Analysis of A-REIT shares (largely retail) as at 21 June 2009						
Using extrapolated data from ASX to obtain estimated number of issued shares						
Security	Share price		% of pre	Original value	Current value	Change
	Nov-07	Jun-09	value	Nov-07	Jun-09	On prev period
GPT	$ 4.80	$ 0.48	10.0%	$ 10,636,208,528	$ 1,063,620,853	-$ 9,572,587,675
Lend Lease	$ 20.00	$ 7.15	35.8%	$ 8,075,942,017	$ 2,887,149,271	-$ 5,188,792,746
Westfield	$ 22.00	$ 11.01	50.0%	$ 42,869,755,997	$ 21,454,364,251	-$ 21,415,391,746
Mirvac	$ 6.00	$ 1.12	18.7%	$ 6,812,063,838	$ 1,271,585,250	-$ 5,540,478,588
Macquarie Countrywide	$ 2.00	$ 0.48	24.0%	$ 2,773,086,213	$ 665,540,691	-$ 2,107,545,522
Stockland	$ 9.40	$ 2.96	31.5%	$ 2,648,015,720	$ 833,843,248	-$ 1,814,172,472
Dexus	$ 2.05	$ 0.77	37.6%	$ 6,328,086,852	$ 2,376,891,159	-$ 3,951,195,693
CFS Gandel	$ 2.45	$ 1.66	67.6%	$ 5,129,421,119	$ 3,464,976,307	-$ 1,664,444,812
Centro	$ 10.05	$ 0.06	0.6%	$ 8,484,303,403	$ 50,652,558	-$ 8,433,650,845
Centro Retail	$ 1.75	$ 0.03	1.7%	$ 3,663,872,228	$ 62,809,238	-$ 3,601,062,990
				$ 97,420,755,914	$ 34,131,432,826	-$ 63,289,323,089
						-65%

Excl CFS and Westfield						
Security	Share price		% of pre	Original value	Current value	Change
	Nov-07	Jun-09	value	Nov-07	Jun-09	On prev period
GPT	$ 4.80	$ 0.48	10.0%	$ 10,636,208,528	$ 1,063,620,853	-$ 9,572,587,675
Lend Lease	$ 20.00	$ 7.15	35.8%	$ 8,075,942,017	$ 2,887,149,271	-$ 5,188,792,746
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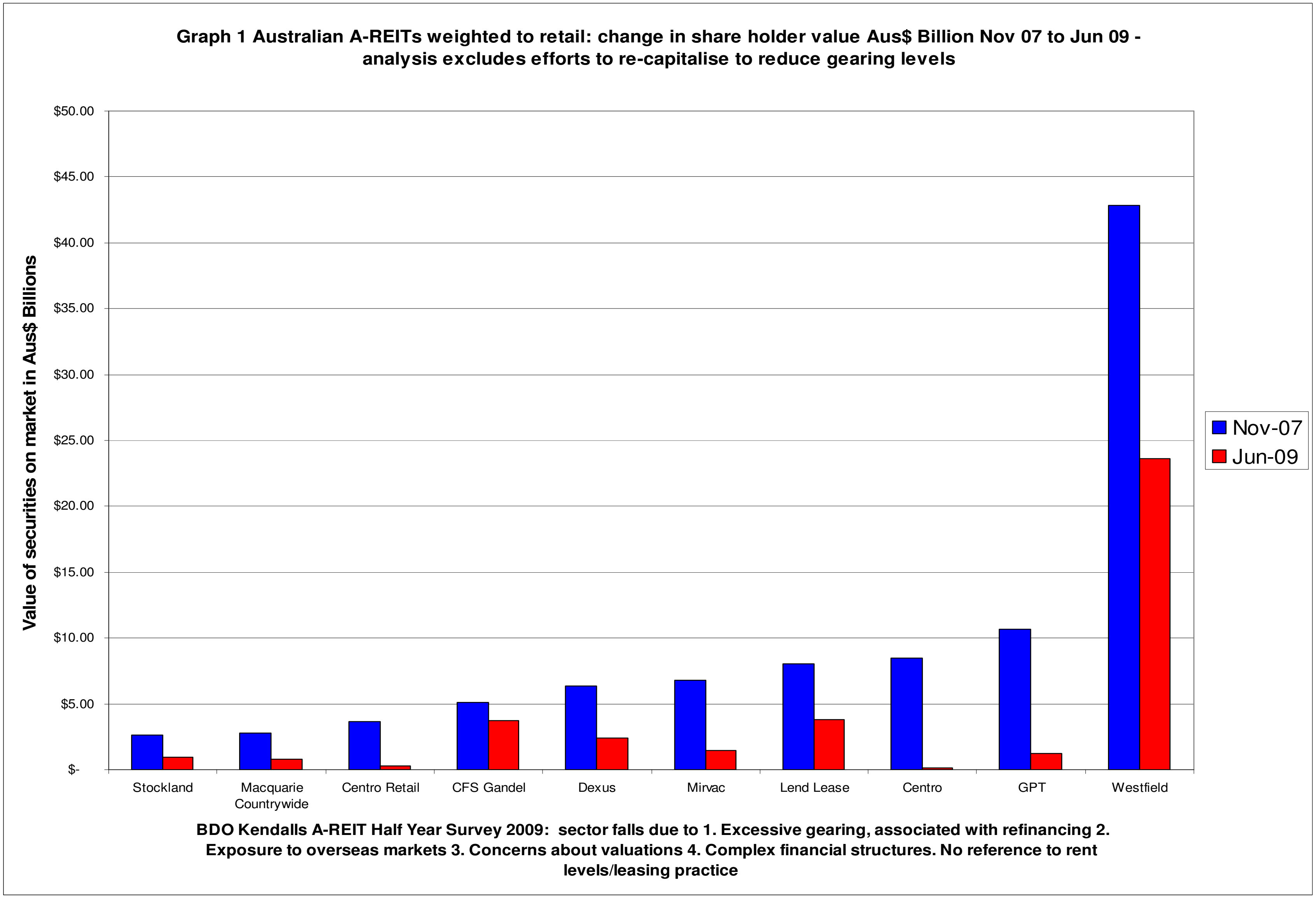
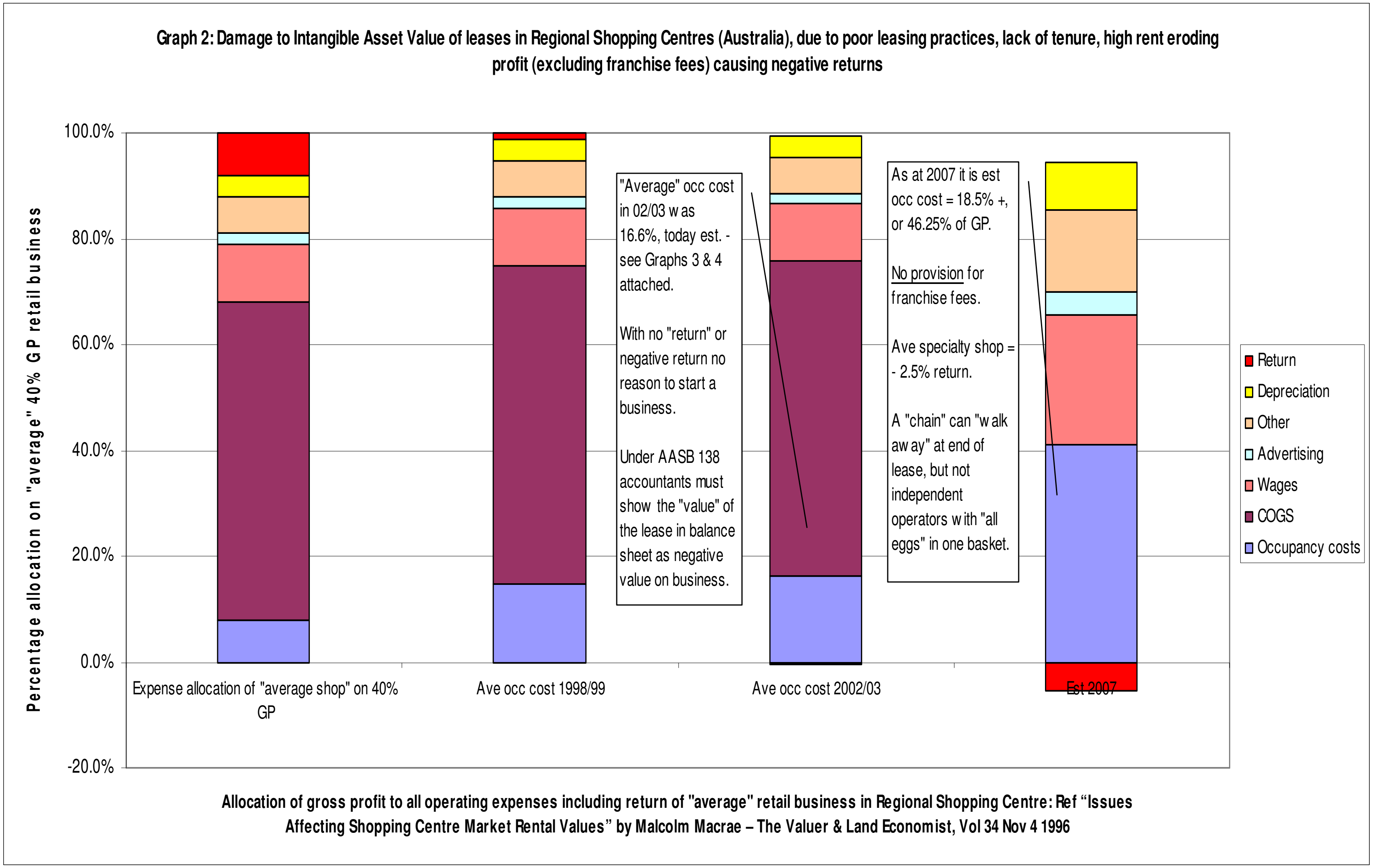
CFS Gandel						
Centro	$ 10.05	$ 0.06	0.6%	$ 8,484,303,403	$ 50,652,558	-$ 8,433,650,845
Centro Retail	$ 1.75	$ 0.03	1.7%	$ 3,663,872,228	$ 62,809,238	-$ 3,601,062,990
				$ 49,421,578,799	$ 9,212,092,268	-$ 40,209,486,531
						-81%

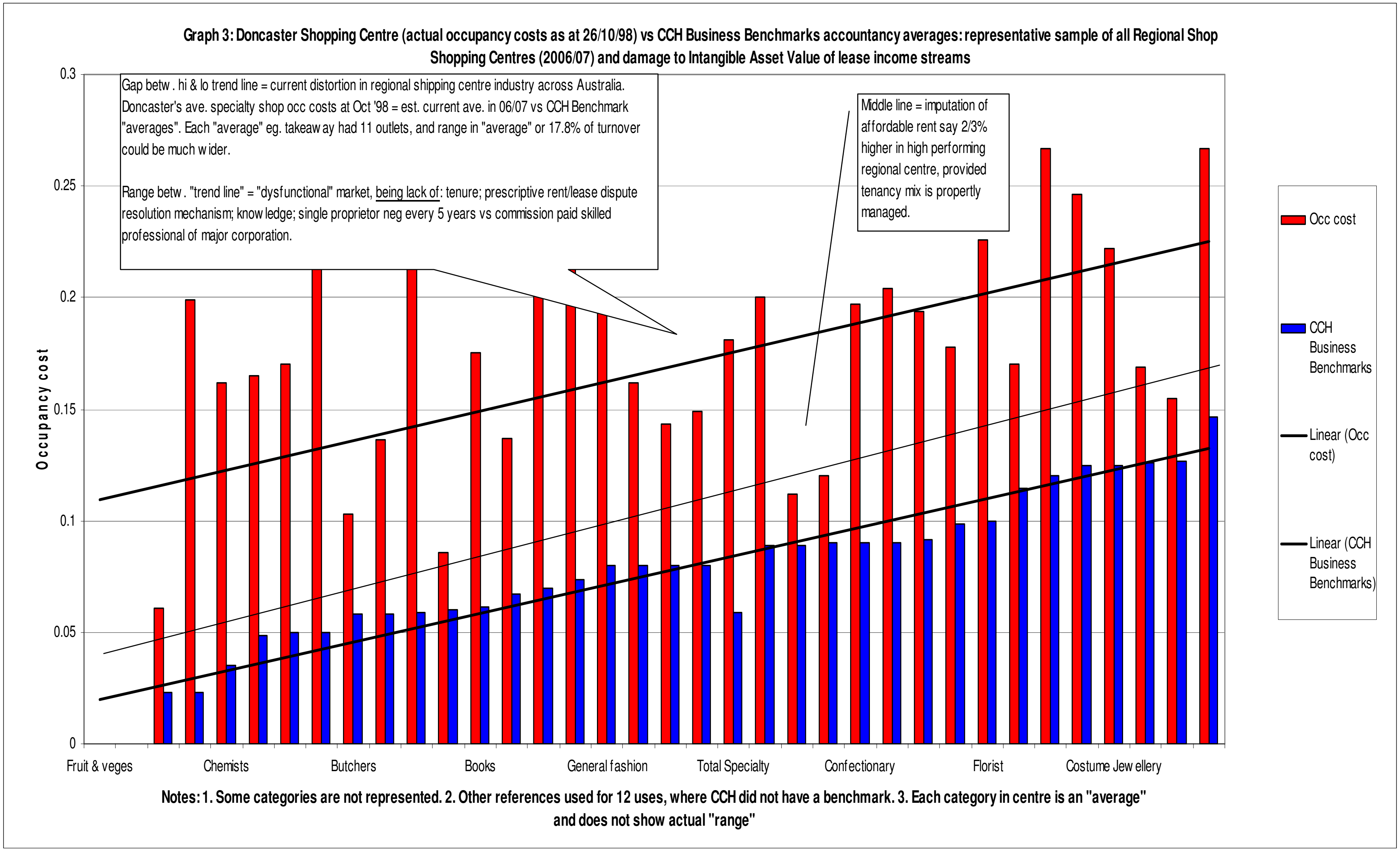
Table 1 – shows losses from November 2007 to June 2009. This excludes substantial returns to the market to recapitalise these investments



Graph 1 – shows the data from Table 1 and the impact on A-REIT share holder value of each security



Graph 2 – shows damage to Intangible Asset Value of Australian leases as business profit is eroded due to poor leasing practices. This is akin to Legislators and Regulators upholding rent control, by failing to enact simple end of lease dispute resolution mechanisms



Graph 3 – shows Doncaster Shopping Centre disproportionate occupancy costs as at 26/10/98 vs CCH Business Benchmarks accountancy averages: representative sample of all Regional Shop Shopping Centre rents (2006/07) and damage to Intangible Asset Value of lease income streams through poor leasing practices

Graph 1 - Analysis of shopping centre industry - reference to regional shopping centres

	"Value" at	At market	@ 60% "gearing"	
Leveraged funds*	35%	46%	79%	**Debt becomes a higher portion of lower valuations**
Shareholders equity	65%	30%	-3%	Shareholders "equity" is compressed by true value and debt becoming a higher portion of the equity
Portion propping up "value"		24%	24%	Proportion being propped up by Lessee's business and personal interests through disproportionate rent

Notes

1. IVS International Valuation White Paper, "The Valuation of Real Estate Serving As Collateral for Securitised, Instruments" – "Valuers examine the market to ascertain the Market Rent generated by the real estate, backing a securitised instrument, or the Market Rent to be generated by a prospective property or properties, intended to back a securitised instrument. The Valuer should investigate any information, provided by a portfolio manager about prospective contractual rent, to ensure that the data is indeed accurate. Estimates of contract rents, which are unrealisable, are engineered rents; valuations based on engineered rents will not result in Market Value"

2. Some valuers get paid a "success" fee basis and academics have documented "fraudulent sales" between trusts to create artificial "valuations", which then are used as "evidence" to revalue portfolios

3. If 70% of net income comes from specialty shops and a 12% "average" occupancy cost is sustainable, vs 18% + on "average" being charged, then overall specialty shop rents are 33% + too high

4. Therefore 0.7 X 0.66 = 0.462 + 0.30 = 0.762 (specialty shop rents should be 1/3 lower and contribute 46.2% vs 70% to the "value" of the centres). Assume DJ's, Coles & Woolies rents (the other 30%) are market rent

5. To sustain "rent levels" (and pay dividends) shopping centre owners are forced to "churn" businesses through their centres taking the family home, personal equity and savings to subsidise investments. Ie the family home is capitalised into the "value" of the shopping centre

6. Because shareholders equity has debt under it, it sustains the full brunt of any collapse (compression). If there is 60% leveraged funds most sharholders equity is written off

7. At an 18 - 20% occ cost, if the heavily indebted consumer stops buying, the occupancy cost blow-out could be enormous

8. Since 2000 credit card debt, household debt have increased by 3 X. Petrol price increases have been enormous. The nation owes $500 Billion to the rest of the world

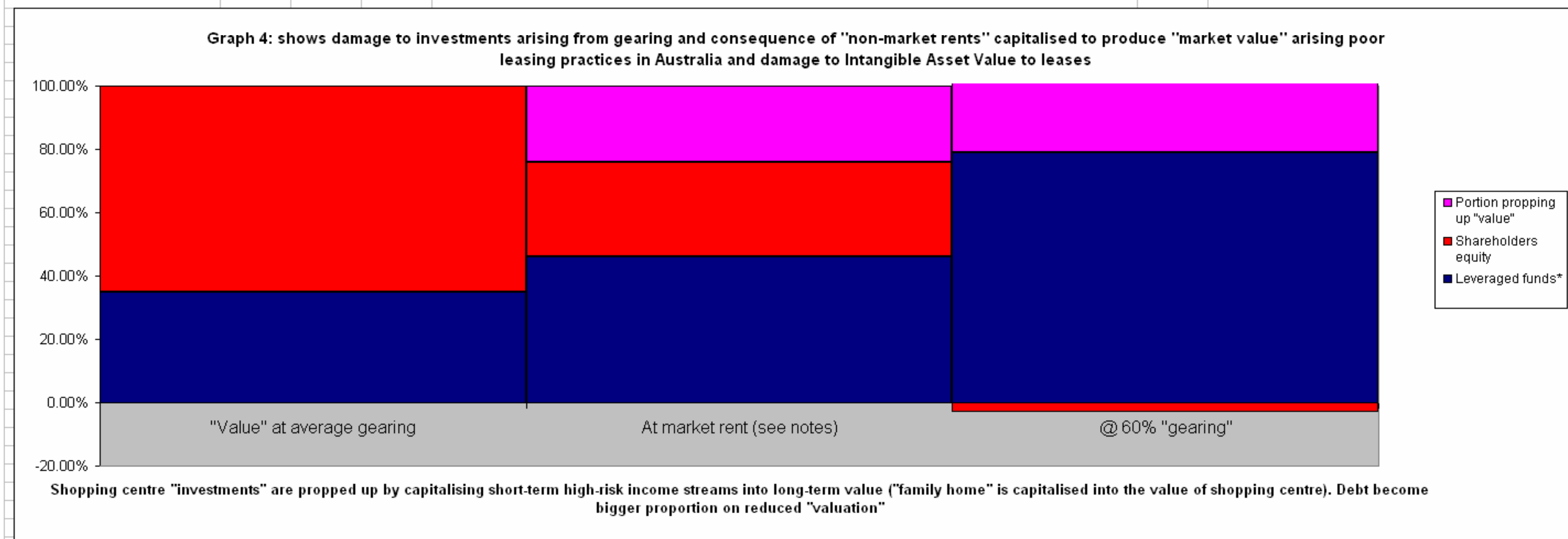
9. Over and above, shareholders place a "premium" on shopping centre investments with PE multiples below the ASX "average". They also "own" businesses viz. fitout incentives, are exposed to foreign currency, development risk. The press have been "owned" by property owners and refuse to publish the truth

10. One of the primary drivers is that "management fees" are raked off the top, whereby the "management fee" is a % age of all revenue collected (rent, outgoings, promotion fees, electricity etc etc). We called for an "Outgoings Code of Conduct" which had ACCC's support

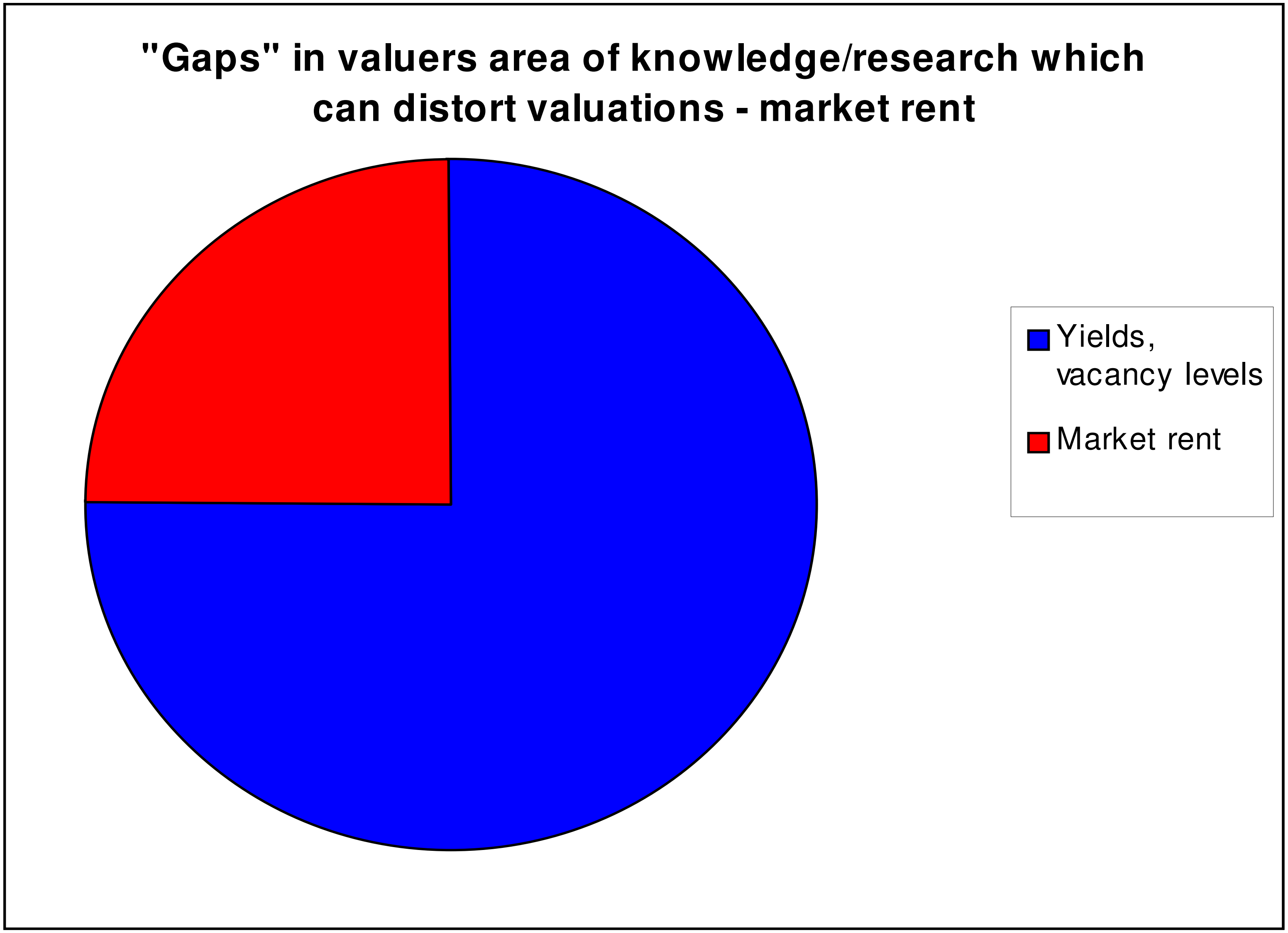
11. ASIC, ACCC, RBA have been informed about this, but have done nothing.

12. This could have been prevented if Government had ensured there was an "end of lease dispute resolution mechanism" for tenants to be offered a lease to pay "market rent" at lease renewal in 1996/97.

* Reference "The Changing Risk Profile of Listed Property Trusts" by Prof Graeme Newell, Australian Property Journal Sept 2006, Vol 39/No 3



Graph 4 - shows damage to investments arising from gearing and consequence of "non-market rents" capitalised to produce "market value" arising poor leasing practices in Australia and damage to Intangible Asset Value of landlord and tenant leases



Graph 5 – shows 360º performance evaluation of valuations. In absence of testing “veracity” of leases and rental income streams i.e. market rent, one’s valuation could be 100% + out if this part of an exercise is not thoroughly tested.

Hypothetical rent as a residual method of assessing market rent*			
PRACDEV key indicator reports	**Jeweller**	**Fruit & veg @ double turnover**	**Comment**
Sales say	1,000,000	2,000,000	**Hi vs low "average" $/sale value. One brings in custom, other relies on traffic**
Average gross profit	58% or 580,000	34% or 680,000	**Low vs hi margins, stock turn 2.5 vs 28 per annum**
Less wages	**27% or 270,000**	**19% or 380,000**	**Including one working proprietor**
Less all other	**12% or 120,000**	**9% or 180,000**	**High vehicle, storage, power**
Net profit say	**10% or 100,000**	**2% or 40,000**	**Risk reward amortisation @ business rates of tangible assets**
Rent as residual: occupancy cost to sales	9% or 90,000 **To 12/13% at hi trading levels**	4% or 80,000 **Up to 6/7% at hi trading levels**	Needs double the turnover to pay almost the same rent in $$
Floor area to generate sales	70 M2	200 M2	**Hi vs low traffic area**
Rent / M2	$1285 / M2	$400 / M2	Capacity to pay same $ / M2 quite different; measure carefully
*substitutes businesses' own trading accounts viz. a "Mini Business Plan" with rent as a residual a willing informed, prudent, not overly anxious tenant would pay entering a lease. [In my opinion in this modelling, the fruit & veg net profit/return is too low, relative to set-up costs]			

Table 2 – shows Hypothetical Rent as a Residual Method of assessing market rent, whereby a businesses' own trading accounts are substituted in place of trading levels a hypothetical tenancy could achieve. The table also shows that two different types of businesses, whose rents if assessed on a $/M2 basis might be either too low or too high i.e. well above or well below market rent if assessed purely on a $/M2 basis.

Hypothetical Rent as a Residual can be used in absence of rental "evidence" and or as a "check method" against other rental data. If the independent expert valuer is able to obtain rental data, PLUS turnover data, and establish evidence of an arms-length transaction of "fully informed, willing but not anxious" parties, this combined evidence can be compelling to assist in establishing market rent. Business people are less willing to part with sales/trading data to valuers who are not independent of managers and managing companies. The valuer must be the "gate keeper" of this data, how it is used and to avoid abuse of it.

In regard to "Testing" the evidence for relevance, a skilled professional expert determiner will not simply be accepting evidence at face value. He/she might seek to discuss lease renewal terms to ensure it was an arms-length transaction. Maybe he/she will seek to discuss or obtain trading data and ascertain that the rent falls into suggested benchmark levels for the "permitted use" of the business. The valuer may carry out references and cross-references for consistency and or make adjustments for the specific size, frontage, locational issues (socio-economics i.e. demographics and psychographics), growing local market, declining local market, new competition, etc. using skills and judgement; considers legislative requirements i.e. *"reasonable rent"* and terms of lease; and makes his/her determination

In regard to establishing "reasonableness"[i], any rental analysis assessed on a dollar per square metre ($/M2) basis should be multiplied out by the floor area and to test it against KPIs for it being the reasonable rent under the legislation.

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[i] S 29 RSLA Queensland, which calls on a specialist retail valuer to *"determine the rent on the basis of the rent that would be **reasonably expected to be paid for the retail shop**, if it were unoccupied and offered for leasing **for the use to which the shop may be used under the lease or a substantially similar use**"*.