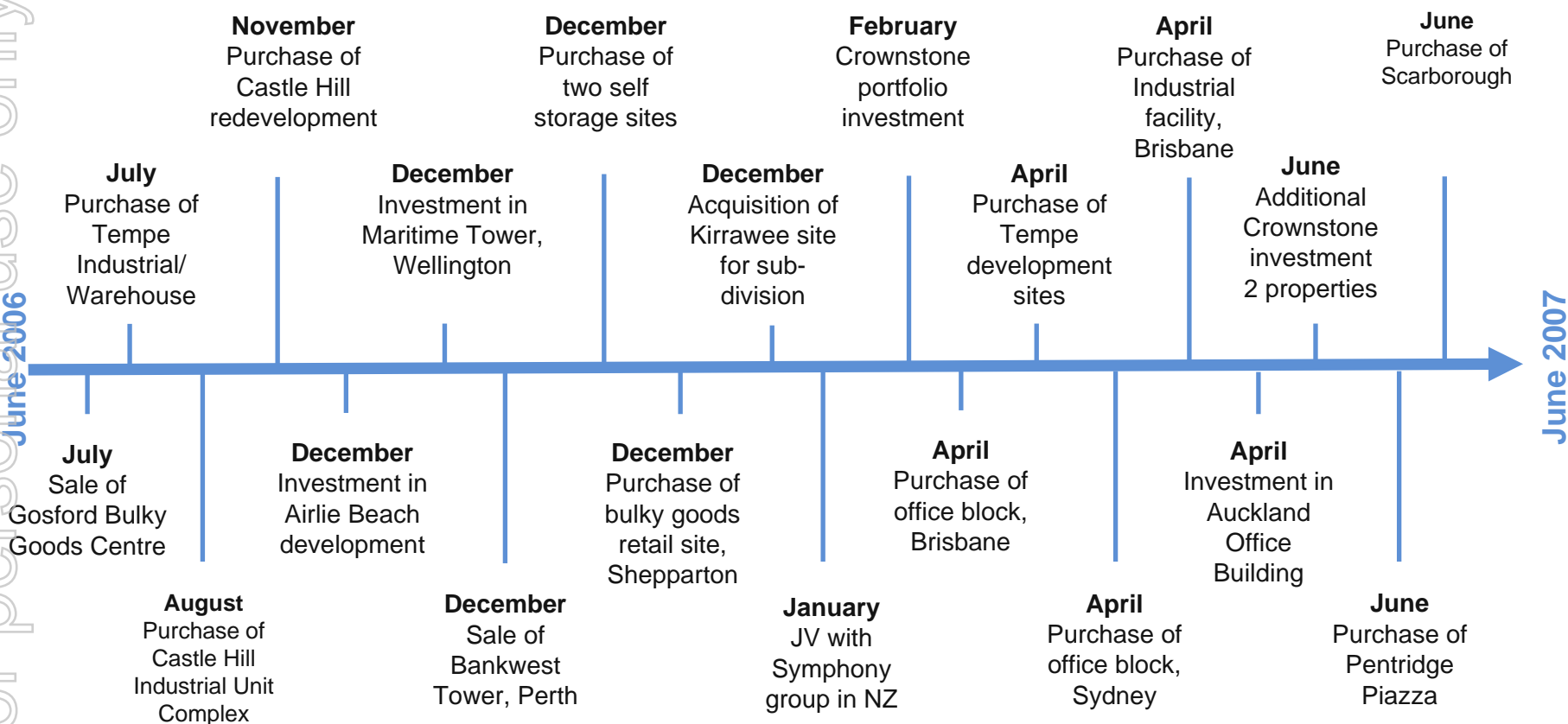
**VALAD**

# Highlights

- Created Asia-Pacific and Pan-European platform
- Workforce has grown to more than 400 people
- AUM A\$16.8bn at 30 June 2007 and \$20.2bn at 30 September 2007
- FY07 underlying net profit up 36.1% to \$76.2m
  - DPS 11.07 cents; up 7.5% from FY06
  - Underlying EPS of 11.12 cents, up 6.5% from FY06
- Forecast FY08 DPS and EPS 12.5 cents, represents 12%+ uplift on FY07
- \$1.8bn equity raised
- Total shareholder return in FY07 of >60%

# 2006/7 Transaction Highlights

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Acquisitions totalled \$6.2bn of end value property across our businesses and funds



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Lumière, Paris, France

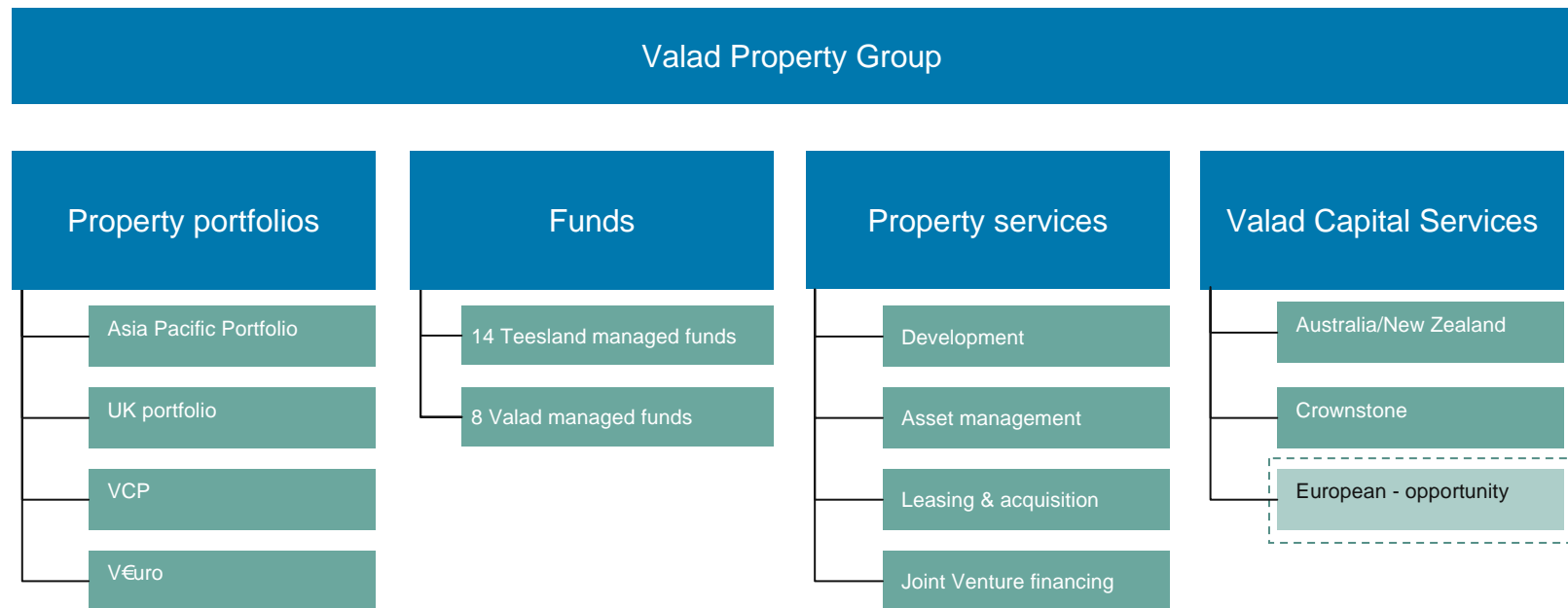
Business Platform

**VALAD**



# Business Platform

**AUM as at end of September 2007 was \$20.2bn**



# Business Platform – Property portfolios



Space 207, St Leonards



Southernhay East, Exeter

## Property portfolios

Asia Pacific Portfolio

UK portfolio

VCP

V€uro

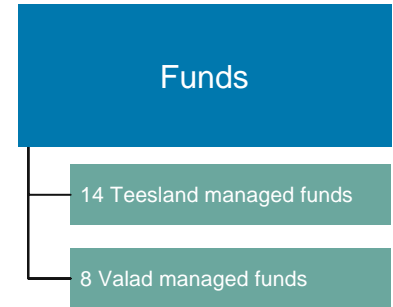
# Business Platform - Funds



132 Arthur St, North Sydney



Copenhagen Business Park, Stalmholm





# Business Platform – Property Services



Goldfields House, Sydney



Thorpe Park, UK

## Property services

Development

Asset management

Leasing & acquisition

Joint Venture financing



# Business Platform – Valad Capital Services



69 Boulevard du General Leclerc, Paris



Noosa North Shore, Queensland

Valad Capital Services

Australia/New Zealand

Crownstone

European - opportunity

# Business integration

- Valad integration strategy for Scarborough business developed and being implemented
- European Valad re-branding and marketing strategy implemented in September 2007
- Peter Hurley (Executive Chairman - Europe) and Martyn McCarthy (CIO Europe & UK) relocated to UK
- Senior executive offsite meeting held early September 2007
- Research and design of a database monitoring fund investors
- An intensive program of staff communications implemented
- Expo Real, Munich – cross selling fund products

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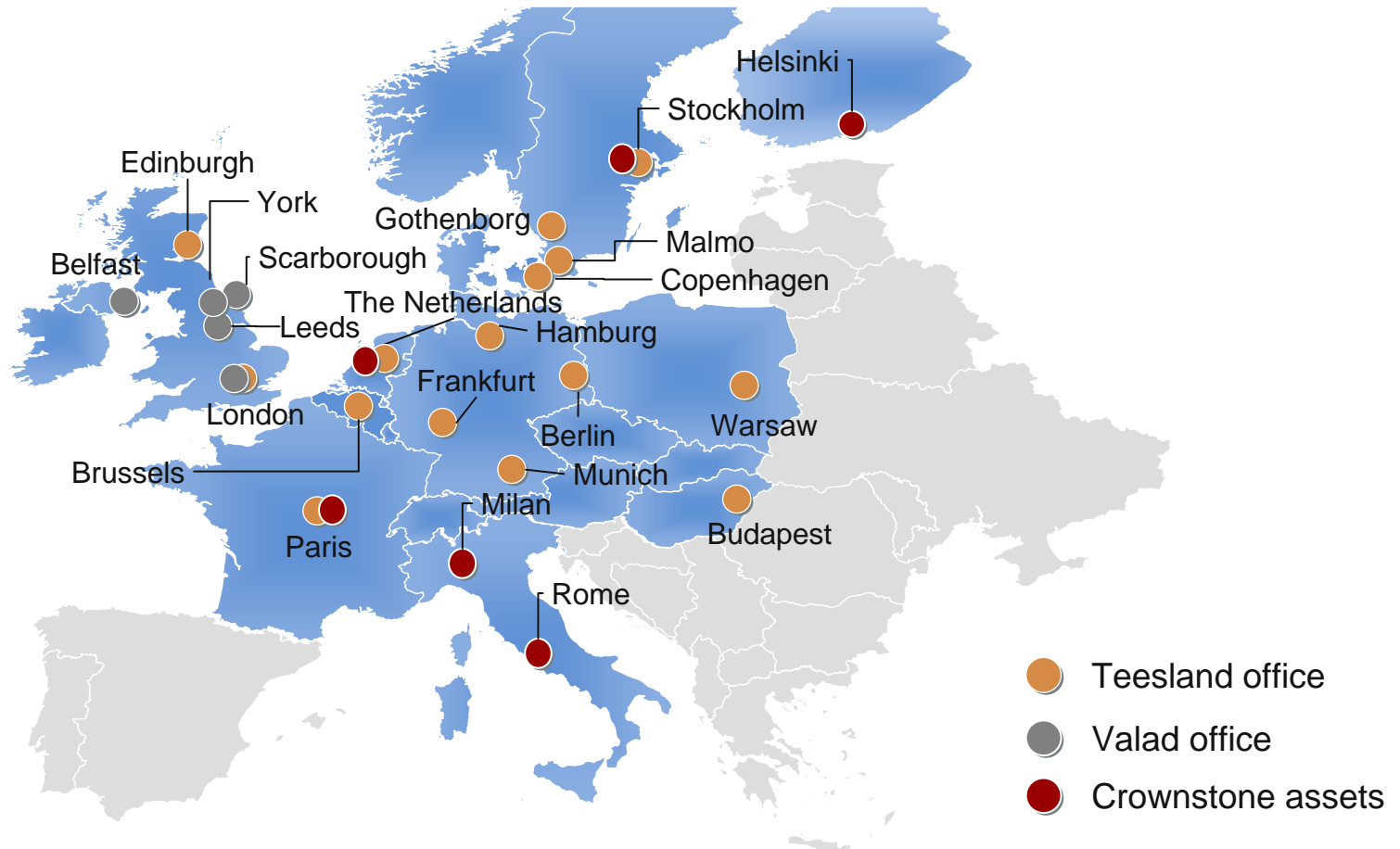
Watetfront Business Park

## UK / Europe Business Overview

**VALAD**



# Valad UK / Europe business





# European post balance date transactions

Selected European post balance date transactions total A\$619m.

- Central European Industrial Fund (CEIF) purchased City Point - the largest multi-let distribution and industrial facility in Warsaw for €71.6m
- Valad Continental Partners (VCP) acquired:
  - Aircom Park – a multi-let light industrial asset for €18.5 in Germany
  - Tevlingsveien - multi-let office/warehouse asset for €39.4 in Oslo
  - EIP – a French and Dutch industrial portfolio comprising 10 assets for €145m
- V€uro purchased a investment portfolio of 14 assets for €41m near Dusseldorf, Germany
- VFML purchased:
  - Archway Tower - a 15 level office building located directly above Archway Tube, London £11.6m
  - Three industrial warehouse units in Watling Park, Daventry for £11.8m
- Teesland Advantage Property Income Trust (TAP) acquired:
  - an office building in Leeds for £11.8m from Clydesdale Bank plc
  - a property in the Brackmills Industrial Estate, Northampton for £3.3m (including costs)

Currency Conversion: €1 = A\$1.68

£1 = A\$2.30

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Airport Central – 241 O'Riordan Street, Mascot NSW

## Asia Pacific Overview

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# Valad Asia Pacific business

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# Asia-Pacific post balance date transactions

## → Valad Capital Services:

- Purchased Carter Holt Harvey portfolio – retail depots and packaging plants for \$277.3m
- Invested in \$840m Top Ryde shopping centre redevelopment.

## → Valad Funds Management Limited purchased:

- Four property Brisbane CBD portfolio for \$127.6m with a current occupancy of 99% and a WALE of over 3.4 years.
- 'Sheraton Noosa Resort and Spa' site for \$93.6m.
- 5 modern industrial properties in Melbourne for \$51.1m



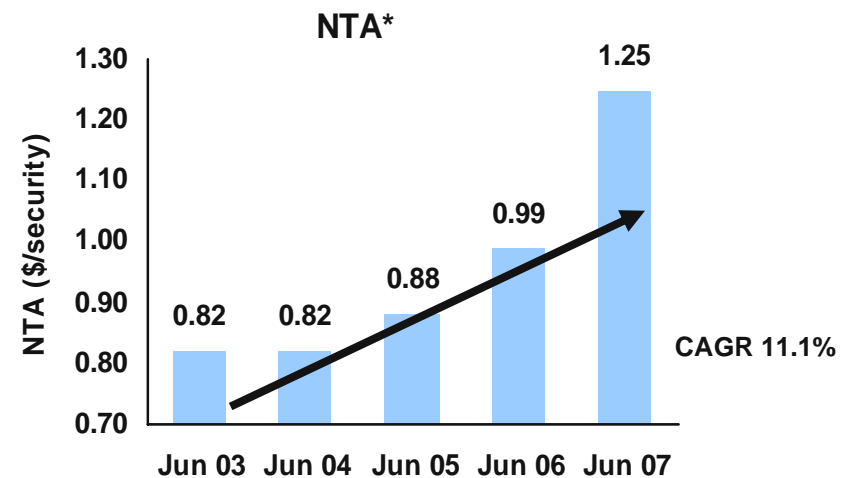
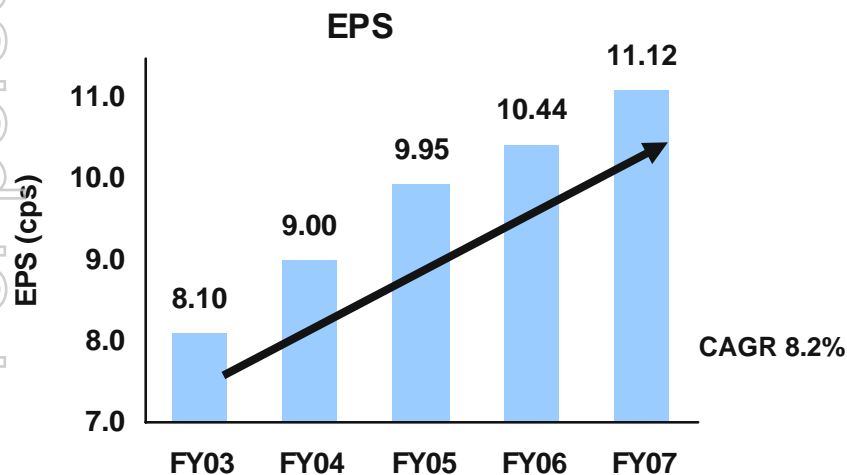
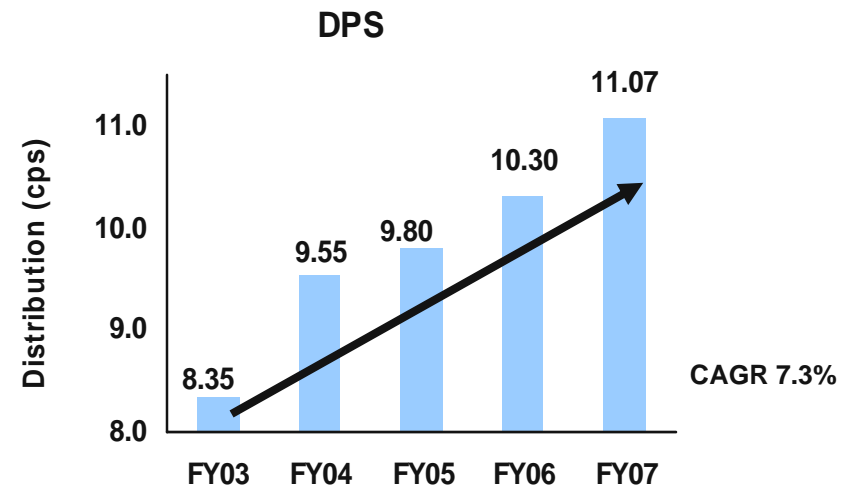
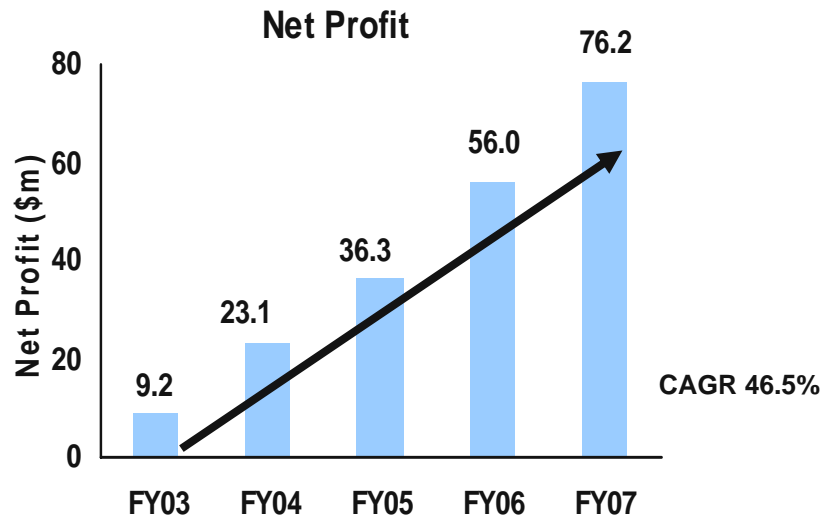
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## Financial Highlights

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# Year in review

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\* NTA is \$1.05 post balance date following the Scarborough acquisition

# Financial summary

	FY07	FY06	Change
Reported Net Profit	<b>\$109.1m</b>	\$78.9m	38%
Underlying Net Profit*	<b>\$76.2m</b>	\$56.0m	36%
Reported EPS	<b>16.0c</b>	14.9c	7.4%
Underlying EPS*	<b>11.12c</b>	10.44c	6.5%
DPS	<b>11.07c</b>	10.30c	7.5%

Forecast	FY07	FY08	Change
EPS	<b>11.12c</b>	12.5c	12%
DPS	<b>11.07c</b>	12.5c	12%

\* After income tax and before non-cash items (being: amortisation of intangibles, movement in fair value of investment properties and employee securities ownership plan non-cash benefits)

## Financial summary cont'd

	Jun 07	Jun 06	Change	Pro forma <sup>1</sup>
Total Assets	<b>\$1,382m</b>	\$1,053m	31.2%	\$3,243m
NTA/Security	<b>\$1.25</b>	\$0.99	26.3%	\$1.05
Gearing (debt/total assets)	<b>15%</b>	39%	NA	20%
Look through gearing <sup>2</sup> (debt/total assets)	<b>31%</b>	44%	NA	35%
Interest cover	<b>4.5x</b>	3.9x	NA	4.0x

Interest Rates are 77% hedged for the next 12 months. The hedges have a weighted average maturity of 3.21 years and a weighted average interest rate of 5.08%

1. Pro forma post Scarborough transaction
2. Look through gearing adjusted for Gold Fields House, self storage JV, Crownstone and JV warehouse entities for pro-forma



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Haboumaster Rotterdam, The Netherlands

Outlook

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# Diversification and growth

- Expanding and diversifying income streams:
  - By geography
    - Invested in NZ and Europe; investigating opportunities in Japan and SE Asia
  - By sector
    - Expansion of residential/retirement/hotels leisure platform
  - By equity sources for managed funds
    - Deep European investor base through Scarborough/Teesland network
    - Domestic retail and high net worth investors targeted with new VOF series
    - Expanding relationships with Australian wholesale investors
  - Risk and return profiles (from Core to Opportunistic)
- Growth in existing business lines
  - Property portfolios
  - Funds (including fund inventory)
  - Property services (including development and trading)
  - Valad Capital Services structured for international growth

## 2008 and beyond

- EPS/DPS growth in excess of peer group; 12%+ growth forecast for FY08
- Consolidate and capitalise on existing Asia Pacific and European platform
- Drive further AUM growth
- Continue to focus on ROE with lateral approach to acquisitions and disposals
- Utilise balance sheet to warehouse high value opportunities for funds management business
- Utilise proven development and value-adding skills
- Continued strong alignment of interest with security holders



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207 Pacific Hwy, St Leonards NSW

## Ordinary Business and Voting

**VALAD**



## Resolution 1: Adoption of Remuneration Report

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→ “That Valad Fund Management Limited’s remuneration report for the year ended 30 June 2007 be adopted.”

# Proxies Resolution 1

- FOR: 1,014,723,655
- OPEN: 3,963,864
- AGAINST: 4,302,051
- ABSTAIN: 17,973,786

(FOR: 99.58%; AGAINST 0.42%)\*

\* After open proxies voted in favour

## Proposed Resolution 2

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→ “That Mr Stephen Day who retires in accordance with the constitution of Valad Funds Management Limited, being eligible and having offered himself for re-election, is re-elected as a director of Valad Funds Management Limited.”

## Proxies Resolution 2

- FOR: 978,672,894
- OPEN: 4,003,219
- AGAINST: 56,830,682
- ABSTAIN: 868,503

(FOR: 94.53%; AGAINST 5.47%)\*

\* After open proxies voted in favour



## Proposed Resolution 3

→ “That Mr Andrew Martin who was appointed as director since the last annual general meeting of Valad Funds Management Limited, and who is ceasing to hold office in accordance with the casual vacancy provision in the constitution of Valad Funds management Limited, being eligible and having offered himself for election, is elected as a director of Valad Funds Management Limited.”

## Proxies Resolution 3

- FOR: 1,036,448,701
- OPEN: 4,003,219
- AGAINST: 211,976
- ABSTAIN: 255,710

(FOR: 99.98%; AGAINST 0.02%)\*

\* After open proxies voted in favour

## Proposed Resolution 4

→ “That Mr Kevin McCabe who was appointed as director since the last annual general meeting of Valad Funds Management Limited, and who is ceasing to hold office in accordance with the casual vacancy provision in the constitution of Valad Funds management Limited, being eligible and having offered himself for election, is elected as a director of Valad Funds Management Limited.”

## Proxies Resolution 4

- FOR: 989,128,768
- OPEN: 4,033,170
- AGAINST: 69,220
- ABSTAIN: 170,330

(FOR: 99.99%; AGAINST 0.01%)\*

\* After open proxies voted in favour



## Proposed Resolution 5

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→ “That Mr Ian Robertson who was appointed as director since the last annual general meeting of Valad Funds Management Limited, and who is ceasing to hold office in accordance with the casual vacancy provision in the constitution of Valad Funds management Limited, being eligible and having offered himself for election, is elected as a director of Valad Funds Management Limited.”

## Proxies Resolution 5

- FOR: 1,036,482,451
- OPEN: 4,003,219
- AGAINST: 211,976
- ABSTAIN: 265,710

(FOR: 99.98%; AGAINST 0.02%)\*

\* After open proxies voted in favour

## Proposed Resolution 6

→ “That the issue of 72,887,022 stapled securities in Valad Property Group at \$1.92 per stapled security on 30 July 2007 by way of a placement to certain vendors of interest in the Scarborough Group as described in the Explanatory Notes accompanying the Notice of Annual and General Meeting be and is hereby ratified for all purposes.”

## Proxies Resolution 6

- FOR: 966,353,306
- OPEN: 4,084,488
- AGAINST: 524,005
- ABSTAIN: 202,969

(FOR: 99.95%; AGAINST 0.05%)\*

\* After open proxies voted in favour



## Proposed Resolution 7

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→ “That the issue of 355,000 stapled securities in Valad Property Group at \$1.92 per stapled security on 13 September 2007 by way of an issue to certain Valad Property Group employees as described in the Explanatory Notes accompanying the Notice of Annual and General Meeting be and is hereby ratified for all purposes.”

## Proxies Resolution 7

- FOR: 1,035,518,953
- OPEN: 3,993,488
- AGAINST: 1,185,237
- ABSTAIN: 265,678

(FOR: 99.89%; AGAINST 0.11%)\*

\* After open proxies voted in favour

## Proposed Resolution 8

→ “That approval is given for all purposes for the granting of Mr Day of:

- a) 4,271,230 options to acquire fully paid stapled securities in the Valad property Group in connection with the remuneration of Mr Day for the 2006 and 2007 financial years;
  - b) 396,231 performance rights to acquired fully paid stapled securities in the Valad Property Group in connection with the remuneration of Mr Day for the 2006 and 2007 financial years; and
  - c) 7,813,735 options to acquire fully paid stapled securities in the Valad Property Group in connection with the remuneration of Mr Day for the 2008 financial year and the acquisition known as the Scarborough Transaction,
- and the acquisition of stapled securities in the Valad Property Group on exercise of those options and performance rights under the terms of the Valad Property Group Long Term Incentive Plan and as outlined in the Explanatory Notes to the Notice of Meeting convening this meeting.”

## Proxies Resolution 8

- FOR: 985,405,351
- OPEN: 2,233,496
- AGAINST: 3,070,238
- ABSTAIN: 433,865

→ (FOR: 99.69% AGAINST 0.31%)\*

\* After open proxies voted in favour

## Proposed Resolution 9

→ “That approval is given for all purposes for the granting of Mr Hurley of:

a) 4,039,850 options to acquire fully paid stapled securities in the Valad property Group in connection with the remuneration of Mr Hurley for the 2006 and 2007 financial years;

b) 364,535 performance rights to acquire fully paid stapled securities in the Valad Property Group in connection with the remuneration of Mr Hurley for the 2006 and 2007 financial years; and

c) 7,813,735 options to acquire fully paid stapled securities in the Valad Property Group in connection with the remuneration of Mr Hurley for the 2008 financial year and the acquisition known as the Scarborough Transaction,

and the acquisition of stapled securities in the Valad Property Group on exercise of those options and performance rights under the terms of the Valad Property Group Long Term Incentive Plan and as outlined in the Explanatory Notes to the Notice of Meeting convening this meeting.”



## Proxies Resolution 9

- FOR: 985,489,864
- OPEN: 2,299,934
- AGAINST: 3,070,238
- ABSTAIN: 438,865

(FOR: 99.69%; AGAINST 0.31%)\*

\* After open proxies voted in favour

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