



AUSTRALIAN PROPERTY GROWTH FUND

Investors' Presentation
December 2008 Half Year Results

March 2009



PRESENTATION OVERVIEW

- Economic Outlook
- December 2008 Half Year Results
- Update on Current Projects
- Outlook



GLOBAL ECONOMIC OUTLOOK

- Global financial crisis is impacting on all economies
- 2009 world economic growth forecast to be the weakest in 60 years
- Highly synchronised deterioration in global activity
- Sharp declines in world asset prices (equities, properties, commodities)
- Global capital markets have become essentially illiquid



AUSTRALIAN ECONOMIC OUTLOOK

- Economy has slowed appreciably
- Recession likely in 2009
- More interest rate cuts and fiscal stimulus packages to come
- Australian banks are relatively strong but still are having difficulties in funding their balance sheets
- Weak outlook until December 2010
- Key – unemployment and house prices



AUSTRALIAN PROPERTY MARKETS

- Fundamentals (demand v supply) are not too bad
- But global financial crisis is the overriding influence
- Availability and cost of capital impacting on property values
- Market capitalisation of Australian ASX real estate investment trusts has dropped by 75% since January 2008



DECEMBER 2008 HALF YEAR RESULTS

- Underlying profit after tax of \$2.7 million
- Accounting net loss after tax of \$23.2 million (includes non-operating asset devaluations and impairments of \$26 million)
- Net asset value of 91 cents per stapled security
- Net assets of \$208 million
- Assets under management of approximately \$927 million
- Cash of \$30 million as at 31 December 2008



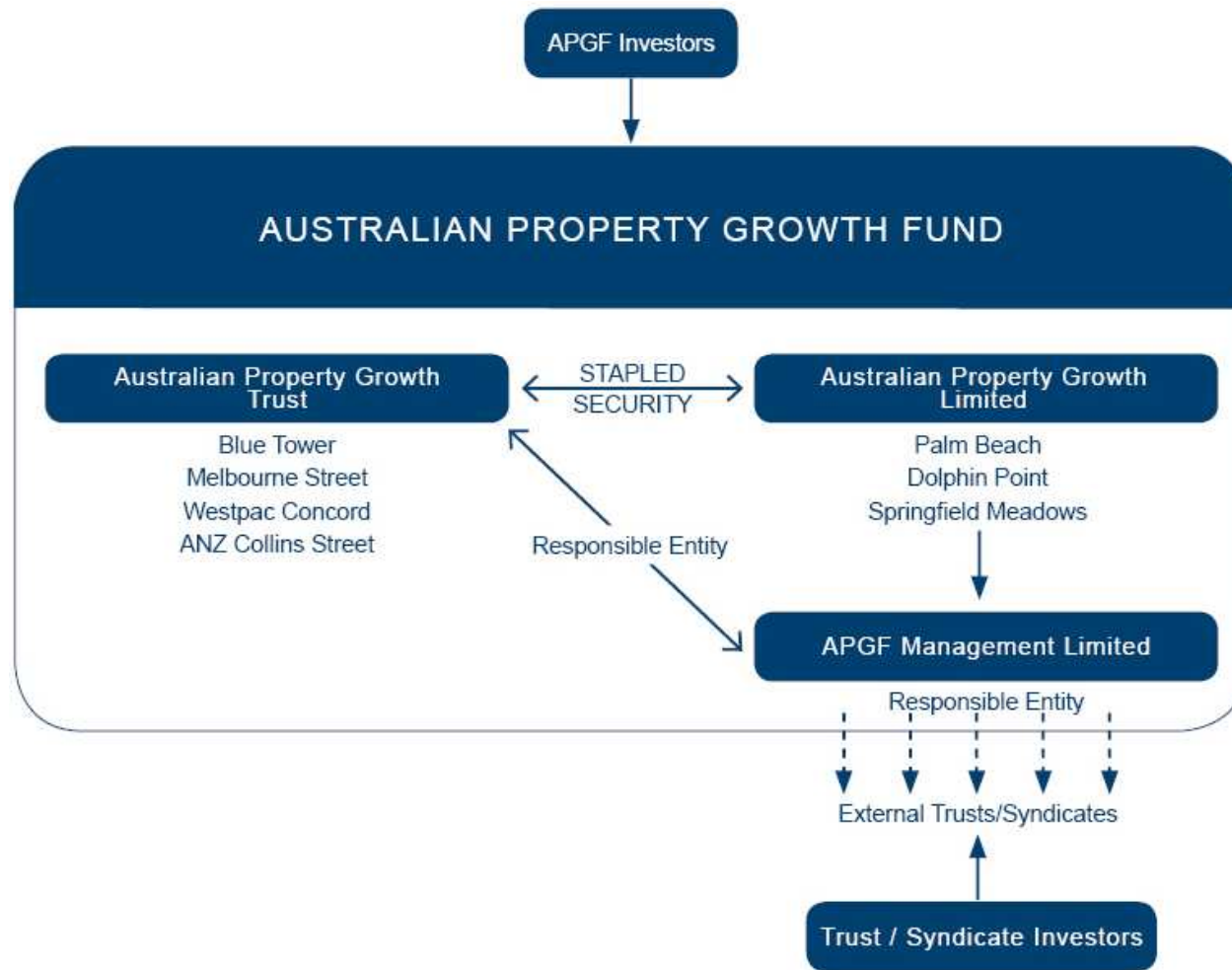
DECEMBER 2008 HALF YEAR RESULTS

(cont.)

- No investment property loan maturities until March 2010
- Complying with all bank loan covenants
- Construction and sales of Stage 1 Pavilions on 5th Palm Beach well advanced
- Acquired the Domaine property funds management business in March 2009
- Other excellent acquisition opportunities are emerging



APGF STRUCTURE



BLUE TOWER

Brisbane CBD



BLUE TOWER Brisbane CBD



- Iconic Brisbane CBD commercial office building
- Net lettable area 32,000 square metres
- Current valuation \$281 million
- Brisbane commercial office market remains strong
- \$8 million capital expenditure program commenced
- Major tenants include Macquarie Bank, Santos, Esso, Optus, RBA, Japanese Consulate



MELBOURNE STREET

South Brisbane



MELBOURNE STREET South Brisbane



- Commercial office building at South Brisbane
- Net lettable area 6,145 square metres
- Current valuation \$29 million
- Brisbane commercial office market remains strong
- Major tenants include Stockland and Lumley Insurance



WESTPAC CONCORD CAMPUS

Concord, Sydney



WESTPAC CONCORD CAMPUS

Concord, Sydney



- 16,900 square metre office campus
- Current valuation \$50.9 million acquisition
- Triple net lease to Westpac until October 2012



ROYAL BANK CHAMBERS

Collins Street, Melbourne



ROYAL BANK CHAMBERS Collins Street, Melbourne



- Current valuation \$27.75 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





PROPERTY FUNDS MANAGEMENT & DEVELOPMENT PROJECTS

PROPERTY FUNDS MANAGEMENT BUSINESS

- Purchased in June 2007 from Elderslie
- Performing profitably and in excess of expectations
- 19 property trusts/syndicates
- Assets under management approximately \$420 million
- Stable recurring funds management income
- 5,000 investors
- Project pipeline
- Geographic and property sector diversification
- Excellent platform for expansion
- 2 quality residential land subdivisions on NSW South Coast



DOMAINE PROPERTY FUNDS MANAGEMENT BUSINESS

- Business purchased from Mirvac in March 2009
- Attractive purchase price
- Increases APGF's earnings per stapled security and attractive return on equity
- Comprises 3 principal property funds and a number of smaller ones
- Properties located in Brisbane and Newcastle
- Increases APGF's assets under management to \$1.6 billion
- Other acquisition opportunities are emerging



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 work March 2009)



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 \$120 million
- Stage 1
 - Construction due to be completed May 2009
 - 65 apartments with unconditional sales contracts (total 104)
 - 90% of retail pre-leased



APGF POSITION

- Australian assets; no exposure to USA or Europe
- No exposure to international debt markets
- No investment property bank loan maturities before March 2010
- No covenant breaches
- Cash at 31 December 2008 - \$30 million



APGF CAPITAL MANAGEMENT

- Bring Distributions per Stapled Security (DPS) in line with Earnings per Stapled Security (EPS)
- DPS of 7 cents for March 2009 quarter
- DPS of 5 cents for June 2009 quarter
- DPS to be reviewed at 1 July 2009 to ensure distributions remain aligned with changes in economic conditions and property markets



OUTLOOK FOR APGF

- Well positioned in current climate
- Portfolio of quality, cash flow producing property assets
- Acquisition opportunities emerging (particularly in property funds management)



