

22 June 2007

BSX Announcements Office
Bendigo Stock Exchange Ltd
PO Box 323
Bendigo VIC 3552

ANNOUNCEMENT – AUSTRALIAN PROPERTY GROWTH FUND

Refer to the attached Announcement in relation to APGF's purchase of the Elderslie property funds management group.

Yours faithfully
Australian Property Growth Fund



Geoff McMahon
Managing Director



BSX / MEDIA RELEASE

22 June 2007

APGF doubles assets under management to \$800M, expands into property funds mgt

Australian Property Growth Fund announced today the doubling of assets under management to nearly \$800 million and expansion into property funds management with the acquisition of the Elderslie property funds management group.

Managing Director Geoff McMahon said the \$32.5 million acquisition of the Sydney-based property funds management group comprising Elderslie Property Limited, Austgrowth Property Syndicates Limited and Austgrowth Investment Management Pty Ltd gave APGF access to 37 additional properties currently valued at about \$480 million.

Located in Sydney, Melbourne, Brisbane, Perth, Canberra and Cairns, the properties contained in Elderslie's 26 property trusts or syndicates encompass commercial office, industrial and retail property, thereby diversifying APGF's asset base both geographically and by property sector.

"APGF indicated in our July 2006 Prospectus and Product Disclosure Statement that we would diversify across property sectors in acquiring a quality portfolio of property assets delivering long term capital growth and stable income streams, and this is exactly what this acquisition delivers," Mr McMahon said.

"Elderslie property funds management is an excellent business with a strong track record and represents an outstanding opportunity for APGF to expand into property funds management, increasing recurring income streams and providing a pipeline into future projects."

He said the acquisition was consistent with APGF's focus on cash flow producing property investments.

Mr McMahon added that the proposed purchase price was at an attractive EBITDA multiple, with \$5 million of the total cost to represent net tangible assets on the June 21 settlement date. It will be funded by a mixture of debt and equity.

APGF's total assets under management have now increased to around \$800 million from \$310 million.

"Forecast profits after tax for the first two years after settlement indicate an attractive return on equity in excess of 20 per cent after tax," he said.

EBITDA for the Elderslie property funds management group is expected to be further boosted through expense synergies.

"APGF will also benefit from the addition of Elderslie Properties' approximately 5,500 investors, substantially broadening our investor base," Mr McMahon said.

"We are also pleased to gain the additional management expertise and specialist skills of the Elderslie property funds management team."

Major properties managed by Elderslie include:

- \$32 million multi-level commercial office building at 492 St Kilda Road, Melbourne;
- \$28.5 million Country Road building in Richmond, Melbourne;
- \$18 million commercial office building at 533 Little Lonsdale Street, Melbourne (ASX-listed law firm Slater & Gordon's corporate headquarters); and
- \$10 million commercial office building at 299 Coronation Drive, Milton, Brisbane.

In addition to Elderslie's property funds management group, APGF has agreed to invest \$28.3 million in two of Elderslie Finance Corporations' property development projects in New South Wales. Both projects are quality residential land subdivisions.

Mr McMahon said APGF's conservative, performance-focussed approach would be used to extract further gains from the properties under management, including an anticipated increase in valuations.

"The board of APGF has substantial property experience, having been involved in over \$1 billion worth of property investments and developments across Australia, including commercial, residential, retail and industrial property," he said.

"This experience will stand us in good stead as we grow APGF into one of Australia's leading diversified property funds."

About Australian Property Growth Fund

Australian Property Growth Fund (BSX code: APF) was launched on 18 September 2006, following the completion of the merger between Leyshon Property Fund No. 3 and Blue Tower Trust.

APGF is a stapled property fund comprising a property trust, Australian Property Growth Trust, which invests in long term passive property investments, and a property funds management and development company, Australian Property Growth Limited. The Fund has a number of blue-chip assets, including the flagship \$190 million Comalco Place commercial office building in the Brisbane CBD and the \$110 million Pavilions on 5th retail and residential development at Palm Beach on the Gold Coast.

About Elderslie Property Funds Management

The Elderslie property funds management group comprises Elderslie Property Limited, Austgrowth Property Syndicates Limited and Austgrowth Investment Management Pty Ltd. The Sydney-based group's property funds management business comprises 26 property trusts/syndicates containing 37 properties with total assessed property valuations of approximately \$470 million.

The property funds management group commenced operations in 1999 and is wholly owned by Elderslie Finance Corporation Limited. Elderslie Property and Austgrowth Property both hold Australian Financial Services Licences, while Austgrowth Investment holds a real estate licence.

<ENDS>

For further information contact:

Geoff McMahon
Managing Director
APGF Management Ltd
Ph: (07)3004 1200
0418 152 804
gmcmahon@apgf.com.au

For media inquiries:

Diana Taylor
Starlink Media
(07) 3367 1488
diana@starlinkmedia.com.au