

PROPERTY HOLDINGS and DEVELOPMENT OPPORTUNITIES

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- Provide an overview of Brickworks' property holdings:
 - Operational properties
 - Surplus/ Development properties
- Outline our strategies for the development lands
- Provide details that will assist in assessing potential values of the properties and developments

We have been asked a number of questions on Brickworks' property holdings. The aim of today's presentation is to provide additional information so that these questions can start to be answered. Information to be covered includes:

1. Overview of what we own.
2. Outline of the strategies for our development properties.
3. Details to assist in valuing our properties and development division including the newly formed JV Property Trust.

Summary of Property Holdings



LOCATION	GROSS LAND AREA (ha)	DEVELOPABLE LAND AREA (ha)	BOOK VALUE LAND (millions)	MOST RECENT VALUATION (millions)
NSW - Operational Development	341ha	261ha	\$34m	\$45m
	400ha		\$57m	\$157m
VIC – Operational Development	833ha	120ha	\$42m	\$44m
	175ha		\$50m	\$59m
QLD - Operational Development	433ha	6ha	\$13m	\$22m
	16ha		\$3m	\$6m
WA - Operational Development	1,790ha	90ha	\$29m	\$63m
	265ha		\$6m	\$5m
SA & TAS -Operational Development	273ha	44ha (quarry)	\$7m	\$9m
	44ha		\$1m	\$1m
TOTALS: Operational Development	3,670ha	521ha	\$125m	\$183m
	<u>900ha</u>		<u>\$117m</u>	<u>\$228m</u>
	4,570ha		\$242m	\$411m

Note: Figures exclude Property Trust land

4

A summary of Brickworks' property holdings is outlined in the following table. The properties have firstly been split into operational and development sites in each state.

- Operational sites are best described as properties being used in the building products business.
- Development sites are properties that have been determined to be surplus to the operational business through exhaustion of raw materials (e.g. Vineyard) or consolidation of manufacturing business (e.g. Scoresby, Eastwood).

Separating the properties out into these categories is essential in providing a clearer indication of the amount of land that can be used by the property development division to generate other returns. Gross land area also needs to be reviewed to provide the developable land area as there can be a large difference between the total land holding and the area suitable for development. Note that the "Most Recent Valuation" is based on current zonings and not potential uses or values.

Definition of terms used in presentation

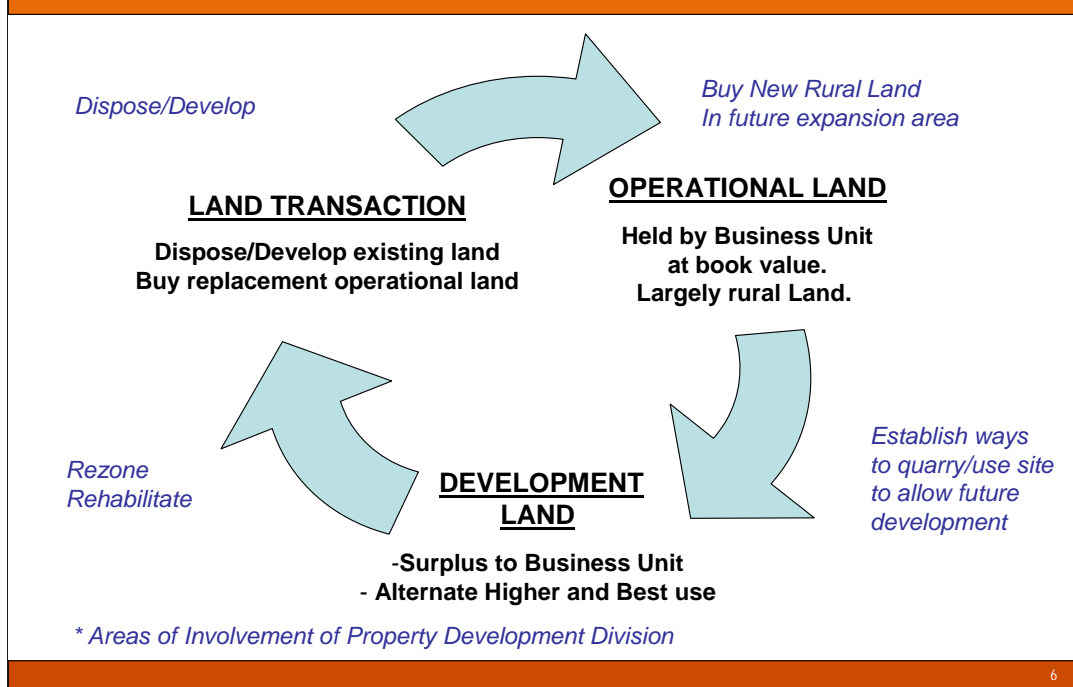


- **Gross Land Area** = Total area of land owned by Brickworks
- **Developable Area** = Total area suitable for development (excludes flood areas, water courses and vegetation protection areas)
- **Net Developable Area** = Total area to be built on/sold as serviced lot (excludes roads and detention basins).
- **Book Value Land** = Book value excluding buildings, plant and equipment.
- **Most Recent Valuation:**
 - = 2002 - QLD and NSW Operational land
 - = 2003 - VIC, WA, SA & TAS
 - = 2005/06 – Development properties (based on current zoning – not potential if rezoned)
- **End Value of Asset owned by Trust** = the total land and building value held in the Trust before deducting borrowings.

5

To help you understand our terminology we provide the following definitions including:

- **Gross Land Area of the properties** – which is defined as the total land area owned by Brickworks.
- **Developable Area** - which is defined as total area suitable for development (excluding flood areas, water courses)
- **Net Developable Area** – which is the total area to be build on/sold as serviced lots and excludes roads and detention basins.
- **Book Value Land** – which is the book value excluding buildings, plant & equipment.
- **Most Recent Valuation** – which for the operational sites where undertaken in 2002 or 2003 with development sites valued more recently in 2005 and 2006.
- **End Value of Asset owned by the Trust** is another term used later in this presentation. This includes the total land and building value held by the Trust before deducting borrowings.

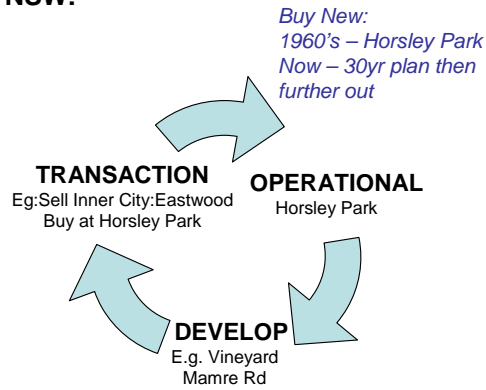


Part of what makes our landholdings so interesting and potentially so valuable is the property cycle. This starts with operational land, which is initially located away from urban development, zoned rural and held by the business unit at book value for a significant period of time. As the business gradually exhausts the property, development moves out to these areas resulting in the property eventually being rezoned to a higher use.

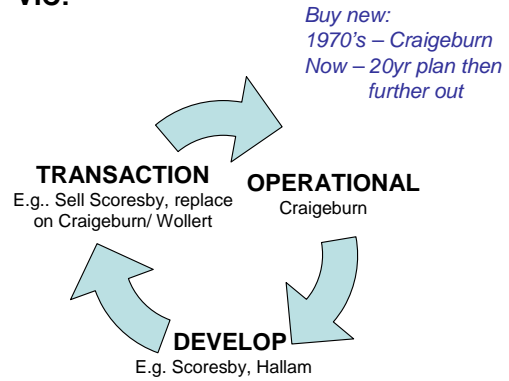
The land is then sold or redeveloped and replacement operational lands purchased to repeat the cycle again. This keeps providing land for the Brickworks property development division, which is also involved in managing operational land to improve its future development potential.

Examples of Land Cycle in action:

NSW:



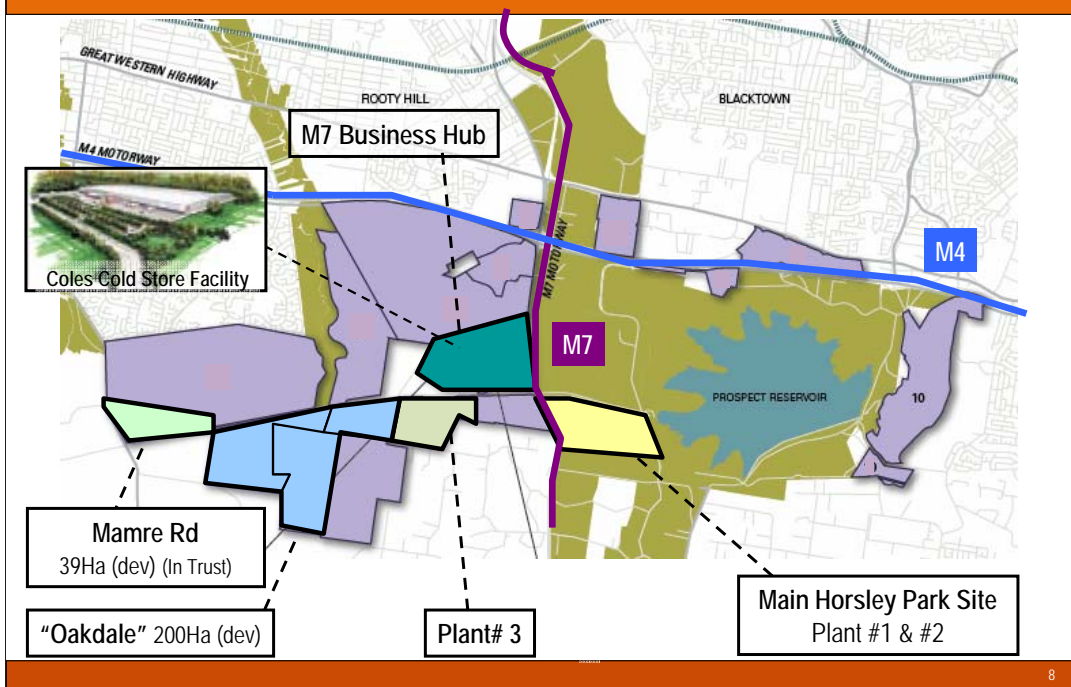
VIC:



Examples of the Land Cycle in action are shown by the development of parts of the Horsley Park site in NSW and by the Craieburn site in Victoria.

Major Land Holdings - Sydney

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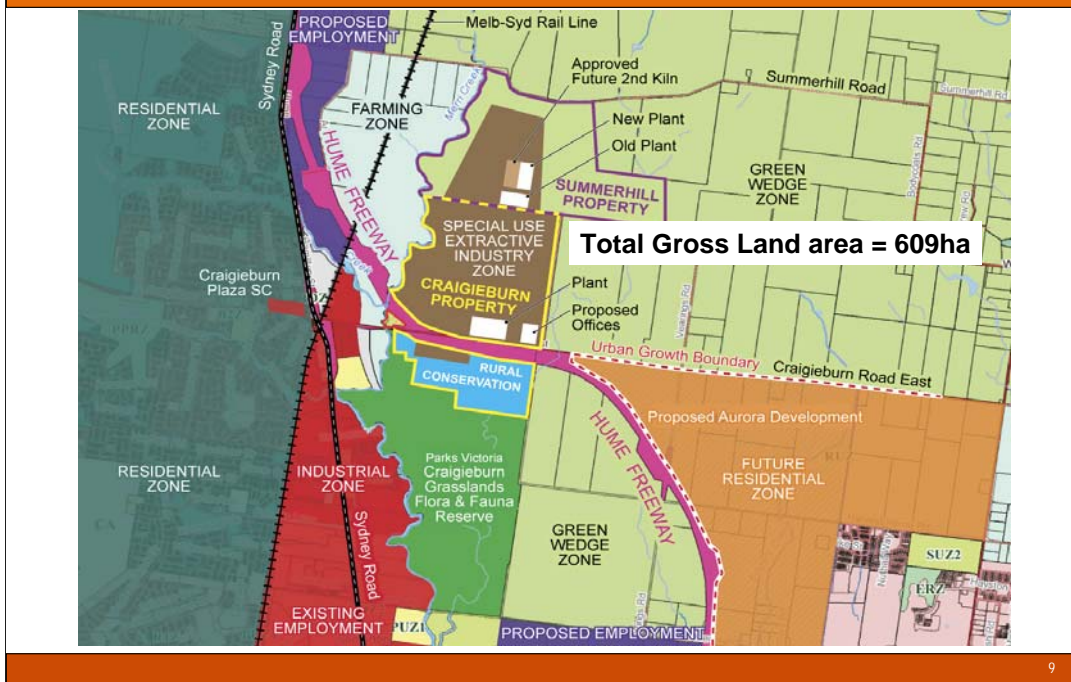
This slide provides an outline of development and operational land in the Eastern Creek/Horsley Park area. Starting at the left of the slide our development lands include:

- “Mamre Road” in Erskine Park, now known as Interlink Distribution Centre and already included in the Property Trust.
- “Oakdale”, which was recently identified as future employment land.
- “Vineyard”, which is now known as the M7 Business Hub.

Our operations will be consolidated to the Plant #3 site and our main Horsley Park site which includes Plants #1 & 2.

Major Land Holdings - Melbourne

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LAND



In Melbourne our main land holding is at Craigieburn, where construction of the new Wollert factory has resulted in other sites becoming surplus including Scoresby and Hallam. At Craigieburn development is also starting to surround our site as the new Hume Freeway opens up the area.

Maximise the value of our surplus property assets through:

- **Residential and other land to be:**
 - Rezoned, rehabilitated & prepared for sale by Brickworks
 - Sold to the open market
- **Industrial land to be:**
 - Rezoned & rehabilitated by Brickworks
 - Assessed for inclusion in a property trust and held long term
- **Division consists of three main businesses:**
 - Land Sales
 - Property Trust
 - Waste Management

The overall strategy for our development land involves maximising its value. This is achieved through:

-Selling our residential land after it is has been rezoned & rehabilitated.

-Assessing our Industrial land for inclusion in a property trust to be held long term.

-For this reason the Property & Development division now consists of three main businesses being land sales, Property Trust (for our industrial land) and waste management (which consists of sites not suitable for any other use).

Land Sale Projects:

PROJECT	GROSS AREA (ha)	DEVELOPABLE AREA (ha)	STAGE AND TIMING	EST SALE VALUE*
<u>Residential:</u> Eastwood, NSW	15ha	13ha 256 dwellings	Stage 1 Civil works complete. Six lots sold to date. Filling of site underway and due for completion late 2008.	\$50m (Englobo sale with services to Stage 1 only)
Scoresby, VIC	56ha	40ha Up to 700 dwellings	Rezoning nearing completion. Rehabilitation underway. Offer to open market as staged settlement in mid 2007.	\$55 -60m
Cardup, WA	90ha (urban)	40ha (700 lots)	Initial investigations and rezoning application.	\$25m
	210ha (rural)		Operational for next 5 years.	
Oxley, QLD	15.5ha	6ha (subject to fill)	Rehabilitation approval received. Rezoning to commence in 2008.	\$6 -9m (subject to fill)
<u>Landfill:</u> Bolinda Rd, VIC	15.6ha	15.6ha	Seeking approval as a landfill. 2.3million m3 of airspace	\$6.6m

* Estimated Sales Value – based on selling englobo unserviced land once zoned (wholesale value)

11

Land sales now largely consist of residential sites and are summarised as follows:

- Eastwood & Scoresby, which have been identified for redevelopment for some time,
- Cardup & Oxley, which are newer additions to the land sale list and currently under investigation and preliminary planning. Development of these sites will not occur within the next three years.
- Bolinda Road is also included as a landfill site to be sold.

- **Property trust for Industrial / Commercial properties**
 - Extract value from:
 - Sale of land
 - Development profit
 - Rental return
 - Capital growth
- **Trust Currently includes:**
 - M7 Business Hub, NSW 14 ha –potential further 34 ha
 - Mamre Road, NSW 39 ha
- **Future sites:**
 - Hallam, Victoria 19ha gross area (17ha developable)
 - Oakdale, NSW 333ha gross area (200ha developable)

The strategy for industrial property now involves retaining the assets for the long term. In this way we get to extract value from the following:

-Sale of land, development profit, rental return and capital growth.

The Trust structure has been established and a number of properties sold to the Trust including:

-14ha of M7 business hub.

-39ha of the Mamre Road- Erskine Park site.

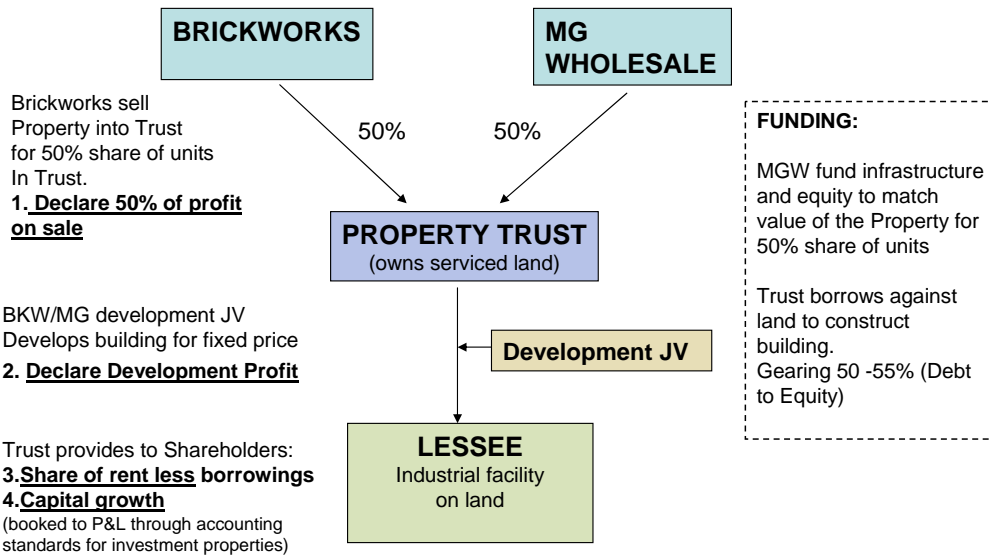
Further details on these properties will be provided later in this presentation.

Sites currently under investigation for inclusion include Hallam and Oakdale.

Property Trust Structure



• Summary of Structure



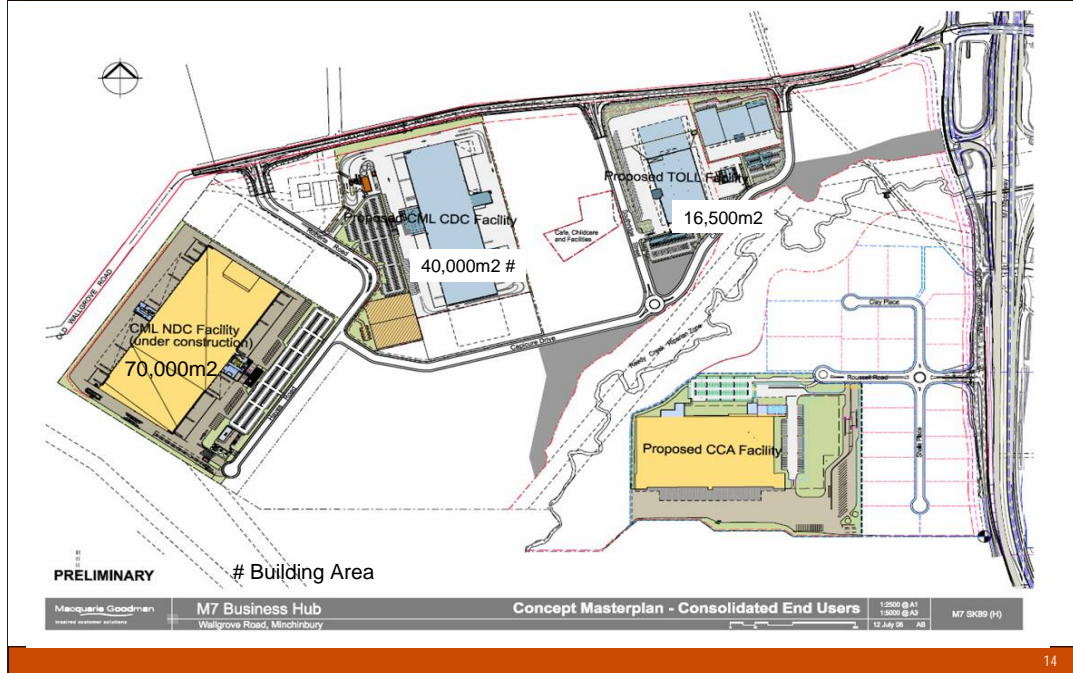
13

The Property Trust structure can best be summarised in the following chart that outlines the steps involved. These include:

1. The property is sold into the JV Trust by Brickworks and 50% of the profit from the sale is declared. Macquarie Goodman Wholesale fund the infrastructure to the sites and provide additional equity to match the value of the property.
2. The BKW/Macquarie Goodman JV constructs a pre-committed facility at a fixed price for the Trust. The Trust borrows against the land to construct the building resulting in 50-55% gearing. Brickworks and Macquarie Goodman declare a development profit when the facility is complete.
3. The Property Trust then owns a completed and tenanted building which provides a share of rent and capital growth to the unitholders.

M7 Business Hub (Vineyard)

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ARCHITECTS



Two Trusts have already been set up on the M7 Business Hub for the Coles Cold Store facility (40,000m²) and the Toll development (16,500m²) as pre-commitments. The land for the Coles Cold Store was sold into the Trust in January this year and Toll will follow after the lot is sub-divided later this year.

M7 Business Hub (Vineyard)



- Total Developable land – was 120ha Net Developable – 105ha
- Established as 50/50 land development JV with MG in 2004. Now involves a JV Property Trust.
- 57ha sold as retail land to date – including small subdivision lots.
- 14ha sold to the Trust for the Coles Cold Store facility
- 5 ha under contract to the Trust for the Toll Distribution facility.
- 29ha earmarked for development in Trust over next 5 to 7yrs. Part of site unavailable until 2010 due to continued extraction and filling activities.
- Expected gearing 55% (Coles higher due to cold store component)
- Potential end value of asset owned by Trust (land & buildings)-
\$400million

15

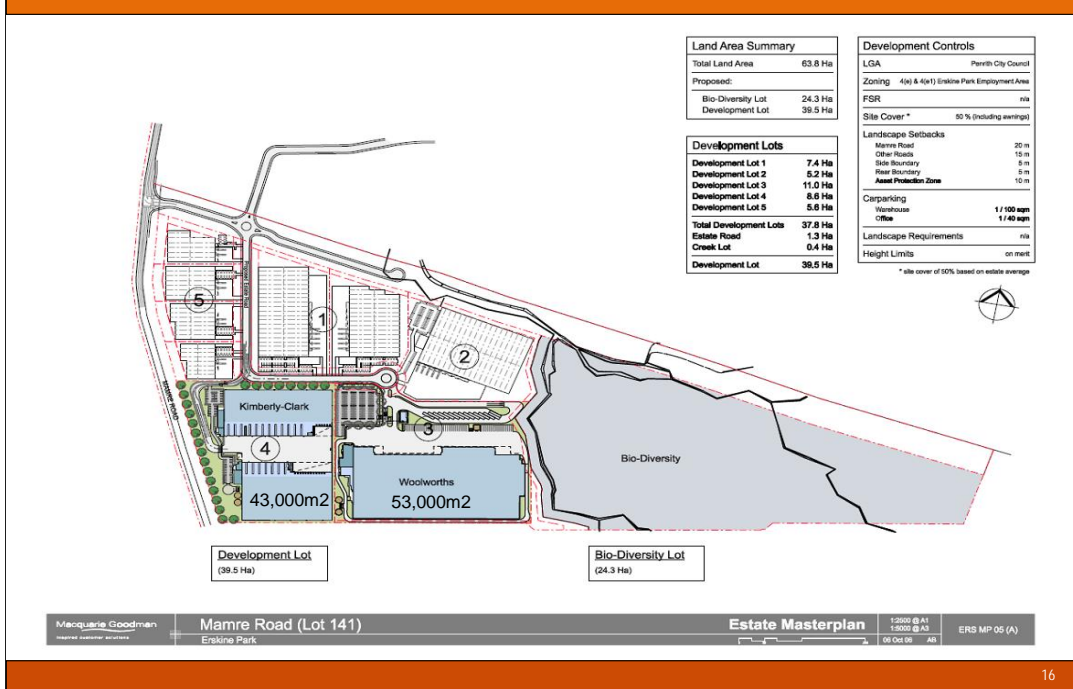
In summary the M7 Business Hub site had a developable area of 120ha. The site was established in 2004 as a land development JV with Macquarie Goodman and under this agreement 57 hectares has already been sold as retail land. The relationship with Macquarie Goodman has now evolved to include a JV Property Trust. This Trust includes:

-14ha already in the Trust and 5ha under contract.

-Further 29ha earmarked for inclusion in the Trust.

The potential end value of the total assets owned by Trust is \$400million.

Interlink Distribution Centre (Erskine Park)



Another property included in the Trust is the former “Mamre Road” site at Erskine Park now known as the Interlink Distribution Centre.

Interlink Distribution Centre (Erskine Park)



- Total Developable land - 39ha
- Land already sold into Trust. Profit on sale of 33ha booked in 05/06. Additional profit on further 6ha now secured for 06/07.
- Lease pre-commitments to Woolworths (Liquor Distribution) and Kimberly Clark.
- DA for development of site and buildings for Woolworths and Kimberly Clark approved in March 07. Expect to commence development of site in April 2007 and build out in 3 to 5 yrs.
- Expected gearing of 45 -50%
- Potential end value of asset owned by Trust (land & buildings) - **\$250million**

17

This site consists of 39ha of developable land. The land has already been sold into the Trust and there are lease pre-commitments to Woolworths and to Kimberly Clark. Development of both facilities is expected to start in April 2007. Potential end value of the total assets owned by the Trust is \$250million based on completion of the entire estate in three years.

Hallam

- Total Developable land - 15ha
- Zoned industrial. DA for sub-division lodged early 2007.
- Rehabilitation, involving cut to fill on site, to be undertaken for most of 2007. Development could commence in 2008.
- Potential end value of asset owned by Trust (land & Buildings) - \$70m

South Pipe (Oakdale/Bedford Pastrol)

- Total Developable land - 200ha
- Identified in 2005 for release as industrial land
- Investigations underway into servicing of the site
- Stage 1 – 100ha - may be available for development in three to five years
- Stage 2 – 100ha – longer development timeline (10yrs +)

Other properties being investigated to include in the JV Property Trust are Hallam and South Pipe.

Hallam – has a total developable area of 15ha (14ha net dev).

South Pipe (Oakdale) – has a forecast developable land area of 200ha and whilst it has only recently been identified for development, if current demand levels stay as strong then it could commence development in three to five years.

- \$ 23.4m unreported profit to date
- \$6.7m unreported profit this half

Trust	Carrying Value – BKW Only (millions)	Market Value – BKW Only (millions)	Development Profit (millions)	Trust Profit (millions)	Trust Distribution (millions)
BMGW CDC Trust (Coles Cold Store)	\$9.8m	\$16.5m (land only)	First Half 2008	First Half 2008	
BMGW Erskine Trust	\$24.3m	\$41.9m* (land only)	First Half 2008	First Half 2008	
BMGW Toll Trust		Land under option	Last Half 2007	Last Half 2007	
TOTALS	\$34.1m	\$58.4m			

Note: * Market value of Erskine Park land based on 33ha – DA approved 39.1ha. Additional market value of \$7.7million in July 2007 half.

The newly created Trusts are still in the approval or construction phases and hence no profit distributions have been received to date.

The current market value of Brickworks' share of the Trust is \$58.4million.

The carrying value is \$34.1million.

There is an unreported profit to date of \$23.4million, \$6.7million for the half. This is due to the application of the accounting standards for equity associates.

Indicative Returns of Brickworks Trust



Development/ Land Parcel	Net Developable Area (ha)	Gross Land Value (unserviced) (millions)	Trust Asset Value when complete – (land & building)	BKW Equity (50% of net assets)	BKW Share Rental PA (50% less interest)
<u>Trust (current)</u>					
M7 Hub	19	\$26m	\$180m	\$30m	\$2.1m
Interlink	37	\$50m	\$250m	\$66m	\$4.6m
<u>Trust (future opportunities)*</u>					
M7 Hub	29	\$40m	\$220m	\$50m	\$3.8m
Oakdale – Stage 1	100	\$100m	\$680m	\$170m	\$11m
Oakdale – Stage 2	100	-	-	-	-
Hallam	15	\$10m	\$70m	\$14m	\$1m
TOTALS		\$226m	\$1,400m	\$330m	\$22.5m

Note: * Future Opportunity numbers based on returns to date

Additional Returns:

Trust: Capital Growth per annum

Brickworks: 50% Development Profit on construction of building

20

To give an idea of what the Trust may mean for Brickworks we have put together some indicative future returns. Actual earnings will depend on market rents, yields and timing of development and the following is provided as a guide only.

The returns have been split into the current trust assets and the future opportunities. We have then provided an indication of the:

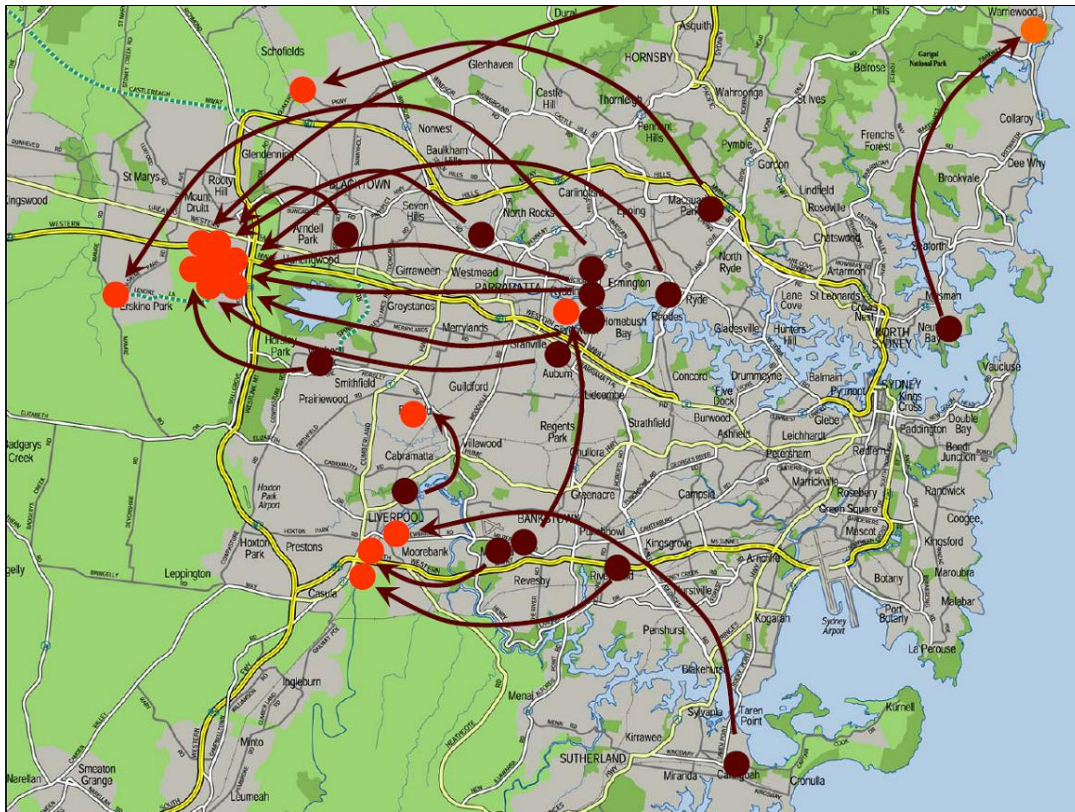
- net developable area (excludes roads and detention basins),
- gross land value (based on unserviced, englobo land)
- Trust Asset value when complete – (which is 100% owned by the Trust)

Brickworks' equity is 50% of the net Asset of the Trust.

We have then provided an indication of our share of the rent less the interest.

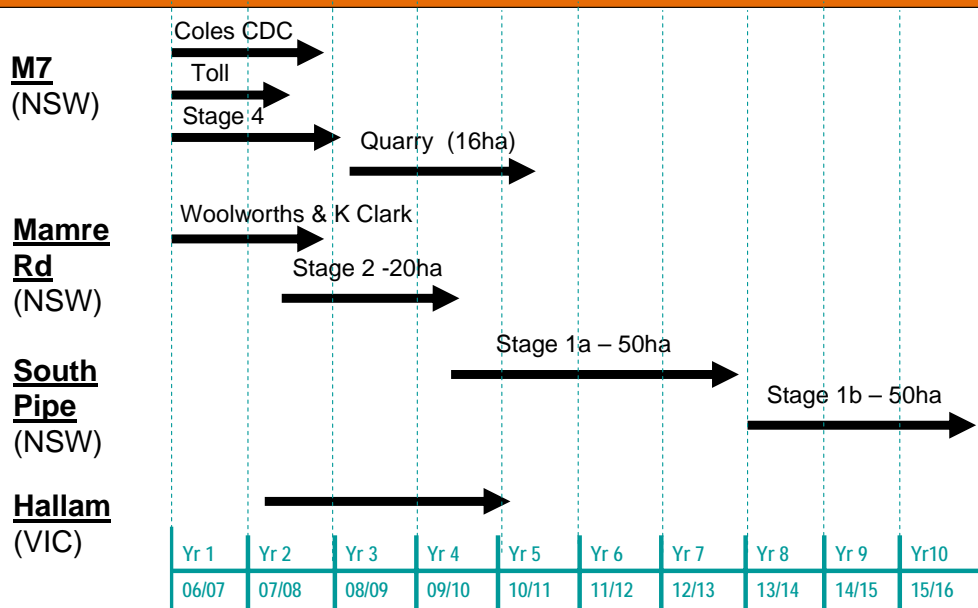
Other return items not included on this table include:

- capital growth that the Trust will book to profit each year.
- 50% of the Development profit on construction of the buildings.



One of the key influences on the growth of the trust is rental demand for new facilities to be provided by the Trust. To assist in predicting this we need to look at what is happening to businesses that are our potential tenants. An important factor currently driving demand in the Eastern Creek area is the consolidation of the main distribution and logistic companies from a number of smaller facilities located all over Sydney to one large facility located on the M7. This can be seen by the developments undertaken by Coles and Woolworths, amongst others. This consolidation is set to continue for some time and will also result in a number of users associated with these businesses relocating to be close to these facilities.

Indicative Timeline for Trust Development



Note: End of arrow indicates when construction complete and when rent payments commence

22

Based on the current high level of activity in the market we are optimistic that our land will be developed within a reasonable timeframe, which is reflected in our indicative timeline for development.

- Brickworks' property holdings are being managed to ensure a continuation of land for operational and development purposes.
- Clear strategies for our surplus assets and our involvement in the stages of development.
- Property Trust established and regular profit to the Brickworks Group should commence next financial year.
- Forecast a strong future for the Property Trust.

In conclusion we have explained a number of things today including:

1. We are managing our properties to ensure a continuation of both the operational business and development opportunities.
2. We have clear strategies for our surplus assets and know the best stages to get involved.
3. The Property Trust has been established and will start to provide a regular profit in addition to the return from property sales.
4. Finally, we forecast a strong future for the Property Trust.