

8 April 2010

BSX RELEASE

APGF Acquires The PFA Responsible Entity

Diversified property group Australian Property Growth Fund (BSX: APF) today announced the acquisition of the PFA property funds management business from Mirvac in a move which increases APGF's assets under management to approximately \$1.8 billion.

The sale is expected to settle during April 2010 when final settlement conditions have been met.

APGF Managing Director Geoff McMahon said PFA Limited (PFA) is the Responsible Entity for the PFA Diversified Property Trust, which owns 17 properties currently valued at approximately \$547 million.

Predominantly located in Sydney, Melbourne, Canberra, Brisbane and Perth, the group of properties encompass commercial office, retail, industrial and hotels.

Mr McMahon said the acquisition of PFA represented an excellent bolt-on acquisition to APGF's existing property funds management business.

"The acquisition further demonstrates our capabilities as a consolidator within the property funds management industry along with our ability to deliver on our counter-cyclical investment strategy," he said.

"While we continue to adopt a disciplined approach to the management of APGF's business, we have also focused on taking advantage of any acquisition opportunities which present themselves in the current market."

Mr McMahon said APGF's business was grown through the credit crunch of the early 1990s and the Fund had strong experience in successful counter-cyclical investment and adding value to those investments.

"APGF has a track record of building investor wealth through our conservative, performance-based approach. Our management team has decades of property experience and APGF directors have been involved in more than \$1.3 billion worth of real estate investments and developments," he said.

"This acquisition clearly demonstrates APGF's capacity to proactively respond to the changing market conditions faced by our industry.

"This PFA property funds management business acquisition is consistent with our strategy of acquiring businesses which enable us to leverage our expertise in proactive property asset management focussed on maximising each individual property's net income.

"The PFA transaction offers an attractive return on equity and fits well with APGF's strategy of increasing recurring earnings. The acquisition also provides significant synergies, while broadening our investor base with the addition of PFA's 4,500 investors.

"The increase in market share provided by the acquisition places us in a strong strategic position in the property funds management sector and enhances our ability to grow the business as market conditions improve."

Mr McMahon said the acquisition was expected to be earnings accretive in the first year and recurring income would arise from management fees paid to APGF as the Responsible Entity of the PFA Diversified Property Trust.

"APGF has a strong brand in the unlisted property funds market and we have well established expertise in sourcing and managing properties for investment and development. Further strengthening our funds management platform with the PFA acquisition will add value for our investors."

Major properties managed by PFA include:

- The 24-level Civic Tower commercial office building at 66-68 Goulburn Street, Sydney*
- The seven-storey The Octagon commercial building at 110 George Street, Parramatta*
- The Citigate Perth and Melbourne hotels
- The 23-level office building at 390 St Kilda Road, Melbourne
- The five-level Foxtel building at Dean Street, Moonee Ponds, Victoria
- The Anzac Square Offices at 200 Adelaide Street, Brisbane
- The retail/commercial Homeworld Centre at Tuggeranong, ACT
- The Cairns Hypermarket at 101-103 Spence Street, Cairns
- The four-level Sevenoaks office building at 303 Sevenoaks Street, Cannington, WA
- The 10-level The Lands building at 134 Macquarie Street, TAS.

**PFA has 50% ownership*

"PFA investors will benefit from APGF's specialist funds management expertise and our conservative, performance-focused approach," Mr McMahon said.

"Importantly, APGF management has established expertise in acquiring and integrating new businesses into the APGF structure, as evidenced by the successful integration of the former Domaine property funds management which was purchased in March 2009.

"The experience gained through the Domaine acquisition will also place us in a strong position to leverage integration opportunities across our core businesses nationally with the PFA acquisition."

Mr McMahon said in the current market it was important for APGF to continue to focus on its investment activities, while continuing to build its funds management business into one of Australia's leading diversified property funds.

"APGF will focus on maximising the distributions paid by PFA and its net tangible assets (NTA) per unit and delivering sustainable long-term earning returns to PFA's investors," he said.

About Australian Property Growth Fund

Australian Property Growth Fund (BSX: APF) was launched on 18 September 2006, following the completion of a 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 Blue Tower commercial office building in the Brisbane CBD.

About PFA Limited

PFA Limited is the Responsible Entity for the PFA Diversified Property Trust, which owns a portfolio of 17 Australian properties valued at approximately \$547 million.

PFA was established in 2003 and was purchased by Mirvac in late 2007.

For further information contact

Geoff McMahon
Managing Director
APGF Management Ltd
Ph: (07) 3004 1200
gmcMahon@apgf.com.au

For media inquiries contact

Bruce Ruddy
Rowland
Ph: 0418 730 339
bruce.ruddy@rowland.com.au