



**AUSTRALIAN PROPERTY GROWTH FUND  
MANAGING DIRECTOR'S PRESENTATION  
2008 ANNUAL GENERAL MEETING  
28 NOVEMBER 2008**



# Presentation Overview



- Global Credit Crisis – What does it mean for APGF?
- 2007/8 Full Year Results
- Update on Current Projects
- Outlook and Future Strategy



# Executive Summary



- Global Credit Crisis
  - Crisis in confidence
  - Illiquid global capital markets
  - Decline in world equity and property prices
- What does it mean for APGF?
  - Revaluations resulted in accounting loss for 2007/8 of \$6.1 million
  - Net asset value of \$1.08 per stapled security
  - Strong cash position
  - Bring Distributions per Stapled Security (DPS) in line with Earnings per Stapled Security (EPS)
  - Excellent acquisition opportunities
  - Placement of stapled securities at 80 cents each



# Causes of Global Credit Crisis



- USA housing market (12 months oversupply, 20% price falls)
- USA sub-prime loan writedowns
- Crisis of confidence



# The Fallout



- Extreme turbulence in global financial markets
- Decline in world equity and property prices
- Global capital markets have become essentially illiquid
- Access to debt and equity limited and expensive
- Inter-bank lending dramatically reduced
- Crisis of confidence
- Intervention of world central banks to avoid meltdown in financial system
- Crisis has produced challenges but also acquisition opportunities





# Market Consequences Year to Date 30 September 2008



- ASX All Ordinaries Index - down 40%
- A-REIT 200 Index – down 39%
- A-REIT 200 Index – Average Share Price 21% Discount to NTA
- A-REIT Small Caps – Average Share Price 42% Discount to NTA
- A-REIT share prices:
  - Trinity – down 65%
  - Charter Hall – down 66%
  - Valad – down 84%
  - Stockland – down 36%
  - Mirvac – down 52%
  - GPT – down 63%



# APGF Position



- Australian assets; no exposure to USA or Europe
- No exposure to international debt markets
- No bank loan maturities before late 2009
- Cash at December 2008 - \$30 million



# Capital Management



- Bring Distributions per Stapled Security (DPS) in line with Earnings per Stapled Security (EPS)
- Current DPS of 9.6 cents maintained to 31 December 2008
- DPS of 7 cents from 1 January 2009 to 30 June 2009
- DPS to be based on EPS from 1 July 2009
- To take advantage of acquisition opportunities, placement of stapled securities at 80 cents each (25% discount to net asset value in line with listed ASX peers)
- Priority to existing investors





# 2007/8 Full Year Results



- Accounting loss after tax of \$6.1 million
- Underlying net profit after tax of \$6.5 million
- Net asset value \$1.08 per stapled security
- Net assets up 16% to \$232 million
- Assets under management up 6% to \$947 million



# Key Features of 2007/8



- Settlement of Westpac Concord, ANZ Collins Street
- Construction begins at Pavilions on 5th, Palm Beach
- Funds management business operating in line with expectations
- Internalisation of management company
- All property assets independently revalued at 30 June 2008  
(all are long-term assets not intended for sale in short term)





# PROPERTY TRUST ASSETS





# Blue Tower

## Brisbane CBD





# Blue Tower

## Brisbane CBD



- Iconic Brisbane CBD commercial office building
- Net lettable area 32,000 square metres
- 30 June 2008 valuation \$291 million (30 June 2007 \$263 million)
- Brisbane commercial office market remains strong
- \$8 million capital expenditure program commenced
- Blue chip tenants including Macquarie Bank, Esso Australia, Optus, Reserve Bank of Australia





# Melbourne Street

## South Brisbane



# Melbourne Street South Brisbane



- Commercial office building at South Brisbane
- Net lettable area 6,145 square metres
- 30 June 2008 valuation \$31 million (30 June 2007 \$33.3 million)
- Brisbane commercial office market remains strong
- Blue chip tenants including Stockland, Lumley Insurance, PanAust





# Westpac Concord Campus

Concord, Sydney



# Westpac Concord Campus

## Concord, Sydney



- 16,900 square metre office campus
- 30 June 2008 valuation \$55.15 million (4 July 2007 \$60.75 million)
- Leased to Westpac until October 2012





# Royal Bank Chambers

Collins St, Melbourne





# Royal Bank Chambers

## Collins St, Melbourne



- 30 June 2008 valuation \$30.7 million (12 September 2007 \$30.5 million)
- Prime Collins Street location
- Fully leased to ANZ
- Banking chamber 10 year ANZ lease
- Nine upper office floors - ANZ lease expiring 31 December 2009
- Refurbishment and releasing opportunity





# FUNDS MANAGEMENT & DEVELOPMENT COMPANY PROJECTS



# Property Funds Management Business



- 30 June 2008 Goodwill \$10.5 million (30 June 2007 \$15.5 million)
- Performing profitably and in excess of expectations
- 19 property trusts/syndicates
- 31 properties valued at approximately \$433 million
- Stable recurring funds management income
- 5,000 investors
- Project pipeline
- Geographic and property sector diversification
- Excellent platform for expansion
- 2 residential land subdivisions on NSW South Coast  
(\$10 million impairment loss booked at 30 June 2008)





# Pavilions on 5th

## Palm Beach, Gold Coast

(Artist's impression of completed development)





# Pavilions on 5th

## Palm Beach, Gold Coast

(Artist's impression of completed development)





# Pavilions on 5th

Palm Beach, Gold Coast

(Construction works November 2008)



# Pavilions on 5th

## Palm Beach, Gold Coast



- 9,800 square metre prime site
- Mixed retail (5,200 square metres) and residential (194 apartments)
- End value approximately \$125 million
- Stage 1:
  - Construction commenced December 2007
  - 58 apartments with unconditional sales contracts (total 104)
  - 90% of retail pre-leased (includes Coles supermarket)



# Outlook and Future Strategy



- Well positioned in current climate
  - Australian assets; no exposure to USA or Europe
  - No exposure to international debt markets
  - No bank loan maturities before late 2009
  - Cash at December 2008 - \$30 million
- Portfolio of quality properties
- Acquisition opportunities
  - Counter-cyclical
  - Stable rental streams
  - “Opportunity Fund”
  - Property funds management business
  - Property syndicates

