



AUSTRALIAN PROPERTY GROWTH FUND

Investors' Presentation
December 2009 Half Year Results

April 2010



Presentation Overview

- Economic Outlook
- December 2009 Half Year Results
- Update on Current Projects
- Outlook



Global Economic Outlook



- Continues to recover following the sharp retraction in late 2008/early 2009
- Performed much better than was feared likely
- Global growth forecasts revised upwards
- Expected 4% growth in next couple of years which is the average pace of growth over the past decade
- Represents a mild recovery from a severe global downturn
- Advanced economies likely to remain subdued for some time
- Relatively strong growth expected in Asia



Global Economic Outlook (continued)



- Whilst outlook has improved, significant uncertainties remain
 - Durability of the recovery (impact of temporary government assistance and inventory cycle expansion is waning)
 - Sovereign debt risk
 - Chinese economy over heating
 - USA's economy is very weak
 - Talk of double dip recession
 - Bank credit growth is very weak
- Worst of GFC is in the past
- “U” shaped recovery likely (rather than “V ”or “W”)



Australian Economic Outlook

- Only one of few countries to avoid a recession in 2009
- But economy has slowed significantly
- Unemployment rate 5.3% (peaked at 5.75%)
- GDP forecast 3% in 2010 and 3.2% in 2011
- Underlying inflation forecast 2.5% for the second half of 2010
- RBA cash rate now 4.25%
- Major positive influences
 - Strong commodity prices
 - China
 - Strong domestic banking sector



Australian Property Markets

- Commercial property effectively experienced a “recession”
- Credit squeeze
- Property values dropped between 15% to 20%
- Close to bottom of the property cycle
- Cost and availability of bank finance still an issue
- Outlook subdued for next 12 months

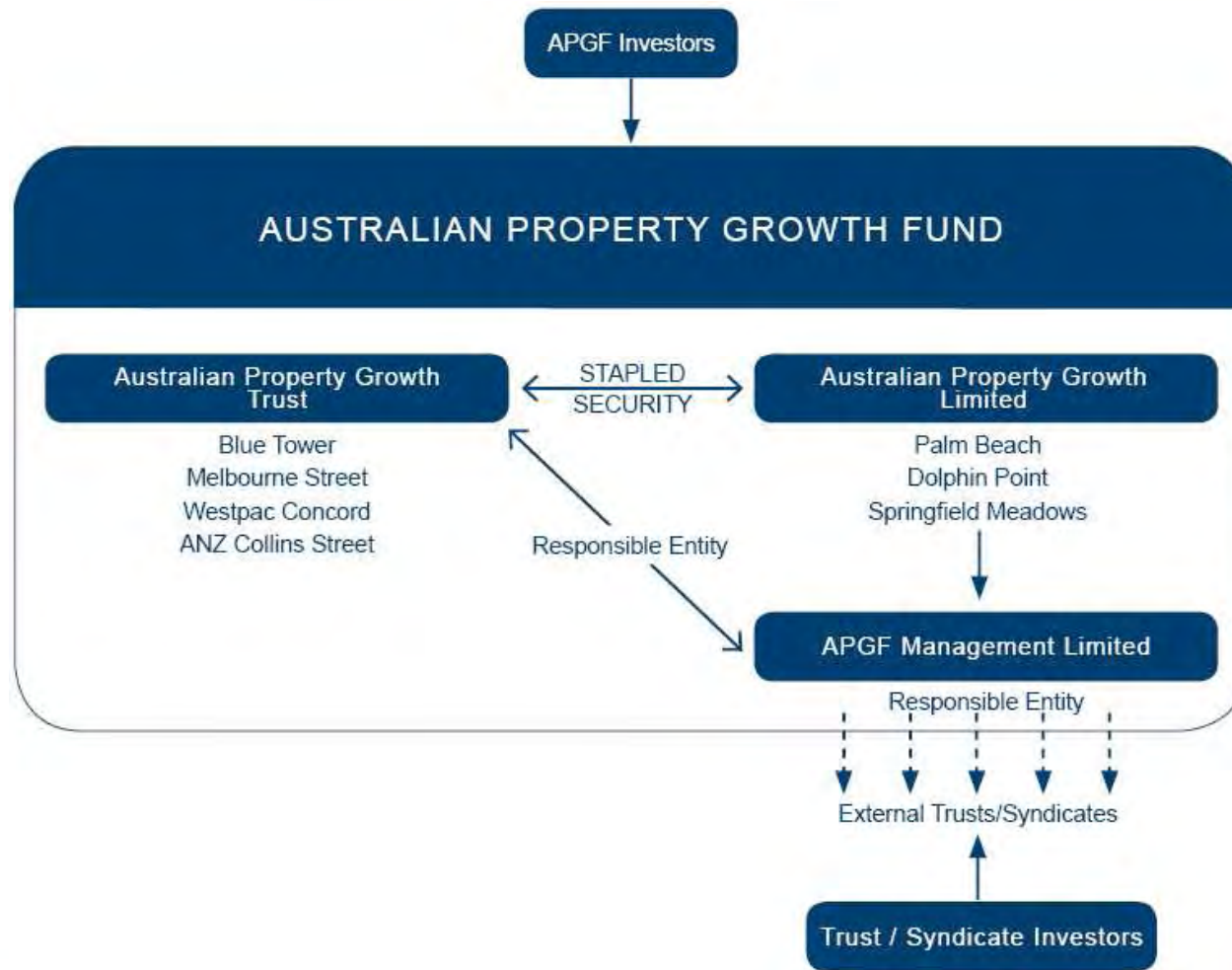


December 2009 Half Year Results

- Underlying profit after tax of \$6.7 million
- Accounting net loss after tax of \$1.1 million
(includes non-operating asset devaluations and impairments of \$7.8 million)
- Net asset value of 68 cents per stapled security
- Net assets of \$155 million
- Assets under management of approximately \$1.3 billion as at 31 December 2009.



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 \$240 million
- \$8 million capital expenditure program underway
- Major tenants include Macquarie Bank, 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 \$26 million
- 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 \$49 million
- Leased to Westpac until October 2012



Royal Bank Chambers Collins Street, Melbourne



Royal Bank Chambers Collins Street, Melbourne



- Current valuation \$30.2 million
- Prime Collins Street location
- Banking chamber 10 year ANZ lease
- Nine upper office floors - refurbishment and releasing opportunity





PROPERTY FUNDS MANAGEMENT & DEVELOPMENT PROJECTS

Property Funds Management Business



- Performing profitably
- 30 property trusts/syndicates
- Assets under management approximately \$850 million as at 31 December 2009
- 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



PFA Property Funds Management Business



- Business purchased from Mirvac in April 2010
- Attractive purchase price
- Increases APGF's earnings per stapled security and attractive return on equity
- Comprises 17 properties currently valued at approximately \$547 million
- Properties predominantly located in Sydney, Melbourne, Canberra and Perth
- Increases APGF's assets under management to \$1.8 billion
- Other acquisition opportunities are emerging



Property Funds Management Capability



- Strong and well established property funds management team
- Focus on investors' returns and interests
- Proven acquirer and integrator of property funds management businesses e.g. Elderslie June 2007; Domaine March 2009; PFA April 2010
- Leading manager of unlisted property funds
- \$1.8 billion in assets under management
- Strong compliance and corporate governance culture
- Hands on proactive asset management style



PAVILIONS ON 5TH

Palm Beach, Gold Coast

(artist's impression of completed development)



Pavilions on 5th

Palm Beach, Gold Coast



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 completed June 2009
 - Substantially de-risked
 - 82 apartments settled (total 104)
 - 100% of retail pre-leased
- Stage 2
 - 34 apartments with expressions of interest/sale contracts (total 90)
 - Commence construction once sufficient pre-sales are secured



APGF Position

- Australian assets; no exposure to USA or Europe
- No exposure to international debt markets
- No major headstock investment property bank loan maturities before October 2011
- No headstock bank loan covenant breaches
- Cash of \$20 million as at 31 December 2009
- DPS of 3.5 cents p.a. expected for 2010/11



Outlook for APGF

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



DISCLAIMER

This information is provided without taking into consideration your objectives, financial situation or needs and is not intended as financial product advice or a recommendation. You should obtain financial advice before making any investment decision. Past performance is not indicative of future performance.

APGF Management Limited ACN 090 257 480, AFSL No. 229287 holds an Australian Financial Services Licence authorising it to only provide general financial advice limited to its own funds. For further information, please refer to the APGF Financial Services Guide at www.apgf.com.au.