

ANNUAL GENERAL MEETING
AUSTRALIAN PROPERTY GROWTH FUND
30 NOVEMBER 2006
GEOFF McMAHON, MANAGING DIRECTOR
(SLIDE 1)

SLIDE 2
AGENDA

Good afternoon ladies and gentlemen. I would like to welcome you to today's annual general meeting, the first for the newly formed Australian Property Growth Fund.

I would like to provide you with a brief overview of our Fund, including our investment philosophy, current assets, financial summary and outlook.

SLIDE 3
OVERVIEW

The past year has been an exciting and milestone year for the Fund. During this time we undertook three major transactions:

- Takeover of Blue Tower Trust, owner of Comalco Place (Blue Tower) – one of Brisbane's iconic and most successful CBD commercial office buildings;
- Major capital raising, which to date has raised approximately \$50 million; and
- Change of the Fund's name to "Australian Property Growth Fund," with this new name being reflective of the vision in which the Directors are seeking to grow and position the Fund.

As a result of these significant events, the Fund's assets have grown to in excess of \$300 million from \$84 million at 30 June 2005.

Your Fund is now ideally placed to launch into a significant expansion phase.

SLIDE 4
INVESTMENT PHILOSOPHY

The Fund's investment philosophy is based on performance and research. The focus is on quality projects with moderate risk profiles that generate long-term sustainable returns to our investors..

We are also focused on markets with depth, and ones that the Fund Managers have experience in.

We plan to focus on Australia's eastern seaboard, areas that we know and have invested in successfully for a long time.

We put each potential acquisition under the microscope and only pay a price justified by our conservative investment parameters. We do not adjust the parameters to fit what we'd like to see!

By examining both the macro and micro economy, drilling down to the sub-sector we're investing in, we are able to pinpoint the demand drivers and the supply situation. At all times we are looking to remove risk from our projects.

Once we've made an acquisition, we then look to micro-manage it to improve returns through activities such as a refurbishment program and examining the lease profile.

Our key principles are as follows:

- maximising long-term investor returns
- business is all about people

- quality and excellence in all projects
- integrity and professionalism

Having been through numerous property cycles, the executive directors understand property fundamentals and the importance of getting the timing right.

SLIDES 5/6 BLUE TOWER

I would now like to give you an update on the Fund's current assets, starting with Comalco Place, or Blue Tower.

One of the Fund's milestones during the past 12 months was the takeover of Blue Tower Trust, which owned this iconic and highly successful Brisbane commercial office building.

Located in the heart of the Brisbane CBD's "golden triangle," the 32,000 square metre Comalco Place commercial office tower in Creek Street, Brisbane, is APGF's flagship property.

Blue Tower consists of a 37-level commercial office building and separate two-level annexe building, located just 150 metres from the GPO.

The building is fully leased, with tenants including Comalco Aluminium, AGL and Macquarie Bank.

The weighted average remaining lease term is five years, and we expect this landmark building to continue to produce excellent returns.

SLIDES 7/8 99 MELBOURNE STREET

This five-level office building is located on a prime 2,700 square metre site in Brisbane's South Bank district, adjacent to the Brisbane Convention and Exhibition Centre. The net lettable area is 6,200 square metres and it is fully occupied, with tenants including Stockland Development and Austcover.

The property's asset valuation has increased to \$30 million in June 2006 from \$24.5 million in December 2004, when it was acquired by the Fund.

The weighted average remaining lease term is 6.5 years.

This award-winning building which opened in early 2005 is set to continue to be a strong performer for our Fund.

SLIDES 9/10 LONDON WOOLSTORE

APGF's first development project was London Woolstore, located on the Brisbane River at Teneriffe.

The heritage-listed two-storey AML&F Woolstore and two adjoining buildings were purchased in 2004.

This development project involved the conversion of the former Woolstore building constructed in 1912 into 89 residential apartments, car parking and nine ground-level retail shops. The two smaller buildings are for commercial offices.

The building is located in a former industrial area of inner Brisbane that has undergone significant rejuvenation and is now a hub for restaurants and speciality retail outlets.

Construction began in December 2004 and was completed in January this year.

With the vast majority of the apartments and retail outlets already sold, it is expected that the project will be fully sold out in 2007.

The project's total development cost is around \$48 million.

SLIDES 11/12 PAVILIONS ON 5TH

One of our most exciting projects at the moment is Pavilions on 5th at Palm Beach on the Gold Coast.

This is the former Palm Beach Plaza Shopping Centre, which the Fund's development company acquired for around \$11.1 million in May 2005.

We plan to demolish the 30-year-old shopping centre and redevelop the 9,800 square metre site into a 4,850 square metre retail and commercial complex, in addition to 198 residential apartments.

Development approval was secured in August 2006 and the design development phase has also been completed.

We intend to start construction in calendar year 2007, developing the project in two stages through to 2008. We will de-risk the project by securing pre-leasing for the commercial retail precinct, and also pre-sales of the residential apartments.

We've targeted this project to a very specific niche in the market – the sub-\$500,000 range – where we see an opportunity for undersupply.

The end value of the completed development will be approximately \$115 million, and the retail commercial precinct will be underpinned by a 15-year lease to Coles Myer.

One of the advantages of having a stapled structure is that it allows us to develop a site and then retain that asset in the trust. We will be able to retain the completed retail precinct in our trust.

SLIDE 13 FINANCIAL SUMMARY

Australian Property Growth Fund delivered a net profit to security holders of over \$2 million for the year ended 30th June 2006.

The profit was derived from our property investment operations, which secured over \$4 million in profit, with a net loss of \$2 million on our property development activities. This development loss resulted from the adoption of new international financial reporting standards which require pre-development costs to be expensed.

Forecast distributions for 2006/07 are 8.48 cents per stapled security, equating to a yield of 8 percent per annum based on a \$1.06 share price, 100 percent tax deferred.

Following the completion of the takeover of Blue Tower Trust, APGF now has total investors equity of \$170 million and total assets of approximately \$300 million.

We have already raised nearly \$50 million from investors in our \$74.2 million capital raising, involving a non-renounceable two for one entitlement issue of 70 million stapled securities at \$1.06 each. These funds will be invested this financial year and we expect continued growth in assets and distributions.

SLIDE 14
OUTLOOK

Australian Property Growth Fund has been launched at an exciting time in the Australian property industry.

While the residential market has softened, commercial and industrial property has experienced boom times due to continued strong economic growth, particularly in the resources sector.

The commercial office market in Brisbane has been enjoying extremely good times, but we also see opportunities in Sydney and Melbourne.

It is your Directors' ability to anticipate and take advantage of these fluctuations in property cycles that sets APGF apart from our competitors.

The name change to APGF reflects the ambition of the Fund Managers to diversify beyond Queensland across the eastern seaboard.

Our successful capital raising means we have the funds to expand. Our management structure means we're not required to grow purely for growth's sake, however, and we have been searching for the right opportunities.

The merger with Blue Tower to form APGF has given the new fund ownership of one of Brisbane's most iconic and successful commercial office buildings in the CBD.

In addition to the economies of scale achieved and assets boost, the merger increased the proportion of income from stable rental income streams.

One of the advantages of having a stapled structure is that we can make distributions out of the trust which are tax sheltered, while investors can also enjoy the benefits of share price growth.

The current economic outlook, with relatively low interest rates, strong employment and stable world economic growth, has set up the parameters for a good outlook for the property industry.

With APGF's strong board, cash reserves and the favourable economic outlook, we are very excited about the future growth and success of our Fund.

Thank you for attending the AGM. I would now like to hand over proceedings to our chairman, Neil Summerson, to complete the formalities of the meeting.

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