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19 October 2007
Ref: V4-70706.L1

Dear Sir,

PROPERTY: 99 MELBOURNE STREET, SOUTH BRISBANE, QLD.

We refer to the abovementioned property and our previous valuation report dated 30 June, 2007 (Valuation Number: V4-70706) and state that this correspondence is to be read in conjunction with our valuation reports and not to be relied upon in isolation. For a full description of the property, we refer you to our original report.

INSTRUCTION

We have been instructed to provide the current market value of Comalco Place as at 19 October 2007. This valuation has been prepared for inclusion in the Independent Expert's Report being prepared by PricewaterhouseCoopers Securities Ltd which will be annexed to the Notice of Extraordinary General Meeting for the internalisation of the Australian Property Growth Fund Management Company and can be relied upon by the **Directors of APGF Management Limited atf Blue Tower Trust and Australian Property Growth Trust, the Directors of Australian Property Growth Limited, PricewaterhouseCoopers Securities Ltd and Australian Property Growth Fund Stapled Security Holders**. This valuation has also been prepared for first mortgage security purposes and can be relied upon by **Suncorp-Metway Limited**. This valuation report has been prepared in accordance with Australian Property Institute's and **Suncorp-Metway Limited's** Current Valuation Standard.

INSPECTION / VALUATION DATE

The property has been re-inspected and is valued as at 19 October 2007.

TITLE DETAILS

The property is known as Lot 8 on Survey Plan 172780, in the County of Stanley, Parish of South Brisbane, within Certificate of Title Reference No. 50523733.

99 Melbourne Street, South Brisbane, Qld

Date of Valuation: 19 October 2007

Valuation Number: V4-70706.L1



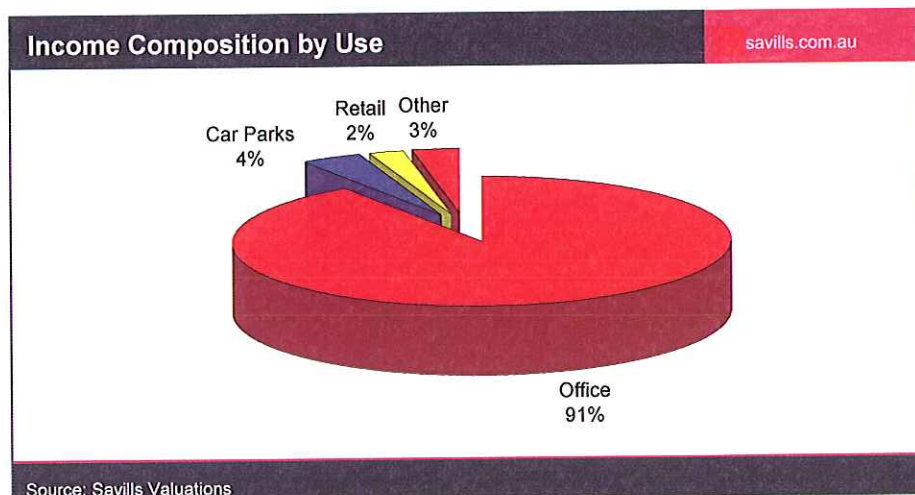
TENANCY DETAILS

We have been provided with tenancy and outgoings recovery schedules by the current property owner.

The Tenancy Schedule appended to this report summarises our understanding of the property's tenancy profile as at the date of valuation.

Tenancy Analysis

Overall the office tenancies represent some 98% of the total lettable area and contribute 91% of gross passing income. Other income streams are summarised in the graph below. Please note these figures may exclude rental voids and incentives and the composition percentages have been rounded to the nearest percent.

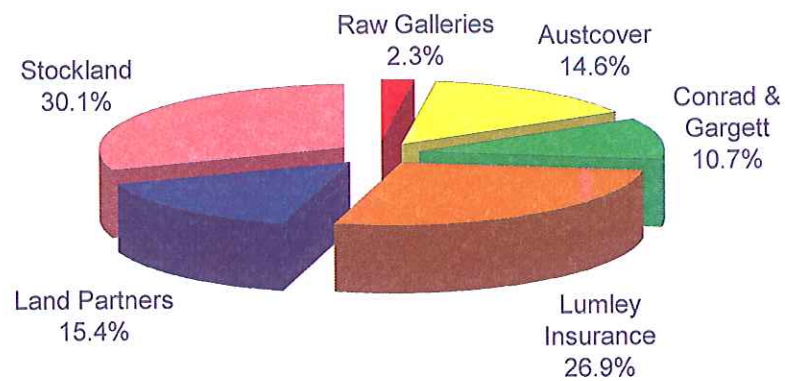


The largest tenant is Stockland with 30.1% of lettable area and 31.5% of gross passing income whilst the next largest is Lumley Insurance with 26.9% of lettable area and 27.2% of gross passing income.

The pie charts below summarise the property's tenancy composition on an area occupied and a passing income basis:

Tenant Composition by Lettable Area

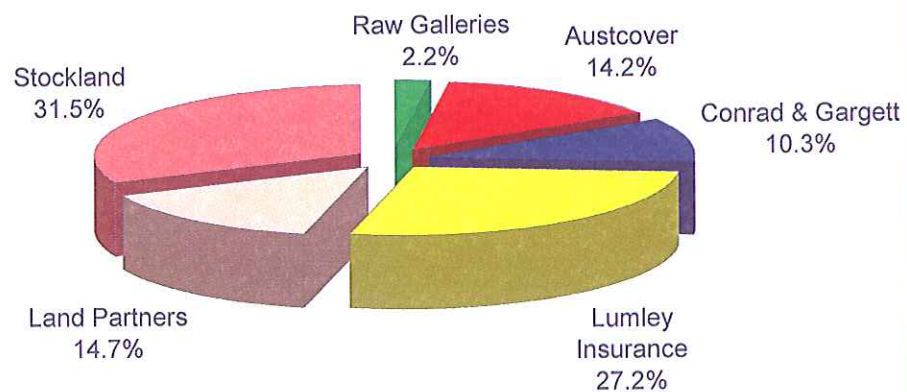
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Source: Savills Valuations

Tenant Composition by Passing Income

savills.com.au

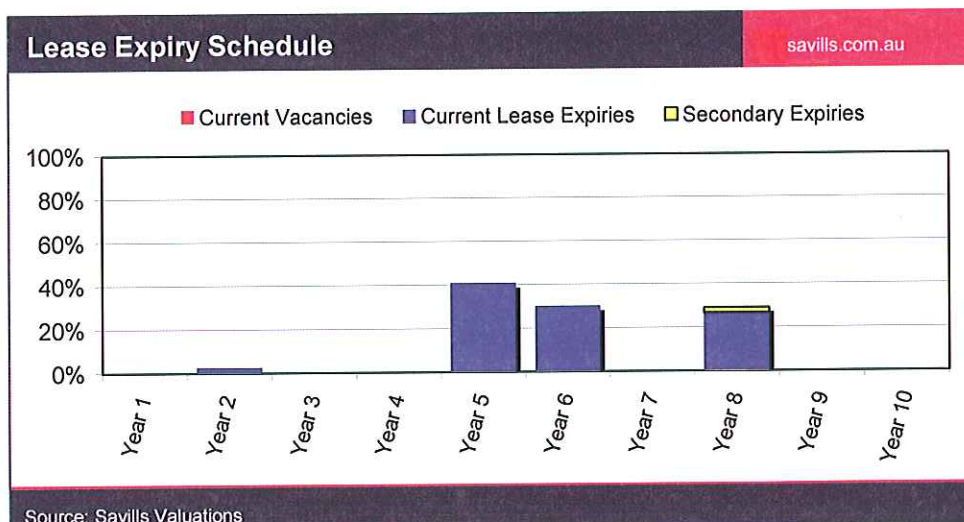


Source: Savills Valuations

Lease Expiry Profile

The property's lease expiry profile is summarised in the below chart.

At the present time the building is fully leased.



The lease profile is considered strong for an asset of this nature with the office expiries not until year five being Conrad & Gargett representing 10.7% of the NLA and Stockland Limited representing 30.1% of the NLA both expiring 31 December 2011. The balance of the offices expiries are staggered through years 6 & 8 which is advantageous from an asset management viewpoint. The weighted average lease profile for the asset is 5.46 years.

Miscellaneous Income

We are advised miscellaneous income is currently derived as follows.

Income	\$PA
Carparking	\$91,617
Stockland Signage	\$48,409
Lumley Insurance Signage	\$27,301
Profit on Electricity	\$48,978
Total	\$216,305

The current carparking income reflects a rate of \$254/bay/month and based on market rates, we have adopted a car parking income of \$285/bay/month.

At the time of inspection it was evident that Stockland had signage erected to the eastern end and along the Melbourne Street frontage. Lumley Insurance, as outlined in their lease are paying for signage which has been approved by the owner along the western frontage of the building at the corner of Melbourne and Merivale Streets. Whilst paying their signage fee, the tenant at this stage has not erected a sign.

We have been advised by the property manager that profit on electricity is currently generated from the building (\$48,978). Whilst we acknowledge that profit on electricity is common place in modern office buildings we have capitalised this income at 20% reflecting the greater risk of this being a long term sustainable income and added this benefit as a below the line adjustment.

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The Savills logo, consisting of the word "savills" in a red, lowercase, sans-serif font, positioned to the right of a yellow square.

Outstanding Incentives

We have been provided with a schedule of outstanding incentives as at the date of valuation as prepared by the current property owner. A summary of outstanding incentives is provided below.

Tenant	Incentive	Balance @ Val Date
Raw Galleries	Rent Concession	\$8,054
Austcover	Rent Concession	\$284,711
Conrad & Garrett	Rent Concession	\$165,741
Lumley Insurance	Rent Concession	\$320,351
Total		\$778,858*

*Present value of incentives at a discount rate of 7%

These incentives have been deducted from the value assessed.

OUTGOINGS

Building Outgoings

We have been provided with budgeted outgoings for the year ending 30 June 2008 which total \$407,324, equating to \$65.66/m² of net lettable area. This amount includes non-recoverable outgoings of \$70,000 which equates to \$11.28/m². These outgoings have been supplied to us by the property manager.

We have reviewed the supplied outgoings and note that we have made certain adjustments to these outgoings for valuation purposes.

A copy of our adopted outgoings budget for valuation purposes is provided below:

STATUTORY EXPENSES

Council Rates	\$51,827	\$8.35 /m ²
Water and Sewerage Rates	\$28,507	\$4.59 /m ²
Fire Levy	\$8,910	\$1.44 /m ²
Sub-total	\$89,243	\$14.38 /m²

OPERATING EXPENSES - Exclusive of GST

Insurance	\$13,956	\$2.25 /m ²
Air conditioning	\$23,249	\$3.75 /m ²
Cleaning (Common Area)	\$3,500	\$0.56 /m ²
Electricity	\$70,508	\$11.36 /m ²
Fire Protection	\$15,986	\$2.58 /m ²
Security	\$18,321	\$2.95 /m ²
Lifts & Escalators	\$17,371	\$2.80 /m ²
Repairs & Maintenance	\$20,000	\$3.22 /m ²
Miscellaneous	\$5,000	\$0.81 /m ²
Management Costs	\$46,755	\$7.54 /m ²
Administration	\$9,600	\$1.55 /m ²
Sub-total	\$244,245	\$39.37 /m²

Total Non-Recoverables (Land Tax)	\$84,000	\$13.54 /m²
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Adopted Outgoings	\$417,488	\$67.29 /m²
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We note the total adopted outgoings equate to \$417,488 or \$67.29/m² of lettable area.

Outgoings Recoveries

Under the current leasing arrangements, tenants are to pay either no outgoings or a proportion of increases in outgoings over a specified base year. The effect of this recovery regime is that at present there is an estimated \$33,752 per annum (\$5.44/m²), in recoveries which has been included within our calculations.

We stress we reserve the right to amend our assessment should this information prove to be incorrect.

Capital Expenditure

For the purpose of this report we have made an ongoing sinking fund allowance equivalent to \$10/m² across the whole building which has been escalated at 3.49% per annum. An amount of \$100/m² has also been allocated to capital upgrades on expiry.

Total capital expenditure over the ten years equates to \$1,850,455.

MARKET EVIDENCE

Key Points

- The Brisbane Fringe office market, at 822,702m², remains the largest non-CBD office market nationally;
- Vacancy at 1 July 2007 is a new record low of 1.3% (10,407m²);
- 49,237m² were taken up in the past 12 months;
- It is expected that an additional 137,000m² of new office space will be added by end of 2008 of which, approximately 80,000m² are pre-committed;
- Average 'A' Grade net effective rentals increased by more than 27% over the past 12 months as face rents rose and incentives eased.

Introduction

The Brisbane fringe office market contains approximately 822,000m² of lettable space. During the last year, it moved into the position of the largest non-CBD office market nationally, displacing North Sydney and St Kilda Road in Melbourne.

Commencing from January 2003, the Property Council decided to recognise the changing composition of the fringe office market and re-align the boundaries which define each area. This revision has resulted in the absorption of the Petrie Terrace sub-market into Milton. South Brisbane has been renamed as 'Inner South' and incorporates South Brisbane, West End, Woolloongabba, East Brisbane, Greenslopes and Kangaroo Point. Fortitude Valley has been renamed as 'Urban Renewal' and includes Fortitude Valley, New Farm, Teneriffe, Newstead and Bowen Hills. Spring Hill and Toowong remain unchanged.

As a result of these changes, an additional 54,282m² were added to the previous year's fringe office market stock, which is monitored by the PCA. This one time adjustment, from January 2002, has had the effect of inflating historical absorption figures for the period 2002/2003.

Current Vacancy

Vacancy rates across the near city suburban areas as at July 2007 are shown below:

Brisbane Fringe Vacancy Rates – July 2007

Grade	Stock	Vacancy	Vac. % Jul -07	Vac. % Jul-06
Urban Renewal	207,818	7,164	3.4	7.2
Milton	187,750	1,669	0.9	4.1
Spring Hill	175,769	775	0.4	2.3
Toowong	81,183	60	0.1	2.5
Inner South	170,182	739	0.4	3.2
Total	822,702	10,407	1.3	4.1

Source: PCA

Despite a net increase of 27,000m² in office stock over the 12 month period to July 2007, the vacancy rate continued to fall to a new record low of 1.3%, down from 4.1% in 2006, as tenants unable to find accommodation in the tight CBD office market, have turned to the near city suburbs. Encouraged by quality new stock entering the market, particularly in South Brisbane and Urban Renewal which have been experiencing a construction boom, the take-up of office space has reached unprecedented levels of more than 150,000m² over the last three years.

Supply has simply not been able to keep up with demand but that is about to change as developers rush to get their projects to the market before others.

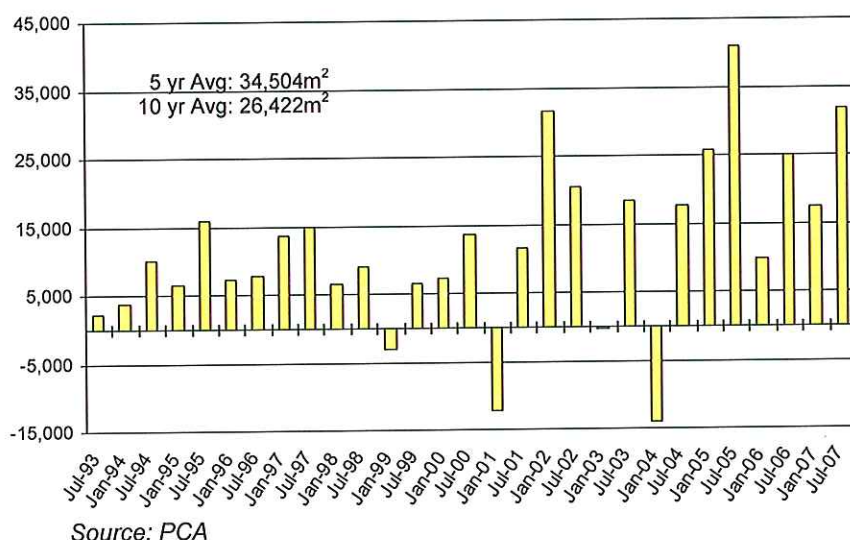
Leasing Demand

The average absorption of the near-city office space since 1997 is 26,400m²/annum. This figure would be slightly inflated by the additional office space added in for the Inner South and Urban Renewal areas in January 2002, however, as the average has been taken over 10 years, much of the stock added as occupied space would have been taken up, in any event, during the period concerned.

We saw an awakening of the fringe office leasing market from mid-2003 and this leasing activity continued strongly throughout 2004 to the point where, by the beginning of 2005, stock shortages in some areas were showing up.

The 12 month period between July 2004 and July 2005 saw the largest annual take up of office space, at 66,732m², in the fringe office market ever. Since then, absorption has remained strong, maintaining an average of more than 50,000m² over three years.

Net Absorption – Brisbane Fringe



This is expected to continue in the short term given the buoyant trading conditions and current business confidence. The 'Survey of Queensland Top 400 firms' by BDO Kendalls, released in July last year revealed that these leading Queensland companies predict an impressive 11.5% increase in revenue and 8% growth in full-time employment.

Predictions from these surveys are proving to be remarkably reliable. In the previous year the Q400 survey forecast a revenue increase of 13.2% and achieved 15.8%. Employment was predicted to grow by 10.2% and the actual growth turned out to be 9.1% in these firms. However, white collar employment growth, forecast by Access Economics, in the Brisbane Statistical Region (BSR), a good guide for office demand in the 'fringe' markets, is less bullish. They predict jobs growth of around 4.54% in the current calendar year following on from a growth of 4.4% last year. This growth is expected to ease in following years to mid-3%.

Nevertheless, this represents around 117,000 new white collar jobs over the next 5 years in the BSR and there is a 10 year pattern of each new job creating demand for between 1.44 to 1.48m² of office space in the 'fringe'. This suggests demand for up to 173,000m² in the 'fringe' markets over the next five years or an average annual demand of around 35,000m².

The table below gives details of some recent leasing activity:

Reported Major Fringe Office Leases

Date	Address	Area (m ²)	Rent (psm)	Lessee
Feb-07	375 Turbot St, Spring Hill	109	\$400	Whims Weightloss
Feb-07	80 Petrie Tce, Petrie Terrace	440	\$420	AC Neilson
Mar-07	895 Ann St, Fortitude Valley	250	\$400	Easton Corporation
May-07	50 Park Rd, Milton	585	\$425	Intergraph Corporation
Jun-07	299 Coronation Dr, Milton	900	\$425	Paynter Dixon
Jul-07	324 Wickham St, Fortitude Valley	636	\$465	Daryl Jackson Architects
Jul-07	3 Primrose St, Bowen Hills	536	\$415	UCI Architects
Aug-07	601 Coronation Dr, Toowong	587	\$460	BankWest
Sep-07	23 James St, Fortitude Valley	216	\$477	Aust Financial Services

Pre-Commitments

Date	Address	Area (m ²)	Rent (psm)	Lessee
Dec-07	10 Browning St, South Brisbane	2,400	\$440 GF	Thiess
Nov-07	199 Grey St, South Brisbane	7,573	\$445 GE	KBR
Oct-08	Petrie Tce, Petrie Terrace	9,055	\$455 GF	Hatch Associates
Jun-08	Green Square, Fortitude Valley	7,700	n.a.	CMC
Jun-08	108 Wickham St, Fortitude Valley	5,500	\$475 GF	Arup
Jan-10	33 Breakfast Creek Rd, Newstead	28,600	\$486 GF	Energex

Office Supply

More than 30,000m² of quality office accommodation has been added to the city fringe office stock over the past 12 months for a net gain of around 27,000m² and this has helped to continue the interest from larger tenants that are finding few options of contiguous office space in the CBD.

Encouraged by rising rents and tenants more willing to pre-commit in new fringe office projects, developers are accelerating plans to bring more stock to the market. The tight supply in the CBD is unlikely to get any reprieve 2009, providing a window of opportunity for the fringe office market to boom.

Close to 137,000m² of new office space are likely to be added to the near city market before the end of 2008 if all projects go to schedule and this will be a record high for new office stock being added in one year as evidenced in the chart of historic additions and withdrawals shown below.

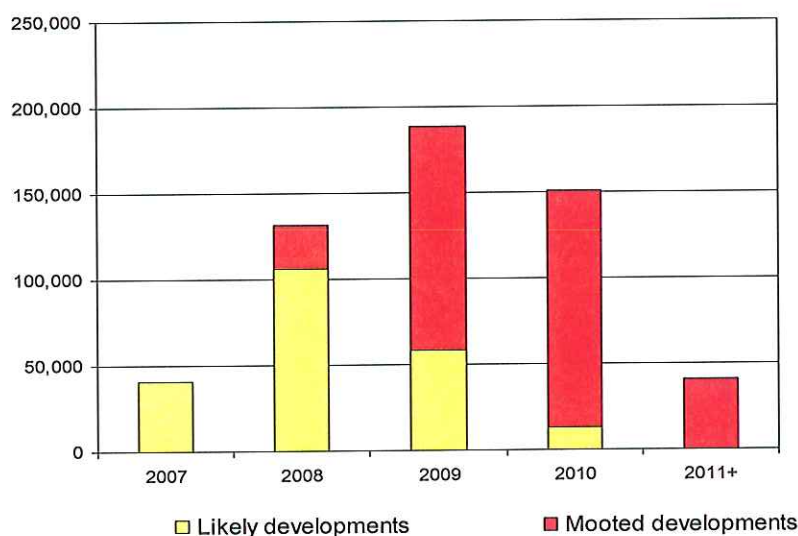
However, there is a potential for more than 400,000m² of new office space to be introduced to the 'fringe' office market over the next four years from projects that are either approved, have development applications lodged or are in early planning stage.

This would create an over-supply situation as Savills assess a little more than half of this potential new supply is required to meet demand from employment growth and the easing of the vacancy rate to a more workable rate of 5% - 6%.

As sites become scarce in the city fringe suburbs, developers are looking further a field for alternative areas. Some 80,000m² of office space is currently either approved or mooted in other inner suburbs such as Hamilton, Albion, Indooroopilly and Nundah. How this will impact upon the traditional near city office markets is not known but as traffic in and around the city intensifies, suburban office developments, away from the main congestion, but accessible by regular bus and/or train services will have great appeal.

New developments, either under construction or approved, are documented on the following page. Larger mixed-use sites such as the Newstead Riverpark have the flexibility to vary the eventual size of the residential/retail/office components as demand dictates.

Brisbane Fringe Supply – 219,073m² likely & 333,528 m² mooted



Source: Savills Research

Planned new and refurbished stock is as follows:

99 Melbourne Street, South Brisbane, Qld

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**New Developments**

Address	Suburb	m ²	Status	Due	Tenant	Pre-Commit
Inner South						
199 Grey St	South Brisbane	11,650	UC	Oct-07	KBR	86%
The Precinct 2, 10 Browning St	South Brisbane	8,663	UC	Dec-07	Thiess	100%
35 Boundary St	South Brisbane	8,984	UC	May-08	Unknown	
A4, SW1	South Brisbane	9,050	UC	Sept-08	Unknown	
A3, SW1	South Brisbane	7,750	UC	Jun-09	Unknown	
Milton						
Former Victoria Barracks	Petrie Terrace	10,200	UC	Mar-08	Hatch	100%
CDOP 4	Milton	16,585	UC	Jan-09	Unknown	
Union, Railway Tce	Milton	13,200	DAP	2010	Unknown	
Urban Renewal						
100 Brookes St	Fortitude Valley	8,823	UC	Oct-07	Unknown	
45 Commercial Rd	Newstead	4,250	UC	Dec-07	Unknown	
Centenary Square	Fortitude Valley	9,000	UC	Mar-08	Unknown	
56 Edmonstone St	Bowen Hills	13,220	UC	Mar-08	Virgin Blue	100%
Green Square – North Tower	Fortitude Valley	20,740	UC	Jun-08	CMC	37%
ICB Central	Bowen Hills	11,000	UC	Aug-08	Unknown	
25 Montpelier Rd	Fortitude Valley	7,500	UC	Dec-08	Unknown	
Spring Hill						
70 Bowen St	Spring Hill	3,755	DAP	Dec-08	Unknown	

Planned New Developments

Address	Suburb	M ²	Status	Developer
Inner South				
Fresh Urban Village	Woolloongabba	32,630	DAL	Buranda Properties
Melbourne St cnr Manning St	South Brisbane	10,922	DAL	Pradella
85 Montague Rd	South Brisbane	10,550	DAL	Eco Monitors
Collins Place, 9A & 9B Collins Pl	South Brisbane	10,500	DAL	Anthony John Group
Russell St & Manning St	South Brisbane	5,650	DAL	Demigre Investments
Stanley St	Woolloongabba	10,859	EP	n/a
Milton				
19 Lang Pde	Milton	6,924	DAL	Mdev Property Group
22-36 Railway Tce	Milton	5,700	DAL	Pro Vision Developments
16 Marie St	Milton	3,705	DAL	PM Property Group
Toowong				
Sherwood Rd	Toowong	17,000	EP	Stockland
Urban Renewal				
98 Brookes St	Newstead	40,600	DAL	Leighton
Energex Building, Bfast Crk Rd	Newstead	28,600	DAL	FKP
Albion Flour Mill, Abbotsford Rd	Albion	16,500	DAL	FKP
128 Brookes St	Fortitude Valley	15,781	DAL	MS Projects
NS3, Longland St	Newstead	12,548	DAL	McNab
949 Ann St	Fortitude Valley	10,000	DAL	Seymour
Valley Metro, 234 Brunswick St	Fortitude Valley	15,000	DAL	Lend Lease
757 Ann St	Fortitude Valley	7,500	DAL	Seymour Group
113-121 Commercial Rd	Newstead	7,900	DAL	n/a
42 Alfred St	Fortitude Valley	4,400	DAL	Seymour Group
Newstead Riverpark Stg 1	Newstead	29,000	EP	FKP
67 James St	Fortitude Valley	10,000	EP	PJP Properties / Ralph Lauren P/L
435 St Pauls Tce – Tower A	Fortitude Valley	11,430	EP	Watpac
435 St Pauls Tce – Tower B	Fortitude Valley	22,864	EP	Watpac
5 Chester St	Fortitude Valley	12,500	EP	Seymour Group
Former AP Eagers, Breakfast Creek Rd	Fortitude Valley	10,000	EP	Watpac / Seymour Group
Waterloo Hotel Redevelopment	Fortitude Valley	10,000	EP	Watpac
Spring Hill				
Leichhardt St	Spring Hill	11,270	EP	Barakat Commercial
440 Upper Edward St	Spring Hill	1,658	DAL	unknown

UC Under Construction DAP Development Approved DAL Development Application Lodged EP Early Planning

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Upcoming Refurbishments / Extensions

Building Name	M ²	Status	Due
60 Gloucester St, Spring Hill	4,298	Commenced	Dec-2007
49 Doggett St, Fortitude Valley	2,494	Pending Refurbishment	Dec-2007
74-76 Bowen St, Spring Hill	1,000	Pending Refurbishment	Dec-2007
144 Montague Rd, South Brisbane	1,950	Pending Refurbishment	Dec-2008

Outlook

The Brisbane fringe office market is in the middle of an exciting phase of expansion with new generation mid-rise office buildings which offer quality accommodation and efficient floor sizes. Many of these commercial buildings will emerge from within small mixed-use communities such as Newstead Riverpark or the Hamilton/Eagle Farm riverside area and become new work/play lifestyle areas.

South Brisbane and Spring Hill, by contrast, are more likely to be linked closer to the Brisbane CBD and perhaps emerge as outer or 'frame' precincts of the CBD. The proposed new CBD Master Plan will facilitate this linkage.

As motor vehicle access becomes more restrictive and parking more expensive in the CBD, areas like Kelvin Grove Urban Village, with a permissible car park ratio of 1 for every 30m² of office space, will be highly desirable.

Milton, Toowong and Fortitude Valley all have substantial new office developments planned and are likely to lead the way with developing "green buildings" to accommodate the growing awareness, and high standards sought, by institutions and government tenants.

The North-South Bypass Tunnel may have an interesting influence on inner city areas and the development of office buildings. Relieving the pressure of "flow-through" traffic coming from the Northside and Southside, may be the catalyst for allowing more dense office developments in suburbs such as Fortitude Valley.

Adopted Market Rent

Having regard to the available market evidence we have adopted a gross face rental profile of \$450/m² for the subject office floors and ground floor retail accommodation, based upon an assumed incentive of 10%.

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VALUATION METHODOLOGY

We have assessed the valuation on the basis of freehold title subject to existing tenancies. Included in the amount of this valuation are normal fixtures and fittings. Excluded from the amount of this valuation are items of furniture and furnishings, and tenant's fixtures and fittings.

This valuation is determined on the basis that the property, the title thereto and its use is not affected by any matter other than that mentioned in this report. Furthermore, it is essential that reasonable resources are available in negotiating the sale and exposing the property to the market.

In assessing the value of the property, we have considered two bases of valuation being:-

1. Discounted Cashflow ("DCF");and
2. Capitalisation Approach.

Our calculations have also been cross checked utilising Direct Comparison on a rate/m² of lettable area basis.

Having regard to the available evidence, we consider the appropriate market yield for the property, on the basis of the adopted face rents, to be 6.75%. Furthermore, we consider the above analysis of sales supports our adopted discount rate of 8.5%.

We detail our findings below.

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DISCOUNTED CASHFLOW

(1) Rental Projections and Assumptions

Key growth rate and vacant space assumptions of our cash flow analysis are summarised in the table below:

Year	Office Growth	CPI Growth	Outgoings Growth	Lease Expiry Incentive	Allowances Letting Up*
Year 1	4.51%	3.01%	4.01%	10.00%	6 months
Year 2	3.69%	2.19%	3.19%	10.00%	6 months
Year 3	3.82%	2.32%	3.32%	15.00%	6 months
Year 4	4.19%	2.69%	3.69%	15.00%	6 months
Year 5	4.28%	2.78%	3.78%	15.00%	6 months
Year 6	3.78%	2.28%	3.28%	15.00%	6 months
Year 7	3.40%	1.90%	2.90%	20.00%	6 months
Year 8	3.95%	2.45%	3.45%	20.00%	6 months
Year 9	4.25%	2.75%	3.75%	15.00%	6 months
Year 10	3.99%	2.49%	3.49%	20.00%	6 months
Avg. Compound	3.99%	2.49%	3.49%		

*We have applied a 60.0% retention factor to the letting up allowance.

(2) Refurbishment Allowance/Ongoing Capital Expenditure

For the purpose of this valuation we have utilised a mix of and annual sinking fund contributions and capital upgrade allowances on expiry. These amounts are as follows:

Capital Expenditure (to year end)			
Year 1 (Sep-08)	\$63,172	Year 6 (Sep-13)	\$298,716
Year 2 (Sep-09)	\$80,483	Year 7 (Sep-14)	\$95,346
Year 3 (Sep-10)	\$67,593	Year 8 (Sep-15)	\$292,517
Year 4 (Sep-11)	\$69,953	Year 9 (Sep-16)	\$82,782
Year 5 (Sep-12)	\$365,506	Year 10 (Sep-17)	\$434,387

The capital expenditure included in our Discounted Cash Flow Analysis consists of a combination of and annual sinking fund contributions equivalent to \$10.00/m² in year 1 and escalated by 3.49% p.a. and capital upgrade allowances on expiry equivalent to \$100.00/m² in year 1 and escalated by 3.49% p.a.

Total capital expenditure over the ten years equates to \$1,850,455.



(3) Lease Expiry/Incentive Allowances & Agents Fees

We have made provision for a letting up period of 6 months throughout our cash flow, which is the equivalent of 2.4 months loss of rent, once our assumed 60.00% tenant retention rate is taken into account.

We have further deducted an incentive of between 10.00% and 20.00%, based upon an assumed lease term of 5 years. This incentive has been paid as a rent free allowance of between 6 months and 12 months.

We have also provided for agent's fees and leasing costs equivalent to 15.00% of the first years gross passing income for new leases and 7.50% for lease renewals.

(4) Terminal Value

In order to assess the terminal value, we have escalated the current gross market rents by the relevant growth rates (as shown above). We have then capitalised the net market rent of \$3,792,516 at a terminal yield of 7.00% and deducted appropriate lease expiry allowances and incentives (where applicable).

The adopted terminal yield is conditional upon market conditions commensurate to those being experienced as at the date of valuation, whilst acknowledging that the property will be 10 years older but well maintained.

We have then assumed that the property is sold at the beginning of Year 11, based on a terminal value of \$51,590,345, and we have then deducted associated selling costs equivalent to \$257,952 (0.50%) to arrive at a net realisable amount of \$51,332,394.

(5) Discount Rates

Discount rates tend to be influenced by many factors including the returns available from alternative investments, long term bond rates, current property yields, expected CPI, rental growth and the perceived risk of illiquidity associated with the property.

Having regard to the sales evidence, current market conditions, the above factors and the various assumptions used in our cash flow, we believe a discount rate in the order of 8.50% to be appropriate.



(6) DCF Valuation Results

We have undertaken a DCF sensitivity analysis which produces the following range of values based upon variances to discount rates and terminal yield rates:

10 Year Discounted Cash Flow Matrix

		Terminal Yield		
		6.75%	7.00%	7.25%
Discount Rate	8.25%	\$36,540,257	\$35,637,176	\$34,796,377
	8.50%	\$35,843,388	\$34,960,917	\$34,139,307
	8.75%	\$35,162,793	\$34,300,417	\$33,497,515

Summaries of our DCF analysis are annexed hereto.

(7) Qualifications

We draw your attention to the fact that this analysis is based on projections considered in the light of available data, however, market conditions will change over time influenced by internal and external factors against which a review of assumptions may be warranted. For this reason, we stress that reliance of such projections must be made with full acceptance of their limited reliability and with due consideration of the commercial risks related to such forecasts.

In particular we stress the DCF exercise appended hereto has been undertaken for the sole purpose of assisting in the determination of the current market value of the property and we make no guarantees or warranty as to the accuracy of the future rental income stream projections in so far as they relate to market rental movements.

CAPITALISATION APPROACH

We have also adopted the capitalisation approach (market yield) in determining the current market value of the property.

(1) Estimated Market Gross Income	\$ 2,970,110
For the purpose of this valuation we have adopted potential current gross market income of \$2,970,110 (after having had regard to the detailed comments contained within the Market Commentary section of this report).	
The market rental profile has been assessed on a face rental basis, where we have assumed a current market incentive of 10.00%.	
(2) Less Outgoings	\$ (417,488)
We have then deducted building outgoings of \$417,488 after having regard to our analysis and comments contained within the Outgoings section of this report.	
(3) Net Market Income	\$ 2,552,622
This produces a sustainable net market income of \$2,552,622 which we have capitalised at yields ranging from 6.50% to 7.00%	
(4) Less Present Value of Rental Reversions	\$ (2,373,888)
This figure calculates the PV of the underage from each individual tenancy relative to our adopted market rental profile. The breakdown of this figure is shown on the right hand column of the appended tenancy schedule.	
(5) Less Tenant Incentives	\$ (778,858)
This figure represents the present value of outstanding incentives as noted in Section 7.9 of this report.	
(6) Add Profit on Electricity	\$ 244,890
We have capitalised the advised profit on electricity of \$48,978 per annum at 20% in arriving at this number	

Upon making the above adjustments, we derive a value range for the property of \$33,558,167 to \$36,363,246, based on yields of 7.00% to 6.50%.

99 Melbourne Street, South Brisbane, Qld

Date of Valuation: 19 October 2007

Valuation Number: V4-70706.L1



RECONCILIATION OF VALUES

We have produced a value of \$35,000,000 under the DCF approach based upon a discount rate of 8.50% and have derived a value range of \$33,600,000 to \$36,400,000 under the static approach.

Based upon the above results we have adopted a value of \$35,000,000. On analysis the adopted value reflects an initial yield of 5.89%, an equated market yield of 6.73%, an IRR of 8.49% and a rate of \$5,642/m² of Lettable Area, all of which appear reasonable having regards to the comments contained within the market commentary section of this report.

Discounted cash flow analysis and static valuation calculations are annexed to this report.

99 Melbourne Street, South Brisbane, Qld

Date of Valuation: 19 October 2007

Valuation Number: V4-70706.L1



MORTGAGE RECOMMENDATION / MARKETING PERIOD

In our opinion, the property provides suitable security for the advancement of mortgage funds and we believe that it should normally be saleable through a professional marketing campaign within a three month period.

Except as stated in this report, we are not aware of any circumstances that would affect the future value of the property and in our view, the subject will perform in line with the general property market.

COMPANY QUALIFICATIONS

This report has been countersigned to verify the report is issued by this Company. Any reliance upon this report should therefore be based upon the actual possession or sighting of an original document signed and countersigned.

This valuation is prepared for inclusion in the Independent Expert's Report being prepared by PricewaterhouseCoopers Securities Ltd which will be annexed to the Notice of Extraordinary General Meeting for the internalisation of the Australian Property Growth Fund Management Company and can be relied upon by **The Directors of APGF Management Limited at Blue Tower Trust and Australian Property Growth Trust, the Directors of Australian Property Growth Limited, PricewaterhouseCoopers Securities Ltd and Australian Property Growth Fund Stapled Security Holders.** This valuation has also been prepared for **first mortgage security purposes** should not be relied upon by anyone other than **Suncorp-Metway Limited** whether for that purpose or otherwise.

Savills (Qld) Pty Limited has prepared this summary for inclusion in the Explanatory Memorandum Report and has only been involved in the preparation of this letter update and the valuation referred to therein. **Savills (Qld) Pty Limited** specifically disclaim liability to any person in the event of any omission from, false or misleading statements included in these documents, other than in respect of the valuation and this letter update.

Savills (Qld) Pty Limited accepts no responsibility to third parties other than those identified above nor does it contemplate that this Report will be relied upon by third parties other than those identified above. We invite other parties who may come into possession of this report to seek our written consent to them relying upon this report and we reserve our rights to review the contents in the event that our consent is sought.

This valuation represents our opinion of value at the date of valuation. It must be recognised that the real estate market fluctuates with internal and external influences and this valuation should therefore be reviewed at regular intervals.

PECUNIARY INTEREST

We hereby certify that the Valuer and valuation firm does not have any direct, indirect or financial interest in the property or clients described herein.

99 Melbourne Street, South Brisbane, Qld

Date of Valuation: 19 October 2007

Valuation Number: V4-70706.L1



VALUATION

We estimate the market value of **99 Melbourne Street, South, Brisbane, Qld**, as at 19 October, 2007 and subject to the details referred to herein, to be:

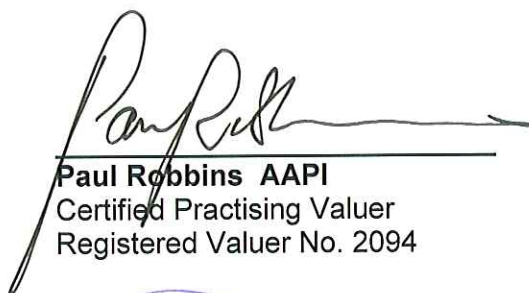
\$35,000,000 (*)

(Thirty Five Million Dollars)*

()This valuation amount is exclusive of a Goods and Services Tax.*

Prepared by: Savills (Qld) Pty Limited

Per:

A handwritten signature in black ink, appearing to read "Paul Robbins", written over a horizontal line.

Paul Robbins AAPI
Certified Practising Valuer
Registered Valuer No. 2094

Per:

A handwritten signature in blue ink, written over a horizontal line.

Director
Valuation & Consultancy

(The above signatory verifies that this report is genuine, and issued by, and endorsed by Savills (Qld) Pty Limited. However the opinion expressed in this report has been arrived at by the prime signatory).

Enc Discounted Cashflow
Capitalisation Calculations
Tenancy Schedule
Letter of Instruction

DISCOUNTED CASHFLOW

DISCOUNTED CASHFLOW ASSUMPTIONS

Commercial Property, 99 Melbourne Street, South Brisbane, QLD

Valuation Date: 19 October 07

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Year	Office	Retail	CPI	Outgoings	Capex	Tenant Incentive	Letting Up Period*	Total Downtime Allowance	Capital Expenditure Allowance
1	4.51%	4.01%	3.01%	4.01%	4.01%	10.00%	6 months	8 months	\$63,172
2	3.69%	3.19%	2.19%	3.19%	3.19%	10.00%	6 months	8 months	\$80,483
3	3.82%	3.32%	2.32%	3.32%	3.32%	15.00%	6 months	11 months	\$67,593
4	4.15%	3.69%	2.69%	3.69%	3.69%	15.00%	6 months	11 months	\$69,953
5	4.28%	3.78%	2.78%	3.78%	3.78%	15.00%	6 months	11 months	\$365,506
6	3.78%	3.28%	2.28%	3.28%	3.28%	15.00%	6 months	11 months	\$298,716
7	3.40%	2.90%	1.90%	2.90%	3.45%	20.00%	6 months	14 months	\$95,346
8	3.95%	3.45%	2.45%	3.45%	3.45%	20.00%	6 months	14 months	\$292,517
9	4.25%	3.75%	2.75%	3.75%	3.75%	20.00%	6 months	14 months	\$82,782
10	3.95%	3.49%	2.49%	3.49%	3.49%	15.50%	6 months	12 months	\$434,387
Compound Average	3.99%	3.49%	2.49%	3.49%	3.49%				\$1,850,455

Average Lease Term

Leasing Fees New Tenant (Yr 1 Gross rent)

Leasing Fees - Renewal (Yr 1 Gross rent)

*Renewal Probability (Only applied to letting up period)

Sinking Fund Allowance (Escalated at 4.01%)

Capital Upgrade on Expiry Allowance (Escalated at 4.01%)

5 years

15.00%

7.50%

60%

\$10.00 /m²

\$100.00 /m²

Discount Rate:

Terminal Yield:

Acquisitions Costs:

Disposal/Selling Costs:

8.50%

7.00%

4.70%

0.50%

DISCOUNTED CASHFLOW RESULTS

Commercial Property, 99 Melbourne Street, South Brisbane, QLD

NET PRESENT VALUE MATRIX

	6.75%	7.00%	7.25%
Discount Rate	\$37,253,842	\$36,329,620	\$35,469,137
	\$36,540,257	\$35,637,176	\$34,786,377
	\$35,843,388	\$34,139,307	\$34,139,307
	\$35,162,793	\$34,300,417	\$33,497,515
	\$34,498,044	\$33,655,261	\$32,870,600

IRR MATRIX

	6.75%	7.00%	7.25%
ADOPTED VALUE	\$31,587,500	\$33,250,000	\$35,000,000
	\$35,000,000	\$38,750,000	\$42,500,000
	\$38,750,000	\$42,500,000	\$46,250,000
	\$42,500,000	\$46,250,000	\$50,000,000

Terminal Value Calculations

Market Rent at end of year 10	\$	4,380,602
Less Outgoings	\$	(588,086)
Net Income	\$	3,792,516
Terminal Yield		7.00%
Capitalisation Value	\$	54,178,806
Less Vacancy Allowance / Incentives	\$	(2,588,460)
Terminal Value before sales costs	\$	\$1,590,345

Internal Rate of Return Calculations

3 Year	8.80%
5 Year	8.36%
7 Year	8.56%
10 Year	8.48%

Cashflow Composition

NPV of Cashflows	\$12,272,566	35%
PV of Terminal Value	\$22,688,351	65%
Total	\$34,960,917	100%

DISCOUNTED CASHFLOW ASSUMPTIONS

Commercial Property, 99 Melbourne Street, South Brisbane, QLD

Valuation Date: 19 October 07

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Year	Office	Retail	CPI	Outgoings	Capex	Tenant Incentive	Letting Up Period*	Total Downtime Allowance	Capital Expenditure Allowance
1	4.51%	4.01%	3.01%	4.01%	4.01%	10.00%	6 months	8 months	\$63,172 SF
2	3.69%	3.19%	2.19%	3.19%	3.19%	10.00%	6 months	8 months	\$90,483 Exp Upgrades/SF
3	3.82%	3.32%	2.32%	3.32%	3.32%	15.00%	6 months	11 months	\$97,593 SF
4	4.19%	3.69%	2.69%	3.69%	3.69%	15.00%	6 months	11 months	\$69,953 SF
5	4.28%	3.78%	2.78%	3.78%	3.78%	15.00%	6 months	11 months	\$365,506 Exp Upgrades/SF
6	3.78%	3.28%	2.28%	3.28%	3.28%	15.00%	6 months	11 months	\$298,716 Exp Upgrades/SF
7	3.40%	2.90%	1.90%	2.90%	2.90%	20.00%	6 months	14 months	\$95,346 Exp Upgrades/SF
8	3.95%	3.45%	2.45%	3.45%	3.45%	20.00%	6 months	14 months	\$292,517 Exp Upgrades/SF
9	4.25%	3.75%	2.75%	3.75%	3.75%	20.00%	6 months	11 months	\$82,782 SF
10	3.99%	3.49%	2.49%	3.49%	3.49%	15.50%	6 months	14 months	\$434,387 Exp Upgrades/SF
Compound Average	3.99%	3.49%	2.49%	3.49%	3.49%			12 months	\$1,850,455 \$298

Average Lease Term

Leasing Fees New Tenant (Yr 1 Gross rent)

Leasing Fees - Renewal (Yr 1 Gross rent)

*Renewal Probability (Only applied to letting up period)

Sinking Fund Allowance (Escalated at 4.01%)

Capital Upgrade on Expiry Allowance (Escalated at 4.01%)

5 years

15.00%

7.50%

60%

\$10.00 /m²

\$100.00 /m²

Discount Rate:

Terminal Yield:

Acquisitions Costs:

Disposal/Selling Costs:

8.50%

7.00%

4.70%

0.50%

DISCOUNTED CASHFLOW RESULTS

Commercial Property, 99 Melbourne Street, South Brisbane, QLD

NET PRESENT VALUE MATRIX

	6.75%	7.00%	7.25%
Market Rent at end of year 10	\$37,253,842	\$36,329,620	\$35,469,137
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Terminal Value before sales costs			

Terminal Value Calculations

Market Rent at end of year 10	\$	4,380,602
Less Outgoings	\$	(588,086)
Net Income	\$	3,792,516
Terminal Yield	\$	7.00%
Capitalisation Value	\$	54,178,806
Less Vacancy Allowance / Incentives	\$	(2,568,460)
Terminal Value before sales costs	\$	\$1,590,345

IRR MATRIX

	6.75%	7.00%	7.25%
ADOPTED VALUE	\$31,587,500	\$33,250,000	\$35,000,000
Terminal Yield	6.75%	7.00%	7.25%
Terminal Yield	10.23%	9.90%	9.59%
Terminal Yield	9.51%	9.19%	8.86%
Terminal Yield	8.81%	8.49%	8.16%
Terminal Yield	8.15%	7.83%	7.52%
Terminal Yield	7.50%	7.18%	6.87%

Internal Rate of Return Calculations

3 Year	8.80%
5 Year	8.36%
7 Year	8.55%
10 Year	8.48%

Cashflow Composition

NPV of Cashflows	\$12,272,566	35%
PV of Terminal Value	\$22,688,351	65%
Total	\$34,960,917	100%



CAPITALISATION CALCULATIONS

Capitalisation Approach

Commercial Property, 99 Melbourne Street, South Brisbane, QLD

Valuation Date: 19 October 07

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MARKET YIELD CALCULATIONS

Estimated Annual Gross Market Income

Office Income	\$2,727,000
Industrial Income	\$0
Retail Income	\$64,800
Parking Income	\$102,600
Other Income	\$75,710
Estimated Annual Gross Market Income	\$2,970,110
Less	
Outgoings (Jun 2008 - \$67.29/m ²)	(\$417,488)
Vacancy Allowance at 0.0%	\$0
Estimated Annual Net Income	\$2,552,622

Capitalised at 6.75%

\$37,816,617

Capital Value Adjustments

Present Value of Rental Reversions	(\$2,373,888)
Letting Up Allowances - Current Vacancies	\$0
Letting Up Allowances - Expires within 0 months	\$0
Agents Fees	\$0
Tenant Incentives	\$0
Immediate Cap Ex	\$0
Present Value of Outstanding Incentives	(\$778,858)
Profit on Electricity	\$244,890
Assessed Capital Value	\$34,908,761

ADOPTED CURRENT MARKET VALUE as at 19 October 2007

\$35,000,000

Sensitivity Table

Value	6.50%	6.75%	7.00%
Value \$/m ²	\$36,363,246	\$34,908,761	\$33,558,167
	\$5,861	\$5,627	\$5,409

CAPITAL VALUE ANALYSIS

Yields

Passing Initial Yield	5.89%
Initial Yield (Fully Leased)	5.89%
Equated Market Yield	6.73%
Rate per square metre of Lettable Area	\$5,642 /m ²
Current Vacancy Rate (% of Lettable Area)	0.0%
Average Lease Duration by Income (years)	5.46

Vacant Space Assumptions

Notional Lease Term (years)	5.0 years
Average Letting Up (months)	6 months
Incentive / Rent Free (months)	6 months
Incentive in Percent Terms	10.0%
Leasing Costs (as % of Year 1 Gross Rent)	15.0%

Net Passing Income	\$2,060,703
Net Market Income	\$2,552,622
Average Gross Passing Rent (Office)	\$365 /m ²
Average Gross Market Rent (Office)	\$450 /m ²



TENANCY SCHEDULE

Tenancy Schedule

Commercial Property, 99 Melbourne Street, South Brisbane, QLD

Valuation Date: 19 October 07

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	Tenant	Level / Suite	Use	NLA (m²)	Lease Term (Years)	Lease Commence	Lease Expiry	Next Rent Review	Review Type	Gross Base Rent (p.a.)	Outgoings Recovered (p.a.)	Gross Passing Rent (p.a.)	Gross Passing Rent (\$/m² p.a.)	Market Rent (\$/m² p.a.)	Market Rent (\$ pa)	Rental Reversion
1	Raw Galleries	GND	Retail	144.00	3.00	01-Dec-05	30-Nov-08	01-Dec-07	Fixed	\$52,668	\$0	\$52,668	\$366	\$450	\$64,800	-\$13,607
2	Austcover	1	Office	908.00	8.00	15-Dec-04	14-Dec-12	15-Dec-07	Fixed	\$327,214	\$5,057	\$332,272	\$366	\$450	\$408,600	-\$334,247
3	Austcover - Cars	Cars	Car Parks	4 spaces	8.00	15-Dec-04	14-Dec-12	15-Dec-07	Fixed	\$11,532	\$0	\$11,532	\$0	\$0	\$13,880	-\$9,407
4	Conrad & Gargett	1	Office	662.00	7.00	01-Jan-05	31-Dec-11	01-Jan-08	Fixed	\$238,564	\$3,687	\$242,251	\$366	\$450	\$297,900	-\$205,163
5	Conrad & Gargett - Cars	Cars	Car Parks	3 spaces	7.00	01-Jan-05	31-Dec-11	01-Jan-08	Fixed	\$8,649	\$0	\$8,649	\$0	\$0	\$10,260	-\$5,940
6	Lumley Insurance	2	Office	1,667.00	10.00	01-Jan-05	31-Dec-14	01-Jan-08	Fixed	\$600,734	\$9,285	\$610,018	\$366	\$450	\$750,150	-\$801,360
7	Lumley Insurance - Cars	Cars	Car Parks	8 spaces	10.00	01-Jan-05	31-Dec-14	01-Jan-08	Fixed	\$23,064	\$0	\$23,064	\$0	\$0	\$27,360	-\$24,570
8	Lumley Insurance - Signage	Signage	Other	0.00	10.00	01-Jan-05	31-Dec-14	01-Jan-08	Fixed	\$27,301	\$0	\$27,301	\$27,301	\$27,301	\$27,301	\$0
9	Land Partners	3	Office	953.00	8.00	01-Feb-05	31-Jan-13	01-Feb-08	Fixed	\$334,998	\$5,308	\$340,306	\$357	\$450	\$428,950	-\$395,865
10	Land Partners - Cars	Cars	Car Parks	6 spaces	8.00	01-Feb-05	31-Jan-13	01-Feb-08	Fixed	\$17,133	\$0	\$17,133	\$0	\$0	\$20,520	-\$15,143
11	Stockland	3, 4	Office	1,870.00	7.00	04-Dec-04	03-Dec-11	04-Dec-07	Fixed	\$673,956	\$10,415	\$684,371	\$366	\$450	\$841,500	-\$570,255
12	Stockland - Cars	Cars	Car Parks	9 spaces	7.00	04-Dec-04	03-Dec-11	04-Dec-07	Fixed	\$31,240	\$0	\$31,240	\$0	\$0	\$30,780	\$1,669
13	Stockland - Signage	Signage	Other	0.00	7.00	04-Dec-04	03-Dec-11	04-Dec-07	Fixed	\$48,409	\$0	\$48,409	\$48,409	\$48,409	\$48,409	\$0
Total										\$2,395,461	\$33,752	\$2,429,213			\$2,970,110	-\$2,373,888

6,204.00m² **



COPY OF LETTER OF INSTRUCTION

1 October 2007

Mr Paul Robbins
Divisional Director
Valuation and Consultancy
Savills (Qld) Pty Limited
GPO Box 2607
Brisbane Qld 4001

Dear Paul

VALUATION OF 99 MELBOURNE ST, SOUTH BRISBANE

We hereby instruct Savills (Qld) Pty Limited ("Savills") to prepare a Valuation update of 99 Melbourne St, South Brisbane ("Property") in accordance with the following:

- 1) The valuation is to be prepared for: APGF Management Limited as trustee for Australian Property Growth Trust, Suncorp Metway Limited and PricewaterhouseCoopers.
- 2) The valuation is to be prepared for first mortgage purposes and for inclusion in an Independent Expert's Report on the internalisation of Australian Property Growth Fund's management company.
- 3) We require the valuation update in the form of three bound originals, one unbound original and in electronic format.
- 4) That the price at which the Property may reasonably be expected to be sold at the date of the valuation assumes:
 - a) a willing, but not anxious, buyer and seller;
 - b) a reasonable period within which to negotiate the sale, having regard to the nature and situation of the Property and the state of the market for properties of the same kind;
 - c) that the Property was reasonably exposed to that market;
 - d) that no account is taken of the value or other advantage or benefit, additional to market value, to the buyer incidental to ownership of the Property being valued;
 - e) that the owners have sufficient resources to allow a reasonable period for the exposure of the properties for sale; and
 - f) that the owners have sufficient resources to negotiate an agreement for the sale of the Property.
- 5) That the valuation only takes account of instructions given by APGF Management Limited ("Manager").

- 6) That Savills and the director signing the valuation:
- a) is authorised to practise as a valuer in Queensland;
 - b) has at least 5 years continuous experience in valuation of commercial properties in the Brisbane central business district;
 - c) is appointed and instructed in writing by the Manager; and
 - d) is independent of the Manager;
- 7) That the valuation is based on all the information that Savills needs for the purposes of the valuation being made available by or on behalf of the Manager.
- 8) The valuation of the Property is derived from the earnings obtained from the Property, and sets out the earnings of the Property and the multiple of those earnings used to calculate the valuation ("capitalised value").
- 9) The valuation sets out, to the best of the knowledge of Savills the sale prices and capitalised values of properties of a similar nature and situation to the Property being valued that have been sold within a reasonable period before the preparation of the valuation.

Yours Sincerely
APGF Management Limited
atf Australian Property Growth Trust


Geoff McMahon
Managing Director
Neil Summerson
Chairman