Level 15, 12 Creek Street
Brisbane Qld 4000
GPO Box 3119
Brisbane Qld 4001
T: 07 3004 1222
F: 07 3003 0122
E: info@apgf.com.au
W: www.apgf.com.au

To: BSX Announcements
Facsimile No: (02) 4929 1556
Pages: 1

Document Date: 12 September 2011
Classification: Financial Report – 30 June 2011

AUSTRALIAN PROPERTY GROWTH FUND
BSX CODE: APF

Australian Property Growth Fund's annual consolidated financial report and Annexure 3A for the year ended 30 June 2011 are attached. The financial report has been audited by Ernst & Young who have expressed an unqualified opinion.

The key features for the 2010/11 year include:

- Profit after tax of $3.5 million;
- Net asset value per stapled security of 65 cents;
- Net assets of $148.48 million;
- Assets under management of approximately $1.6 billion;
- Compliance with all headstock bank loan covenants;
- Increase in the valuation of 12 Creek Street, Brisbane ("Blue Tower") indicates the bottom of the valuation cycle has passed for quality commercial properties; and
- 100 of 104 apartments in Stage 1 of Pavilions on 5th, Palm Beach settled and 100% of Stage 1 retail leased.

G McMahon
MANAGING DIRECTOR

Attachments.

sim vse

Annexure 3A

SIM Venture Securities Exchange Listing Rules

Half yearly/Yearly Disclosure

References Version 2, Operative 23/6/2010
Chapter 3, SIM VSE Listing Rules

Australian Property Growth Fund

Name of entity

109 093 816 (ARSN)	Half yearly (tick)		1 July 2010 – 30 June 2011
ABN, ACN or ARBN	Annual (tick)	√	Half year/financial year ended ('Current period')

Summary

				$A,000
Sales revenue or operating revenue	Down	27%	to	51,800
Profit (loss) before abnormal items and after tax	Up	404%	to	3,493
Abnormal items before tax		gain (loss) of		-
Profit (loss) after tax but before outside equity interests	Up	404%	to	3,493
Extraordinary items after tax attributable to members		gain (loss) of		-
Profit (loss) for the period attributable to members	Up	404%	to	3,493

Dividends (distributions)	Franking rate applicable	Nil
Current period	Final	Refer to Annexure A (1)
	Interim	Refer to Annexure A (1)
Previous corresponding period	Final	Refer to Annexure A (1)
	Interim	Refer to Annexure A (1)

Record date for determining entitlements to the dividend, (in the case of a trust distribution)	30 June 2011

Short details of any bonus or cash issue or other items(s) of importance not previously released to SIM VSE:

None noted

Consolidated profit and loss account

	Current period $A'000	Previous corresponding period $A'000
Sales revenue or operating revenue	51,800	70,867
Expenses from ordinary activities	(29,044)	(54,996)
Borrowing costs	(21,087)	(17,519)
Share of net profit (loss) of associates and joint venture entities		
Profit (loss) from ordinary activities before tax	1,669	(1,648)
Income tax on ordinary activities	1,824	2,341
Profit (loss) from ordinary activities after tax	3,493	693
Outside equity interests		
Profit (loss) from ordinary activities after tax attributable to members	3,493	693
Profit (loss) from extraordinary activities after tax attributable to members		
Profit (loss) for the period attributable to members	3,493	693
Retained profits (accumulated losses) at the beginning of the financial period	(57,598)	(58,291)
Net transfers to and from reserves		
Net effect of changes in accounting policies		
Dividends paid or payable		
Retained profits (accumulated losses) at end of financial period	(54,106)	(57,598)

Profit restated to exclude amortisation of goodwill

	Current period $A'000	Previous corresponding period $A'000
Profit (loss) from ordinary activities after tax before outside equity interests and amortisation of goodwill	3,493	693
Less (plus) outside equity interests	-	-
Profit (loss) from ordinary activities after tax (before amortisation of goodwill) attributable to members	3,493	693

Revenue and expenses from operating activities

	Current period $A'000	Previous corresponding period $A'000
Details of revenue and expenses		
Revenue		
Sales income	6,186	35,846
Rental income	27,672	30,008
Property funds management fee income	13,548	7,678
Interest income	785	1,033
Other income	527	854
Revaluation decrement on investment properties	6,496	(3,434)
Fair Value movement in management fee asset	(3,407)	(1,107)
Fair value movement in investments	(7)	(11)
Expenses		
Air conditioning expenses	(555)	(504)
Audit Fees	(259)	(248)
Borrowing expenses	(21,087)	(17,519)
Consultancy fees	(1,605)	(1,040)
Development costs exp. (incl cost of inventories sold)	(14,119)	(38,586)
Electricity	(344)	(328)
Impairment loss – loans receivable	-	(2,031)
Insurance	(225)	(287)
Land tax	(1,336)	(1,027)
Leasing expenses	(304)	(264)
Legal expenses	(254)	(115)
Lift expenses	(229)	(344)
Loss on disposal of plant and equipment	-	(315)

Management fees	(1,532)	(978)
Personnel expenses	(4,298)	(3,792)
Rates	(1,148)	(1,193)
Recoverable outgoings	(475)	(1,341)
Rent expenses	(471)	(560)
Repairs and maintenance	(449)	(393)
Other expenses	(1,441)	(1,650)

Intangible and extraordinary items

	Consolidated - current period		
	Before tax $A'000	Related tax $A'000	After tax $A'000
Amortisation of goodwill	N/A	N/A	N/A
Amortisation of other intangibles			
Total amortisation of intangibles	N/A	N/A	N/A
Extraordinary items (details)	N/A	N/A	N/A
Total extraordinary items	N/A	N/A	N/A

Comparison of half year profits
(Annual statement only)

	Current year - $A'000	Previous year - $A'000
Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the 1st half year	5,720	(1,089)
Consolidated profit (loss) from ordinary activities after tax attributable to members for the 2nd half year	(2,227)	1,782

Consolidated balance sheet

Current assets	At end of current period $A'000	As shown in last annual report $A'000	As in last half yearly statement $A'000
Cash	7,802	17,405	7,628
Receivable	3,668	6,683	10,746
Inventories	11,353	11,643	21,485
Investment properties held directly	80,275	28,200	31,275
Other (income tax receivable)	-	1,730	-
Other (Management fee assets)	637	1,275	-
Other (provide details if material)	336	290	467
Total current assets	104,071	67,226	71,601
Non-current assets			
Receivables	8,085	-	-
Investments	257	268	268
Investment properties held directly	250,000	319,300	299,000
Inventories	23,676	33,119	19,152
Plant & equipment (net)	641	662	674
Other (Management fee assets)	15,851	18,620	16,742
Other (Deferred tax asset)	7,092	5,268	5,086
Other (Goodwill)	13,163	13,197	13,222
Other (provide details if material)	-	-	-
Total non-current assets	318,765	390,434	354,144
Total assets	422,836	457,660	425,745
Current liabilities			
Accounts payable	10,186	16,485	6,249
Borrowings	91,394	49,130	60,443
Provisions (inc Income tax payable)	426	246	546
Total current liabilities	102,006	65,681	67,238
Non-current liabilities			
Accounts payable	422	1,119	1,996
Borrowings	168,739	234,484	198,872
Provisions	300	354	93
Other Liabilities	3,000	3,000	3,000

Total non-current liabilities	172,461	238,957	203,961
Total liabilities	274,467	304,818	271,199
Net assets	148,369	152,842	154,546
Equity			
Capital	202,465	210,431	206,415
Reserves	-	-	-
Retained profits (accumulated losses)	(54,106)	(57,598)	(51,878)
Equity attributable to members of the parent entity	148,359	152,833	154,537
Outside equity interests in controlled entities	10	9	9
Total equity	148,369	152,842	154,546
Preference capital and related premium included	-	-	-

Consolidated statement of cash flows

Cash flows related to operating activities	Current period $A'000	Previous corresponding period $A'000
Receipt of sales income	6,758	39,431
Receipt of rental income	28,445	31,655
Receipt of property funds management fees	5,680	8,645
Other receipts from customers	710	474
Payment of Palm Beach Project development costs	(2,158)	(11,092)
Payments to other suppliers and employees	(25,076)	(17,663)
Interest and other items of similar nature received	787	1,068
Dividends and distributions received	1,958	172
Interest and other costs of finance paid	(21,159)	(15,555)
Other (income tax received/(paid))	2,873	713
Security deposit refunded	(19)	-

Net operating cash flows	(1,201)	37,848
Cash flows related to investing activities		
Acquisition of subsidiaries (net of cash acquired)	-	(5,271)
Payments to acquire development properties	-	(18,115)
Payments for investment property additions	(3,886)	(2,537)
Payments of loans to other parties	(193)	(1,900)
Payment for purchases of investments	-	-
Payment for purchases of plant and equipment	-	(58)
Deposit refunded on acquisition	-	-
Proceeds from sale of investment property	28,037	-
Net investing cash flows	23,958	(27,881)
Cash flows related to financing activities		
Proceeds from issues of securities (shares, options, etc.)	-	-
Payment of security issue costs	-	-
Proceeds from/(repayment of) Palm Beach Project borrowings	(9,417)	(32,131)
Proceeds from other borrowings	150,000	11,223
Repayment of other borrowings	(170,011)	(900)
Payment of costs of new borrowings	(1,174)	(295)
Proceeds from related party borrowings	(763)	13,000
Proceeds from borrowings – related parties	6,970	-
Distributions paid	(7,965)	(8,817)
Other (provide details if material)		-
Net financing cash flows	(32,360)	(17,920)
Net increase (decrease) in cash held	(9,603)	(7,953)
Cash at beginning of period (*see Reconciliation of cash*)	17,405	25,358
Exchange rate adjustments	-	-
Cash at end of period (*see* Reconciliation of cash)	7,802	17,405

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

Nil

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period $A'000	Previous corresponding period $A'000
Cash on hand and at bank	4,448	12,809
Deposits at call	1,706	3,293
Term Deposits	1,350	1,303
Other (Trust Accounts- property managers)	298	-
Total cash at end of period	7,802	17,405

Ratios

Profit before tax/sales	Current period	Previous corresponding period
Consolidated profit (loss) from ordinary activities before tax as a percentage of sales revenue	3.2%	(2.3)%
Profit after tax/equity interests		
Consolidated profit (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	2.4%	(0.5)%

Earnings per security (EPS)

	Current period	Previous corresponding period
Calculation of basic, and fully diluted, EPS in accordance with AASB 1027: Earnings per Share (a) Basic EPS	1.5	0.3

(b)	Diluted EPS (if materially different from (a))	1.5	0.3

NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	$0.59	$0.61
Net asset value per ordinary security	$0.65	$0.67

Details of specific receipts/outlays, revenues/expenses

	Current period A$'000	Previous corresponding period $A'000
Interest revenue included	785	1,033
Interest revenue included but not yet received (if material)	-	-
Interest costs excluded from borrowing costs capitalised in asset values	-	-
Outlays (excepts those arising from the acquisition of an existing business) capitalised in intangibles (if material)	-	-
Depreciation (excluding amortisation of intangibles)	94	103
Other specific relevant items	-	-

Control gained over entities having material effect

Name of entity	Not applicable
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity since the date in the current period on which control was acquired	Not applicable
Date from which such profit has been calculated	Not applicable
Profit (loss) from ordinary activities and extraordinary items after tax of the entity for he whole of the previous corresponding period	Not applicable

Loss of control of entities having material effect

Name of entity	Not applicable
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity for the current period to the date of loss of control	Not applicable
Date from which the profit (loss) has been calculated	Not applicable
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity while controlled during the whole of the previous corresponding period	Not applicable
Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	Not applicable

Reports for industry and geographical segments

Segments

	Property Development	Property Investment	Property Funds Management	Total
	$'000	$ '000	$ '000	$'000
Operating Revenue				
Operating revenue	7,761	33,230	10,809	51,800
Inter-segment sales	-	-	-	-
Total revenue	7,761	33,230	10,809	51,800
Segment result	(8,651)	9,378	2,766	3,493
Unallocated expenses	-	-	-	-
Consolidated profit from ordinary activities after tax	(8,651)	9,378	2,766	3,493
Segment Assets				
Segment assets	48,777	338,031	36,028	422,836
Unallocated assets	-	-	-	-
Total assets	48,777	338,031	36,028	422,836

Dividends

Date the dividend is payable	29 July 2011
Record date to determine entitlements to the dividend (ie. on the basis of registrable transfers received up to 5.00 pm)	30 June 2011

Amount per *security*

		Franking rate applicable	%	%	%
(annual report only)					
Final dividend:	Current year	Refer to Annexure A (1)	N/A	N/A	N/A
	Previous year	Refer to Annexure A (1)	N/A	N/A	N/A

(Half yearly and annual statements)

Interim dividend:	Current year	Refer to Annexure A (1)	N/A	N/A	N/A
	Previous year	Refer to Annexure A (1)	N/A	N/A	N/A

Total annual dividend (distribution) per security
(Annual statement only)

	Current year	Previous year
Ordinary securities	N/A	Refer to Annexure A (1)
Preference securities	N/A	N/A

Total dividend (distribution)

	Current period $A'000	Previous corresponding period - $A'000
Ordinary securities	Refer to Annexure A(1)	Refer to Annexure A(1)
Preference securities	N/A	N/A
Total	Refer to Annexure A(1)	Refer to Annexure A(1)

Half yearly report – interim dividend (distribution) on all securities or Annual report – final dividend (distribution) on all securities

	Current period $A'000	Previous corresponding period - $A'000
Ordinary securities	Refer to Annexure A(1)	Refer to Annexure A(1)
Preference securities	N/A	N/A
Total	Refer to Annexure A(1)	Refer to Annexure A(1)

The dividend or distribution plans shown below are in operation.

A final distribution was declared for the year ended 30 June 2011 of 0.88 cents per stapled security in respect of the quarter ended 30 June 2011 and was paid on 29 July 2011.

Distributions to security holders during the year were paid quarterly including a capital distribution of 0.875 cents per stapled security paid on 21 October 2010 in respect of the quarter ended 30 September 2010, a capital distribution of 0.875 cents per stapled security was paid on 31 January 2011 in respect of the quarter ended 31 December 2010, and a capital distribution of 0.875 cents per stapled security paid on 29 April 2011 in respect of the quarter ended 31 March 2011.

All distributions declared for the year ended 30 June 2011 were paid from APGT.

No dividends were paid or proposed by APGL during the year.

The last date(s) for receipt of election notices to the dividend or distribution plans	N/A

Any other disclosures in relation to dividends (distributions)

None noted

Equity accounted associated entities and other material interests

Equity accounting information attributable to the to the economic entity's share of investments in associated entities must be disclosed in a separate notice. See AASB 1016: Disclosure of Information about Investments in Associated Companies.

Entities share of:	Current period A$'000	Previous corresponding period A$'000
Profit (loss) from ordinary activities before tax. Income tax	Not applicable	Not applicable
Profit (loss) from ordinary activities after tax Extraordinary items net of tax	Not applicable	Not applicable
Net profit (loss) Outside equity interests	Not applicable	Not applicable
Net profit (loss) attributable to members	Not applicable	Not applicable

Material interests in entities which are not controlled entities

The entity has an interest (that is material to it) in the following entities.

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to profit (loss) from ordinary activities and extraordinary items after tax	
	Current period	Previous corresponding period	Current period $A'000	Previous corresponding period $A'000
Equity accounted associates and joint venture entities	Not applicable	Not applicable	Not applicable	Not applicable
Total			Not applicable	Not applicable
Other material interests	Not applicable	Not applicable	Not applicable	Not applicable

Total	Not applicable	Not applicable	Not applicable	Not applicable

Issued and listed securities
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

Category of securities	Number issued	Number listed	Issue Price (cents)	Paid-up value (cents)
Preference securities (*description*)	-	-	-	-
Changes during current period	-	-	-	-
Ordinary securities	227,580,022	227,580,022	-	-
Changes during current period	-	-	-	-
Convertible *debt securities* (*description and conversion factor*)	-	-	-	-
Changes during current period	-	-	-	-

			Exercise price	Expiry date
Options (*description and conversion factor*)	-	-	-	-
Changes during current period	-	-	-	-
Exercised during current period	-	-	-	-
Expired during current period	-	-	-	-

Debentures	-	-
Unsecured Notes	-	-

Discontinuing Operations

Consolidated profit and loss account

	Continuing operations		Discontinuing operations		Total entity	
	Current period - $A'000	Previous corresponding period - $A'000	Current period - $A'000	Previous corresponding period - $A'000	Current period - $A'000	Previous corresponding period - $A'000
Sales revenue or operation revenue	N/A	N/A	N/A	N/A	N/A	N/A
Other revenue	N/A	N/A	N/A	N/A	N/A	N/A
Expenses from ordinary activities	N/A	N/A	N/A	N/A	N/A	N/A
Profit (loss) before tax	N/A	N/A	N/A	N/A	N/A	N/A
Less tax	N/A	N/A	N/A	N/A	N/A	N/A
Profit (loss) from ordinary activities after tax	N/A	N/A	N/A	N/A	N/A	N/A

Consolidated statement of cash flows

	Continuing operations		Discontinuing operations		Total entity	
	Current period - $A'000	Previous corresponding period - $A'000	Current period - $A'000	Previous corresponding period - $A'000	Current period - $A'000	Previous corresponding period - $A'000
Net operating cash flows	N/A	N/A	N/A	N/A	N/A	N/A
Net investing cash flows	N/A	N/A	N/A	N/A	N/A	N/A

Net financing cash flows	N/A	N/A	N/A	N/A	N/A	N/A

Other disclosures

	Current period A$'000	Previous corresponding period A$'000
Carrying amount of items to be disposed of: - total assets	N/A	N/A
- total liabilities	N/A	N/A
Profit (loss) on disposal of assets or settlement of liabilities Related tax	N/A	N/A
Net profit (loss) on discontinuance	N/A	N/A

Description of disposals

Not applicable

Comments by *directors*

Basis of accounts preparation

If this statement is a half yearly statement it should be read in conjunction with the last annual report and any announcements to the market made by the entity during the period.

Material factors affecting the revenues and expenses of the entity for the current period including seasonal or cyclical factors

Nil

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

The Directors are not aware of any matter or circumstance not otherwise dealt with in the reports or the accounts that has significantly affected or may significantly affect the operations of the Fund, the results of those operations or the state of affairs of the Fund in subsequent financial years.

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

At 30 June 2011 available franking credits were $1.142 million. No fully or partly franked dividends are expected to be paid in the next 12 months.

Changes in accounting policies since the last annual report and estimates of amounts reported in prior years are disclosed as follows.

Since 1 July 2010 the Fund has adopted certain Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2010. Adoption of these Standards and Interpretations did not have any material effect on the financial position or performance of the Fund. The Standards and Interpretations adopted are:

- AASB 2010-3 Further amendments to Australian Accounting Standards arising from the Annual Improvements Project
- AASB 2009-5 Further amendments to Australian Accounting Standards arising from the Annual Improvements Project
- AASB 139 Treating loan prepayment penalties as closely related embedded derivatives, and revising the scope exemption for forward contracts to enter into a business combination contract.
- Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

The Fund has not elected to early adopt any other new Standards or amendments that are issued but not yet effective.

Changes in the amounts of contingent liabilities or assets since the last annual report are disclosed as follows.

Material changes to capital commitments, contingent liabilities or contingent assets disclosed in the most recent annual financial report are:

- Bank guarantees at 30 June 2011 are $37,500 (30 June 2010: $400,000). These guarantees are secured by cash accounts held with the bank.
- APGL had agreed to provide Interest Servicing Guarantees to the Commonwealth Bank of Australia ("CBA") in respect of loans provided by CBA to some of the trusts/syndicates for which subsidiaries of APGL act as Responsible Entity and Trustee. Under the terms of these guarantees APGL was liable to pay CBA any interest not paid to CBA by the relevant trusts/syndicates. As at 30 June 2011 APGL had not been required to pay any amounts under these guarantees as all interest due and payable had been paid by the relevant trusts/syndicates. All of these loans, other than the Penrith Property Syndicate loan, have been repaid to CBA by 31 July 2011.

Additional disclosure for trusts

Number of units held by the management company or responsible entity to their related parties.	Responsible Entity and Management Company APGF Management Limited – Nil

A statement of the fees and commissions payable to the management company or responsible entity.

(Note: the responsible entity was internalised by the Fund on 31 December 2007 and from that date fees paid/payable under the Asset Management and Development Management Agreements ceased).

Identify:

- Initial service charges	Nil
- Management fees	$334,000
- Other fees	Nil

Annual meeting
(Annual statement only)

The annual meeting will be held as follows:

Place	Stamford Plaza, Brisbane
Date	22 November 2011
Time	10am
Approximate date the annual report will be available	20 October 2011

Additional information An entity may disclose additional information about any matter, and must do so if the information is material to an understanding of the financial statements. The information may be an expansion of the material contained in this statement, or contained in a note attached to the statement.

AUSTRALIAN PROPERTY GROWTH FUND

BSX LISTING RULES – ANNEXURE 3A

ANNEXURE A(1)

For the Year Ended 30 June 2011

30 June 2011

Capital Distribution Paid	Amount Paid $'000	Cents Per Stapled Security
Period		
September 2010	2,008	0.875
December 2010	2,008	0.875
March 2011	1,964	0.875
June 2011	1,986	0.875
	7,966	3.50

30 June 2010

Capital Distribution Paid	Amount Paid $'000	Cents Per Stapled Security
Period		
September 2009	2,008	0.875
December 2009	2,008	0.875
March 2010	1,963	0.875
June 2010	1,986	0.875
	7,965	3.50

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act.

2 This statement, and the financial statements under the Corporations Act (if separate), use the same accounting policies.

3 In the case of a half-yearly report the same accounting standards and methods of computation are followed as compared with the most recent annual accounts.

4 This statement gives a true and fair view of the matters disclosed.

5 This statement is based on financial statements to which one of the following applies:

(Tick one)

√ The financial statements have been audited.

☐ The financial statements have been subject to review by a registered auditor (or overseas equivalent).

☐ The financial statements are in the process of being audited or subject to review.

☐ The financial statements have *not* yet been audited or reviewed.

6 If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications are attached/will follow immediately they are available* (*delete one*).

7 The entity has a formally constituted audit committee.

Sign here: .... Date: 9 September 2011
(Managing Director)

Print name: Geoff McMahon

Notes

True and fair view If this statement does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the entity must attach a note providing additional information and explanations to give a true and fair view.

Income tax If the amount provided for income tax in this statement differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts.

Australian Property Growth Fund

ARSN 109 093 816

Consolidated Annual Financial Report
for the year ended 30 June 2011

Comprising the consolidated financial report of
Australian Property Growth Trust ABN 95 909 819 176
and
Australian Property Growth Limited ABN 56 111 628 589
and their controlled entities

Fund Information

This Consolidated Annual Financial Report covers Australian Property Growth Fund ('APGF' or 'Fund'), which comprises the stapled entities of Australian Property Growth Trust ('APGT') and Australian Property Growth Limited ('APGL'). Under Australian Accounting Standards, APGT is the nominated parent entity of the stapled structure.

APGT has a 99.99% ownership interest in Blue Tower Trust ('BTT').

APGL has a 100% ownership interest in:
- APGL (Palm Beach) Pty Ltd ('APB')
- APGF Administration Pty Ltd ('APGA')
- APGF Property Limited ('APL')
- Austgrowth Property Syndicates Limited ('APS')
- Austgrowth Investment Management Pty Ltd ('AIM')
- APGF Management Limited ('APGM')
- Domaine Property Funds Limited ('DPF')
- Property Funds Australia Limited (acquired on 12 April 2010) ('PFA')

APGL has a 99% ownership interest in:
- APGF (Victoria) Pty Ltd ('VIC')

APGM is the Trustee and Responsible Entity of APGT and BTT. The Fund's structure is described further in the Directors' Report.

The Fund's functional and presentation currency is AUD ($) and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

A description of the Fund's operations and of its principal activities is included in the review of operations and activities in the Directors' Report on pages 3 to 14. The Directors' Report is not part of the financial report.

Corporate Information for both APGM (the Trustee and Responsible Entity of APGT) and APGL is as follows:

Registered office and principal place of business is located at:

Level 15
12 Creek Street
Brisbane QLD 4000
Phone 61 7 3004 1222

Auditors

Ernst & Young
Level 5
Waterfront Place
1 Eagle Street
Brisbane QLD 4000

Directors' Report

The Board of Directors of APGF Management Limited ('APGM'), the Trustee and Responsible Entity of Australian Property Growth Trust ('APGT'), and the Board of Directors of Australian Property Growth Limited ('APGL') present their financial report on the Fund consisting of APGT and APGL and their controlled entities for the year ended 30 June 2011.

DIRECTORS

The names and details of the Directors of APGM as the Trustee and Responsible Entity for APGT and APGL in office during the period and until the date of this report are provided below. Directors were in office for the entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

APGM as Trustee and Responsible Entity for APGT:

Neil Edwin Summerson BCom, FCA, FAICD, FAIM

Neil Summerson is non-executive Chairman of the company. He is currently and has been a director of several public, private and government corporations and has over 35 years experience practising as a Chartered Accountant. During the last three years Neil has served and continues to serve as a Director of Bank of Queensland Limited and subsidiaries (appointed Director 5 December 1996, appointed Chairman 20 August 2008) and Australian Made Campaign Limited (appointed 29 November 2002). He was a partner and Managing Partner (Queensland) of Ernst & Young and a past State Chairman of the Institute of Chartered Accountants. As a practising chartered accountant Neil's field of expertise was in corporate reconstruction, mostly in the building and property sectors and consequently he has broad experience in property development and construction. His core strengths include strategic planning, risk management, corporate governance, regulatory compliance and financial analysis.

Geoffrey Michael McMahon BEcon, BCom, FCPA, FAICD, FCIM, F FIN

Geoffrey ('Geoff') McMahon is Managing Director of the company. He has worked in the property sector for more than 22 years and is responsible for the Fund's corporate strategy, property funds management, investments and developments. Geoff has been involved in over $1 billion worth of property investments and developments and has been a driving force within the Fund since its inception. Geoff has significant experience in corporate finance and strategy, property funds management, property investment, property development, capital raising and management, risk management, corporate governance and financial management.

Adriano Julius Cragnolini B.Bus(Acc), CA, F FIN

Adriano Cragnolini joined the Board of APGM as an executive Director on 22 March 2010. Adriano has 17 years experience in senior management positions spread between public practice experience at Ernst & Young Australia, and in commerce working for a diversified property/hospitality group based in Papua New Guinea as well as a venture capital backed IT start-up company based in London. Adriano is responsible for the Fund's corporate finance, risk management, regulatory compliance and property funds management.

APGL:

Neil Edwin Summerson (Non-executive Chairman) - Refer APGM above

Geoffrey Michael McMahon (Managing Director) – Refer APGM above.

Robert Bryan BSc (Hons, Geology), HonDBus *Qld*, FAusIMM

Robert ('Bob') Bryan is a founding Director of the Australian Property Growth Fund. Bob has had a long term involvement in both the property and mining industries in Australia and South East Asia.

In 1983 Bob founded Pan Australian Mining Ltd and in the capacity as Managing Director oversaw the development of a major gold mine at Mt Leyshon in Queensland. He sold out his controlling interest in 1989 for $41 million. In the same year, he established a private property business, the Leyshon Group. In 2006 Leyshon morphed into the Australian Property Growth Fund with the introduction of outside equity. Bob is the major shareholder of APGF.

However, in 1996, consistent with a long time interest in mining, Bob established a new mineral exploration company, Pan Australian Resources Ltd, that now operates a major copper gold mine in Laos. That company is now valued at $2 billion. And then in 2000, Bob founded the Queensland Gas Company to search for coal seam gas in Queensland. QGC was sold in 2008 for $5.6 billion.

Bob is an Honorary Life Member of the Queensland Resources Council and a former director of the Sustainable Minerals Institute within the University of Queensland.

Directors' Report (continued)

APGM as Trustee and Responsible Entity for APGT (continued):

In 2007, Bob was awarded the Institute Medal from the Australasian Institute of Mining and Metallurgy for his contribution to the Mining Industry. In 2009, Bob was an inaugural inductee into the Queensland Business Leaders Hall of Fame, and in 2010 received an Honorary Doctorate of Business from the University of Queensland for services to the Mining Industry.

Scott Edward Bryan BSc (Hons, Geology), PhD

Scott Bryan is a founding Director of the Fund. He resigned from the Board of APGM as a non-executive Director on 22 March 2010 but remains a Director of APGL. Scott Bryan is a geologist, graduating from the University of Queensland with First Class Honours in Geology and having obtained a PhD from Monash University. Scott was a Research Fellow at Yale University, Senior Lecturer at Kingston University in the United Kingdom and a Principal Research Fellow with the Sustainable Minerals Institute at the University of Queensland. Since April 2010 Scott has been a Vice Chancellor's Research Fellow at the Queensland University of Technology. Scott has been on the Board of APGL since 2004 and has been involved in property funds management, development and investment through his directorship of Leyshon Group since 2001.

Kenneth Ross Pickard BCom, FCA

Kenneth ('Ken') Pickard is a founding Director of the Fund. He resigned from the Board of APGM as a non-executive Director on 22 March 2010 but remains a Director of APGL. Ken is the Managing Director of Moore Stephens (Queensland) Limited Chartered Accountants, a Queensland based firm of approximately 150 staff providing a full range of financial services to clients. Ken was a partner of Ernst & Young from 1982, a position he held until the formation of his own firm, Pickards BDS in 1996, which subsequently became Moore Stephens (Queensland) in July 2007. He has over 30 years experience in property, business services, consulting and audit. Ken has developed a wide range of skills for the provision of accounting services and financial management advice to all business sectors including manufacturing, marine and the property industry.

Sally Kathleen Smith BBus (Human Resource Management)

Sally acts as alternate Director for Scott Bryan. Sally has extensive experience in human resource management having worked in various senior positions involving strategic planning, development and implementation of human resource policies and advice to executive management for Queensland Government. Since 1995 Sally has been on the board of Leyshon Group and has been involved in Leyshon Group's property funds management, development and investments.

COMPANY SECRETARY

Adriano Julius Cragnolini B.Bus(Acc), CA, F FIN

Adriano Cragnolini was appointed company secretary of APGM and APGL on 16 March 2007. Refer APGM above for qualifications and experience.

Luis Garcia MBA, Dip Fin Ad, CPA

From 6 July 2011, Luis Garcia was appointed joint company secretary of APGM. Luis is employed full time by APGF as a Senior Funds Manager having 36 years experience in senior management positions in banking and finance and he has been involved in the property funds management industry since 1998.

Directors' Report (continued)

APGM as Trustee and Responsible Entity for APGT (continued):

Relevant interests in units of APGT and shares of APGL

As at the date of this report, the interests of the APGM and APGL Directors in the securities of APGT and APGL were:

	Relevant interests	
	APGT Fully paid units	*APGL Fully paid shares*
N Summerson #	92,532,062	92,532,062
G McMahon #	92,965,693	92,965,693
R Bryan #	90,421,693	90,421,693
S Bryan	77,666	77,666
K Pickard	3,017,300	3,017,300
A Cragnolini	9,434	9,434
S Smith	36,000	36,000

The holdings of N Summerson, G McMahon and R Bryan each include the same 90,421,693 securities held by the Leyshon Group of Companies.

The Directors are not party to any contract to which the Directors may be entitled to a benefit or that confer a right to call for or deliver interests in APGT or APGL.

FUND INFORMATION

Structure of Australian Property Growth Fund ('APGF' or 'the Fund')

The Fund was created by the stapling of units issued by APGT to shares issued by APGL on 21 December 2004. The stapled securities are treated as one security and are quoted and traded together on the Bendigo Stock Exchange ('BSX'). The stapled securities cannot be traded or dealt with separately.

APGT was created by a Trust Deed dated 14 May 2004 as amended from time to time. Units were issued under Prospectus and Product Disclosure Statements dated 8 November 2004 and 19 July 2006 and through placements approved by unit holders at General Meetings held on 20 December 2007 and 28 November 2008. On 19 September 2006 APGT acquired a 99.99% ownership interest in Blue Tower Trust ('BTT').

APGL was incorporated on 2 November 2004 and issued shares under Prospectus and Product Disclosure Statements dated 8 November 2004 and 19 July 2006 and through placements approved by shareholders at General Meetings held on 20 December 2007 and 28 November 2008. APGL has a 100% ownership interest in:

Entity	Date of Incorporation/Acquisition
APGL (Palm Beach) Pty Ltd ('APB')	21 March 2005
APGF Administration Pty Ltd ('APGA')	14 June 2007
APGF Property Limited ('APL')	22 June 2007
Austgrowth Property Syndicates Limited ('APS')	22 June 2007
Austgrowth Investment Management Pty Ltd ('AIM')	22 June 2007
APGF Management Limited ('APGM')	31 December 2007
Domaine Property Funds Limited ('DPF')	13 March 2009
Property Funds Australia Limited ('PFA')	12 April 2010

The two entities comprising the Fund remain separate legal entities in accordance with the *Corporations Act 2001*, and are each required to comply with the reporting and disclosure requirements of Accounting Standards and the *Corporations Regulations 2001*.

The Fund's stapled security structure allows investors to derive income from passive property ownership (Creek Street, Concord Campus, Collins Street and future projects) supplemented by profits from property funds management and property development (Palm Beach, Ulladulla and future projects).

The Fund is subject to a Stapling Deed (formerly called Stapling and Asset Management Deed) dated 8 November 2004, amended on 4 September 2006 and later amended on 13 May 2008 to remove the Asset Management provisions from the Deed.

Directors' Report (continued)

FUND INFORMATION (continued)

Nature of Operations and Principal Activities

The Fund was established to invest in and develop a portfolio of quality property projects and businesses including:

- 12 Creek Street, Brisbane (formerly known as Comalco Place), a 37 level commercial office building located in the heart of Brisbane CBD's "golden triangle";
- 99 Melbourne Street, South Brisbane, a five level commercial office building located next to Brisbane's Exhibition and Convention Centre (sold in September 2010);
- 7 King Street, Concord West Sydney, a commercial/business park development fully occupied by Westpac Bank, that includes approximately 16,500 m^2 of office accommodation and parking for 485 cars;
- 287-301 Collins Street, Melbourne, a 13 level Art-Deco style office building situated in one of the most traditional Collins Street locations in Melbourne's CBD;
- Property funds management business managing property trusts/syndicates containing properties encompassing commercial office, industrial, hotel and retail property sectors in Sydney, Melbourne, Brisbane, Perth, Canberra, Newcastle, Gold Coast and Cairns;
- Palm Beach Plaza, Gold Coast Highway, Palm Beach, Gold Coast. This site is to be developed into an approximate 5,000m^2 retail and commercial complex and 202 residential apartments to be known as 'Pavilions on 5^{th}'. The project is being developed in two stages over 2007 - 2013, with construction of stage one completed in June 2009;
- Springfield Meadows and Dolphin Point properties located at Ulladulla, New South Wales; and
- Future projects which satisfy the Fund Managers' project selection criteria.

OPERATING AND FINANCIAL REVIEW

Review of Operations for the year

(a) Property Investment

APGT's investment strategy is to invest in a quality portfolio of properties that are supported by long term rental income. During the year ended 30 June 2011, APGT owned the following properties:

- 12 Creek Street, Brisbane - this 37 level 32,000m^2 commercial office building in Brisbane's CBD has recently completed an $8 million services upgrade. New air-conditioning chillers and controls have been installed, the foyer refurbished and the lift upgrade is now complete. The Brisbane CBD office market remains sound, although the economic uncertainty has led to a short-term reduction in tenant demand. The recent increased occupancy of the building has increased the property's valuation by $10 million during the year since 30 June 2010 to be $250 million at 30 June 2011;
- 287-301 Collins Street, Melbourne (Royal Bank Chambers building) - built around 1940 this 13 level Art-Deco style sandstone building is situated in one of the most traditional Collins Street locations in Melbourne's CBD. The building was fully occupied by ANZ Bank until 31 December 2009 when ANZ vacated the nine upper floors. The property is being repositioned through refurbishment and re-leasing of the vacant floors (2 full floor leases executed as at June 2011). The relative strength of the Melbourne commercial leasing markets and the excellent location of the property are reflected in the property's valuation increasing to $31.275 million at 30 June 2011 ($0.975 million higher than 30 June 2010). The property is currently held for sale;
- 99 Melbourne Street, South Brisbane - this five level 6,200m^2 commercial office building has been fully occupied during the period and was valued at $28.2 million at 30 June 2010 ($0.2 million higher than 30 June 2009). This property was sold in September 2010 for a base price of $28.5 million; and
- 7 King Street, Concord West Sydney (Westpac Campus) - located just 15 kilometres from the Sydney CBD, this commercial/business park development comprises approximately 16,500m^2 of office accommodation together with childcare facilities, café, gymnasium and 485 car parks and was purpose built for Westpac Bank in 1997. Westpac is the sole tenant and is committed to the property until October 2012. The property is in excellent condition and has great potential for market repositioning. The property's value is maintained at $49 million at 30 June 2011 (consistent with 30 June 2010). The property is currently held for sale.

Directors' Report (continued)

OPERATING AND FINANCIAL REVIEW (continued)

Review of Operations for the year (continued)

(b) Property Development

During the year ended 30 June 2011, APGF has been involved in the following property development projects:

- The Palm Beach Project is situated on the corner of the Gold Coast Highway, Fourth Avenue and Fifth Avenue, Palm Beach, Gold Coast. The Palm Beach site, comprising two lots totalling 9,819m^2, is to be developed into an approximate 5,000m^2 retail and commercial complex and 202 residential apartments to be known as 'Pavilions on 5th'. The project is being developed in two stages over 2007 - 2012, with construction of stage one completed in June 2009. As at 7 September 2011, 100 of the 104 stage one residential units had settled (86 settled by 30 June 2010, 99 settled by 30 June 2011), 1 unit was subject to an unconditional contract of sale, 2 units were subject to a conditional contract of sale, and 1 unit was not sold. Pre-selling of stage two of the project has commenced with 29 of the total 98 stage two units subject to unconditional contracts of sale. Construction of this stage will commence once sufficient stage two pre-sales are achieved; and
- The Springfield Meadows and Dolphin Point properties located at Ulladulla, New South Wales are residential land subdivisions substantially impacted by the fallout from the global financial crisis and the resultant downturn in the property development sector. The Board has resolved to sell these properties over the next 12 - 18 months.

(c) Property Funds Management

The property funds management business had approximately $1.6 billion in funds under management as at 30 June 2011. The properties under management are located across Australia (including Brisbane, Sydney, Melbourne, Perth, Gold Coast, Cairns and the Hunter Region of New South Wales) and encompass investments in commercial office, industrial, hotel and retail properties.

After originally acquiring a property funds management business from Elderslie Finance Corporation Limited on 22 June 2007, APGF has continued to expand its property funds management business through acquisitions of:

- APGF Management Limited, the Responsible Entity and Trustee of APGT and BTT and the asset manager of APGF's projects, on 31 December 2007;
- Domaine Property Funds Limited ('DPF') and controlled entities from Domaine Holdings Pty Ltd (a member of the Mirvac Group) on 13 March 2009. DPF manages several significant unlisted property funds with approximately $625 million of property assets at acquisition date; and
- Property Funds Australia Limited ('PFA') from Mirvac Holdings Limited (a member of the Mirvac Group) on 12 April 2010. PFA at the time of acquisition, previously managed the PFA Diversified Property Trust, before management was transferred to APGF Management Limited.

Economic Environment

The outlook for the global economy has recently deteriorated as downside risks have increased. Worsening US economic data and ongoing European sovereign debt concerns have resulted in declining investor confidence and volatile financial markets. Investors now fear the US economic recovery may be unraveling, prompting concerns of a "double dip" economic recession.

The "multi-speed" economic recovery, featuring big disparities between regions and countries, has become a dominant theme in the current challenging global environment. The Asia Pacific Region continues to lead the global economy, while the US, Europe and Japan are lagging. There are now real concerns about how this slow down will impact on the Asia Pacific Region, in particular the Chinese manufacturing sector and commodity prices.

Directors' Report (continued)

OPERATING AND FINANCIAL REVIEW (Continued)

The Australian economy continues to perform soundly, however evidence of the "multi-speed" economy also persists as conditions in sectors such as retailing, tourism and construction remain subdued. There is also disparity among the states with recent commentary highlighting a negative outlook for Queensland, despite the current mining boom. Concerns about the global economic outlook and signs that the employment rate in Australia may have peaked have also dampened consumer confidence and retail sales. The household sector is paying down debt and lifting its savings rate as a result of these fears. While Australia's economy remains the envy of most advanced economies the outlook is far less certain given the backdrop of global economic volatility.

The "multi-speed" theme is also playing out in Australian property markets, with quality commercial office properties performing relatively well. However, lesser quality commercial and residential properties are still facing significant headwinds. While the availability and cost of bank finance remains an issue, credit conditions have improved over the past twelve months.

APGF remains cautiously optimistic about a continued recovery in commercial property rents and capital values over the next few years, although forced sales by banks and the wind up of unlisted property funds may place pressure on non A grade property valuations.

Employees

At 30 June 2011 APGL had 24 employees (2010: 20) and APGM had no employees (2010: Nil).

Results

The net operating result of the Fund is presented in the Statement of Comprehensive Income. The net profit attributable to the security holders for the year ended 30 June 2011 was $3,493,000 (2010:$693,000). A summary of results for the year by significant industry segments is set out below.

(a) Property Investment
The net profit attributable to the security holders from the property investment operations for the year ended 30 June 2011 was $9,377,000 (2010: $3,064,000). Reflected in this result are net revaluation increments/(decrements) on investment properties of $6,496,000 (2010: $3,434,000 decrement).

The January 2011 Brisbane flood had minimal impact on the operations of APGF. The lower two levels of the carpark/basement at 12 Creek Street, Brisbane CBD (Blue Tower) were flooded which caused some damage to the building's services and equipment. As a result of proactive action by APGF's Asset Managers, Blue Tower was only closed for one week, which was significantly less than most of the neighbouring CBD commercial office towers. APGF has been reimbursed by its insurer for the reinstatement of property damage and consequential loss of income arising from the flood and our insurance brokers have confirmed that any remaining items will be covered by our insurance cover.

(b) Property Development

Revenues and profits from property development are recognised on settlement. The net loss attributable to the security holders from these operations for the year ended 30 June 2011 is $8,651,000 (2010: $5,175,000 loss). This loss included non-cash losses on the Springfield Meadows and Dolphin Point properties of $2,873,000 (2010: $3,996,000) and Palm Beach of $900,000 (2010: Nil).

(c) Property Funds Management

The net profit attributable to the security holders from the property funds management operations for the year ended 30 June 2011 is $2,766,000 (2010: $2,804,000). This result included management fee asset decrements of $3,407,000 (2010: $1,107,000).

Distributions/Dividends

A final distribution was declared for the year ended 30 June 2010 of 0.875 cents per stapled security in respect of the quarter ended 30 June 2010 and was paid on 30 July 2010.

Distributions to security holders during the year were paid quarterly including a capital distribution of 0.875 cents per stapled security paid on 30 October 2010 in respect of the quarter ended 30 September 2010, a capital distribution of 0.875 cents per stapled security paid on 29 January 2011 in respect of the quarter ended 31 December 2010 and a capital distribution of 0.875 cents per stapled security paid on 23 April 2011 in respect of the quarter ended 31 March 2011.

Directors' Report (continued)

OPERATING AND FINANCIAL REVIEW (Continued)

Results (continued)

A final distribution was declared for the year ended 30 June 2011 of 0.875 cents per stapled security in respect of the quarter ended 30 June 2011 and was paid on 30 July 2011.

All distributions declared for the year ended 30 June 2011 were paid from APGT.

No dividends were paid or proposed by APGL during the year.

Security Holder Returns

The Fund generated strong returns to investors for the period from establishment until 30 June 2007, but a deterioration in the markets in which the Fund operates had a negative impact on the results for the years ended 30 June 2008 and 30 June 2009. Positive results have been generated for the years ended 30 June 2010 and 2011. Based on current market conditions, the Directors have adopted a conservative position in respect of the projects of the Fund and as a consequence have recorded impairment losses and valuation decrements on some assets. The Directors believe that the Fund's strategy of focussing on quality projects that generate long-term capital growth and stable rental income streams will continue to deliver strong returns to investors in the longer term. APGF's experienced management team is focused on maximizing investor returns through pro-active asset management. APGF will continue to focus on property fundamentals and maximise each individual property's net operating income to deliver sustainable performance and maximise long term value to investors.

The Fund's key financial measures are detailed below:

	2011	2010	2009	2008	2007
Basic earnings per stapled security (cents)	1.5	0.3	(28.8)	(3.2)	31.7
Net asset value per stapled security (cents)	65.2	67.2	70.4	107.7	119.5
Assets under management ($ million) #	1,557	1,828	1,346	947	890

Includes properties owned directly by the Fund and also properties owned by syndicates or trusts managed by the Fund.

SECURITIES ON ISSUE

A total of 227,580,022 stapled securities were on issue at 30 June 2011 (2010: 227,580,022). There were no stapled securities issued during the year (2010: Nil). For further details refer Note 21.

FUND ASSETS

At 30 June 2011, the Fund owned total assets to the value of $422,836,000 (2010: $457,660,000). The basis for valuation of assets is disclosed in Note 2 to the financial statements.

FEES PAID TO THE RESPONSIBLE ENTITY AND ASSOCIATES

APGM received fees during the year relating to property management from APGT and BTT. Fees paid to the Responsible Entity and its associates out of the Fund during the financial year are disclosed in Note 24 to the financial statements.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes to the state of affairs of the Fund during the years were:

- sale of the 99 Melbourne Street, Brisbane property for $28.5 million in September 2010;
- creation of the APGF Real Estate Investment Trust (AREIT) from the merger of syndicates which the Fund acts as responsible entity (ADPF, APS 5 and APS 7).
- the retirement as responsible entity of several syndicates (Brisbane, Canberra, APS18).

Further information on these changes is provided in the Review of Operations and the notes to the financial statements.

Directors' Report (continued)

OPERATING AND FINANCIAL REVIEW (Continued)

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The Directors are not aware of any matter or circumstance not otherwise dealt with in the reports or the accounts that has significantly affected or may significantly affect the operations of the Fund, the results of those operations or the state of affairs of the Fund in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The investment strategy of the Fund will be maintained in accordance with the APGT and APGL constitutions and investment objectives. In the foreseeable future it is expected that APGT will continue its property investment business and APGL will continue its property development and property funds management businesses. The Fund will continue to review opportunities to grow its property investment, property development and property funds management businesses.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The operations of the Fund are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known breaches of any other environmental requirements applicable to the Fund.

There is unlikely to be any material impact on APGF's operations and future results from the Federal Governments' proposed Carbon Tax. APGF is monitoring this issue and planning for the possible introduction of this tax.

OPTIONS

No options over unissued securities or interests in the entities of the Fund were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Fund has not given or agreed to give any indemnity to an officer or auditor of the Fund and has not paid any premium for insurance against those officers' or auditor's liability for legal costs. Insurance and indemnity arrangements concerning officers of the Fund were continued throughout the year. The policy of insurance prohibits the disclosure of the liability covered and the premium paid or payable. The Fund has not given or agreed to indemnify the auditors.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of APGM and APGL support the principles of corporate governance.

Scope of responsibility of the Boards

The Directors have a strong commitment to good corporate governance. Their guiding principle in meeting this responsibility is to act honestly, conscientiously and fairly in accordance with the law in the interests of investors and other stakeholders.

Compliance Committee

Compliance matters are monitored and managed by the Compliance Committee in accordance with the compliance plan and Australian Financial Services Licence ("AFSL"). The majority of the Compliance Committee members are persons who are external and unrelated to APGM and whose role is to supervise APGM's compliance with the compliance plan, AFSL and the *Corporations Act 2001*.

The Compliance Committee reports to APGM's Board and if necessary, ASIC, in relation to compliance issues. During the year ended 30 June 2011 four compliance committee meetings were held. The members of the Compliance Committee during the period, and a summary of their attendance at meetings, is provided below:

	Number of meetings eligible to attend	Number of meetings attended
Karen Prentis	4	4
Adriano Cragnolini	4	4
Kathleen Armstrong	4	4

Directors' Report (continued)

CORPORATE GOVERNANCE (continued)

The functions of the Compliance Committee are essentially governed by APGT's compliance plan. The original compliance plan was registered and approved by ASIC prior to registration of APGT as a managed investment scheme. The current master compliance plan for APGT was adopted by the Responsible Entity and lodged with ASIC with effect from 13 April 2010.

Audit and Risk Committee

APGL has established an Audit and Risk Committee to advise on the establishment of a framework to monitor internal controls, business risks and appropriate ethical standards for the management of the Fund.

The committee performs a variety of functions relevant to risk management and internal and external reporting and report to the Boards following each meeting. The members of the Audit and Risk Committee during the period, and a summary of their attendance at meetings, is provided below:

	Number of meetings eligible to attend	Number of meetings attended
Ken Pickard (Chairman)	4	4
Neil Summerson	4	3
Geoff McMahon (as alternate for Neil Summerson)	1	1

Remuneration Committee

It is the Fund's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating Directors and key executives fairly and appropriately with reference to relevant employment market conditions. For details of the Fund's remuneration philosophy and framework and the remuneration received by Directors and other Key Management Personnel please refer to Note 27(b).

The Boards are responsible for determining and reviewing compensation arrangements for the Directors themselves and the Managing Director and executive team. APGL has established a Remuneration Committee comprising four non-executive Directors. The members of the committee are:

- Neil Summerson (Chairman);
- Ken Pickard;
- Robert Bryan; and
- Scott Bryan.

The committee discharges its responsibilities regarding the public reporting of remuneration information, determining and reviewing remuneration arrangements for the Directors and executives and other matters.

During the year ended 30 June 2011 no Remuneration Committee meetings were held as the Committee determined no significant changes would occur to remuneration due to the difficult financial conditions.

Code of Corporate Governance

Overview

The Directors of APGM and APGL are committed to maintaining a high standard of corporate governance that yields the best results for the Fund's security holders and other stakeholders.

To achieve its objectives, the Fund endeavours to be an organisation that rewards its security holders, is responsible to its stakeholders' needs and partners with the community.

Good corporate governance is not just about compliance, but about values and behaviour. The Directors of APGM and APGL have developed and implemented policies and practices which take into account the latest edition of the ASX Principles of Good Corporate Governance and Best Practice Recommendations ('Principles') developed by the ASX Corporate Governance Council and published in August 2007.

These policies are reviewed annually and their maintenance is overseen by the Directors.

A summary of the Fund's corporate governance policies and practices, organised in order of the Principles, is set out below.

Directors' Report (continued)

CORPORATE GOVERNANCE (continued)

Code of Corporate Governance (continued)

Principle 1: Board and Management

This Code of Corporate Governance ('Code') sets out the key governance principles adopted by APGM and APGL in governing the Fund. The Code recognises the fundamental difference between the Directors' roles and responsibilities and that of management – the Directors' main role is to set corporate strategy and goals with management being responsible for their implementation.

Annual performance reviews were conducted during the reporting period for senior executives against appropriate measures.

Principle 2: Board Structure

At 30 June 2011 the Board of APGM had three Directors (including the Chairman) one of whom was a non-executive Director and APGL had five Directors (including the Chairman) four of whom were non-executive Directors. The roles of the Chairman and Managing Director are exercised by different individuals.

The Boards have established an Audit & Risk Committee, Compliance Committee and Remuneration Committee. Due to the limited size of the Boards, the role of a nominations committee has been assumed by the Boards. Every Director and Committee Member of the Boards has the right to seek independent professional advice in connection with carrying out their duties at the expense of the Fund. Written approval of the Chairman is required prior to a Director or Committee Member seeking independent professional advice.

The Boards do not consider that a Director's independence, age or length of service on the Board is a factor affecting a Director's ability to act in the best interests of security holders and the Fund.

Annual formal performance reviews are not conducted for the Boards, committees and for individual Directors.

Principle 3: Ethical and Responsible Decision Making

Directors are expected at all times to uphold the Code of Corporate Governance in order to promote the interests of the Fund and its security holders and to drive its relationships and responsibilities with security holders, stakeholders and the broad community.

Through training initiatives on compliance with legal obligations, regular reviews of corporate policies including the Conflict of Interests Policy and related party registers, and enforcement of the Code of Corporate Governance, the Boards strive to actively promote ethical and responsible decision-making within the operations and activities of the Fund.

Principle 4: Integrity of Financial Reporting

The Audit and Risk Committee operates under a written charter approved by the Boards and focuses on issues relevant to the integrity of the Fund's financial reporting and risk management. The Audit and Risk Committee is charged with making recommendations to the Boards on the adequacy of the external audits and the independence of the external auditors, internal controls, and risk management and compliance procedures.

The Audit and Risk Committee also monitors and liaises with the Responsible Entity's Compliance Committee to ensure that the conditions of the Responsible Entity's AFSL are adhered to at all times.

The Boards do not consider the independence of the Audit & Risk Committee is a factor affecting the committee's ability to safeguard the integrity of the Fund's financial reporting practices.

The Managing Director and Chief Financial Officer must annually state in writing to the Boards that the Fund's annual audited statutory financial reports present a true and fair view, in all material respects, of the Fund's financial position and operational results in accordance with the relevant accounting standards.

Principle 5: Timely and Balanced Disclosure

The Boards are committed to keeping the market informed in a timely and balanced manner of all material information concerning the Fund including its financial position, performance, ownership and governance. The Boards are committed to creating and maintaining an informed market in its securities and enhancing corporate governance by encouraging a culture of transparency in relation to the Fund's operations and corporate activities. The Fund will also provide relevant information to media organisations, to ensure the broadest possible communication with security holders and the general market.

The Managing Director and Company Secretary are responsible for communications with the BSX.

Directors' Report (continued)

CORPORATE GOVERNANCE (continued)

Code of Corporate Governance (continued)

Principle 6: Respect Rights of Security holders

The Boards will promote effective communication with security holders, by providing them with ready access to balanced, understandable information about the Fund and encourage their participation at general meetings. The Fund maintains an informative website that contains copies of press releases, annual reports, security holders information, policies and contact details.

Principle 7: Recognise and Manage Risk

The Boards believe that risk management and internal controls are a critical part of the Fund's operations and a comprehensive risk management program has been developed. Management of risk is a key function of the Audit and Risk Committee under its charter.

Due to the size of the Fund, the Boards do not have a defined internal audit function. It is incumbent on the Audit & Risk Committee to manage the inherent risks and preserve the independence of the external audit role.

The Audit & Risk Committee has reported to the Boards that the Fund's management of its material business risks is effective for the reporting period.

The Managing Director and Chief Financial Officer must annually state in writing to the Boards that the declaration provided in accordance with Section 295A of the Corporations Act in respect of the Fund's annual audited statutory financial report is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Principle 8: Remuneration

The Board's Remuneration Committee discharges the Board's responsibilities regarding the public reporting of remuneration information, compensation of non-executive Directors, senior executives and other matters. Additional information on the remuneration of Directors and other Key Management Personnel is provided in Note 27(b).

MEETINGS OF DIRECTORS

During the financial year, four meetings of Directors of APGL and four meetings of Directors of APGM were held. The number of meetings attended by each Director was:

	APGM		APGL	
Directors	**Number of meetings eligible to attend**	**Number of meetings attended**	**Number of meetings eligible to attend**	**Number of meetings attended**
N Summerson	4	4	4	4
G McMahon	4	4	4	4
R Bryan	N/a	N/a	4	4
S Bryan	N/a	N/a	4	2
K Pickard	N/a	N/a	4	4
A. Cragnolini	4	3	N/a	N/a
S Smith *	N/a	N/a	2	2

* S Smith is the Alternate Director of APGL for Scott Bryan.

A summary of attendance at committee meetings by Directors is included in the Corporate Governance section of this report.

Directors' Report (continued)

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (unless otherwise stated) under the option available to the Fund under ASIC Class Order 98/0100. The Fund is an entity to which the Class Order applies.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Auditor Independence

We have obtained an independence declaration from our auditors, Ernst & Young, as attached at Page 15.

Non-Audit Services

The following non-audit services were provided by the Fund's auditor, Ernst & Young. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

Tax compliance and advisory services	$38,850

This statement is made in accordance with a resolution of the Directors of APGM as Trustee and Responsible Entity for APGT and the Directors of APGL.

APGF Management Limited as
Trustee and Responsible Entity for
Australian Property Growth Trust
ABN 50 090 257 480

G. McMahon
Managing Director
Brisbane, 9 September 2011

On behalf of the Board
Australian Property Growth Limited
ABN 56 111 628 589

N. Summerson
Chairman
Brisbane, 9 September 2011

1 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
www.ey.com/au

Auditor's Independence Declaration to the Directors of APGF Management Limited as Responsible Entity and Trustee of Australian Property Growth Trust and the Directors of Australian Property Growth Limited

In relation to our audit of the financial report of Australian Property Growth Fund for the financial year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

M J Hayward

Mark Hayward
Partner
9 September 2011

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated 2011 $000	Consolidated 2010 $000
Revenue			
Sales income		6,186	35,846
Rental income		27,672	30,008
Property funds management fee income	4 (a)	13,548	7,678
Interest income		785	1,033
Other income		527	854
Total Revenue	4 (a)	48,718	75,419
Revaluation increment/(decrement) on investment properties	16 (a)	6,496	(3,434)
Fair value movement in management fee asset	14	(3,407)	(1,107)
Fair value movement in investments		(7)	(11)
Total Revenue and Revaluation Increments/(Decrements)		51,800	70,867
Less Expenses			
Air conditioning expenses		555	504
Audit fees		259	248
Borrowing expenses	4 (b)	21,087	17,519
Consultancy fees		1,605	1,040
Development costs expensed (incl cost of inventories sold)	4 (b)	14,119	38,586
Electricity		344	329
Impairment loss – loans receivable	9 (iv)	-	2,031
Insurance		225	287
Land tax		1,336	1,027
Leasing expenses		304	264
Legal expenses		254	115
Lift expenses		229	344
Loss on disposal of plant and equipment		-	315
Management fee expenses	4 (b)	1,532	978
Personnel expenses		4,298	3,792
Rates		1,148	1,193
Recoverable outgoings		475	1,341
Rent expense		471	560
Repairs and maintenance		449	393
Other expenses		1,441	1,649
Total Expenses		50,131	72,515
Profit/(Loss) from operating activities before income tax		1,669	(1,648)
Income tax benefit	5	1,824	2,341
Net profit/(loss) from operating activities after income tax		3,493	693
Total comprehensive income for the period		3,493	693

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Comprehensive Income (continued)

FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated 2011 $000	Consolidated 2010 $000
Profit/(loss) after income tax attributable to security holders represents:			
Earnings attributable to members of APGT		8,318	3,142
Loss attributable to members of APGL		(4,826)	(2,449)
Non-controlling interests		1	-
		3,493	693
Total comprehensive income for the period represents:			
Earnings attributable to members of APGT		8,318	3,142
Loss attributable to members of APGL		(4,826)	(2,449)
Non-controlling interests		1	-
		3,493	693
Earnings per stapled security (cents)			
- Basic earnings per stapled security	6	1.5	0.3
- Diluted earnings per stapled security	6	1.5	0.3
Distributions per stapled security (cents)	7	3.5	3.5

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

AS AT 30 JUNE 2011

	Note	Consolidated 2011 $000	Consolidated 2010 $000
ASSETS			
Current Assets			
Cash and cash equivalents	8	7,802	17,405
Trade and other receivables	9	3,668	6,683
Inventory	10	11,353	11,643
Investment properties held directly	16	80,275	28,200
Income tax receivable		-	1,730
Management fee assets	14	637	1,275
Other assets	11	336	290
Total Current Assets		104,071	67,226
Non-Current Assets			
Trade and other receivables	9	8,085	-
Inventory	10	23,676	33,119
Investment properties held directly	16	250,000	319,300
Plant and equipment	12	641	662
Investments	13	257	268
Management fee assets	14	15,851	18,620
Goodwill	15	13,163	13,197
Deferred tax asset	5	7,092	5,268
Total Non-current Assets		318,765	390,434
TOTAL ASSETS		422,836	457,660
LIABILITIES			
Current Liabilities			
Trade and other payables	17	10,186	16,485
Borrowings and interest bearing loans	18	91,394	49,130
Provisions	19	426	246
Total Current Liabilities		102,006	65,861
Non-Current Liabilities			
Payables	17	422	1,119
Borrowings and interest bearing loans	18	168,739	234,484
Provisions	19	300	354
Other liabilities	20	3,000	3,000
Total Non-current Liabilities		172,461	238,957
TOTAL LIABILITIES		274,467	304,818
NET ASSETS ATTRIBUTABLE TO MEMBERS OF APGF		148,369	152,842
REPRESENTED BY:			
Attributable to members of APGL			
Contributed equity	21	23,473	23,473
Accumulated losses		(35,893)	(31,068)
Total attributable to members of APGL		(12,420)	(7,595)
Attributable to unit holders of APGT			
Units on issue	21	178,992	186,958
Undistributed earnings		(18,213)	(26,530)
Total attributable to unit holders of APGT		160,779	160,428
Non-controlling interests		10	9
TOTAL MEMBERS' INTERESTS		148,369	152,842

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Security Holders' Interests
FOR THE YEAR ENDED 30 JUNE 2011

		CONSOLIDATED				
	Note	Securities Issued $000	Undistributed Income $000	Other Reserves $000	Non-controlling Interests $000	Total $000
At 1 July 2009		218,396	(58,291)	-	9	160,114
Profit for period		-	693	-	-	693
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		-	693	-	-	693
Distributions to security holders	7	(7,965)	-	-	-	(7,965)
At 30 June 2010		**210,431**	**(57,598)**	**-**	**9**	**152,842**
At 1 July 2010		210,431	(57,598)	-	9	152,842
Profit for period		-	3,492	-	1	3,493
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		-	3,492	-	1	3,493
Distributions to security holders	7	(7,966)	-	-	-	(7,966)
At 30 June 2011		**202,465**	**(54,106)**	**-**	**10**	**148,369**

The above Statement of Changes in Security Holders' Interests should be read in conjunction with the accompanying notes.

Statement of Cash Flows
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated 2011 $000	Consolidated 2010 $000
Cash flows from operating activities			
Receipt of sales income		6,758	39,431
Receipt of rental income		28,445	31,655
Receipt of property funds management income		5,680	8,645
Other receipts from customers		710	474
Payment of Palm Beach Project development costs		(2,158)	(11,092)
Payments to other suppliers & employees		(25,076)	(17,663)
Borrowing costs paid		(21,159)	(15,555)
Dividends and distributions received		1,958	172
Security deposit refunded		(19)	-
Interest received		787	1,068
Income tax received/(paid)		2,873	713
Net cash flows from/(used in) operating activities	8	(1,201)	37,848
Cash flows from investing activities			
Payments to acquire development properties		-	(18,115)
Payments for plant and equipment		-	(58)
Proceeds from sale of investment property		28,037	-
Payments for investment property additions		(3,886)	(2,537)
(Payment)/repayment of advances to syndicates		(193)	80
Payment of loans to other parties		-	(1,980)
Acquisition of DPF, net of cash acquired		-	(445)
Acquisition of PFA, net of cash acquired	28	-	(4,826)
Net cash flows /(used in) investing activities		23,958	(27,881)
Cash flows from financing activities			
Proceeds from/(repayment of) Palm Beach Project borrowings		(9,417)	(32,131)
Proceeds from borrowings		150,000	11,223
Repayment of other borrowings		(170,011)	(900)
Payment of costs of new borrowings		(1,174)	(295)
Proceeds from borrowings – related parties		6,970	-
Proceeds from / (repayment of) borrowings – unrelated parties		(763)	13,000
Dividends/distributions paid to security holders		(7,965)	(8,817)
Net cash flows from/(used in) financing activities		(32,360)	(17,920)
Net decrease in cash held		(9,603)	(7,953)
Cash and cash equivalents at beginning of the year		17,405	25,358
Cash and cash equivalents at end of the year	8	7,802	17,405

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2011

1. CORPORATE INFORMATION

The Consolidated Annual Financial Report of Australian Property Growth Fund ('APGF' or 'the Fund') for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of Directors on 9 September 2011.

Australian Property Growth Trust ('APGT' or 'the Trust') is an Australian registered managed investment scheme. APGF Management Limited ('APGM'), the Trustee and Responsible Entity of the Trust, is incorporated and domiciled in Australia.

Australian Property Growth Limited ('APGL') is a company limited by shares incorporated and domiciled in Australia.

The nature of the operations and principal activities of the Fund are described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the Trust's constitution, the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for investment properties and management fee assets which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

The financial report is to be read in conjunction with any public announcements by the Fund during the year in accordance with continuous disclosure obligations arising under the *Corporations Act 2001* and the BSX Listing Rules.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board.

New Accounting Standards, Interpretations and Other Regulatory Changes

Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows for new and amended Australian Accounting Standards and AASB Interpretations adopted by the fund as of 1 July 2010. When the adoption of the Standard or Interpretation is deemed to have an impact on the financial statements or performance of the Fund, its impact is described below:

AASB 2009-5

Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project – The subject of amendments to the standards are set out below:

- AASB 5 – Disclosures in relation to non-current assets (or disposal groups) classified as held for sale or discontinued operations
- AASB 8 – Disclosure of information about segment assets
- AASB 101 – Current/non-current classification of convertible instruments
- AASB 107 – Classification of expenditures that does not give rise to an asset
- AASB 117 – Classification of leases of land
- AASB 118 – Determining whether an entity is acting as a principle or an agent
- AASB 136 – Clarifying the unit of account for goodwill impairment test is not larger than an operating segment before aggregation

AASB 139 – Treating loan prepayment penalties as closely related embedded derivatives, and revising the scope exemption for forward contracts to enter into a business combination contract

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance (continued)

Changes in accounting policy and disclosures (continued)

AASB 2010-3

Amendments to Australian Accounting Standards arising from the Annual Improvements Project

[AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139]

Limits the scope of the measurement choices of non-controlling interest to instruments that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other components of NCI are measured at fair value.

Requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), in a consistent manner i.e., allocate between consideration and post combination expenses.

Clarifies that contingent consideration from a business combination that occurred before the effective date of AASB 3 Revised is not restated.

Clarifies that the revised accounting for loss of significant influence or joint control (from the issue of IFRS 3 Revised) is only applicable prospectively.

Interpretation 19 Extingusihing Financial Liabilities with Equity Instruments

This interpretation clarifies that equity instruments issued to a creditor to extinguish a finaical liability are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability.

The interpretation states that equity instruments issued as payment of a debt should be measured at the fair value of the equity instruments issued, if this can be determined reliably. If the fair value of the equity instruments issued is not reliably determinable, the equity instruments should be measured by reference to the fair value of the financial liability extinguished as of the date of extinguishment.

The above changes did not have any material impact on the financial statements of the Fund.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance (continued)

Accounting Standards Issued But Not Yet Effective

Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective have not been adopted by the consolidated entity for the annual reporting period ending 30 June 2010. The impact of these new or amended standards and interpretations (to the extent relevant to the consolidated entity) are set out in the table below.

Summary	Applic'n Date of Standard	Applic'n Date for entity*
AASB 9 Financial Instruments AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below. (a) Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria. (b) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. *Impact on entity Financial Report* The Fund has not yet determined the extent of the impact of the amendments, if any.	1 January 2013	1 July 2013
AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] ▸ These amendments arise from the issuance of AASB 9 Financial Instruments that sets out requirements for the classification and measurement of financial assets. The requirements in AASB 9 form part of the first phase of the International Accounting Standards Board's project to replace IAS 39 Financial Instruments: Recognition and Measurement. ▸ This Standard shall be applied when AASB 9 is applied. *Impact on entity Financial Report* The Fund has not yet determined the extent of the impact of the amendments, if any.	1 January 2013	1 July 2013

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance (continued)

Accounting Standards Issued But Not Yet Effective (continued)

Summary	Applic'n Date of Standard	Applic'n Date for entity*
AASB 124 (Revised) Related Party Disclosures (December 2009) The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including: (a) The definition now identifies a subsidiary and an associate with the same investor as related parties of each other (b) Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other (c) The definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures. *Impact on entity Financial Report* These amendments are only expected to affect the presentation of the Fund's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report.	1 January 2011	1 July 2011
AASB 2009-12 Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. In particular, it amends AASB 8 *Operating Segments* to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. It also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB. *Impact on entity Financial Report* These amendments are not expected to affect the financial statements of the Fund.	1 January 2011	1 July 2011
AASB 2010-2 Amendments to Australian Accounting Standards arising from reduced disclosure requirements This Standard makes amendments to many Australian Accounting Standards, reducing the disclosure requirements for Tier 2 entities, identified in accordance with AASB 1053, preparing general purpose financial statements. *Impact on entity Financial Report* The Fund will apply Tier 1 requirements and it is not likely to affect the financial statements of the Fund.	1 July 2013	1 July 2013

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance (continued)

Accounting Standards Issued But Not Yet Effective (continued)

Summary	Applic'n Date of Standard	Applic'n Date for entity*
AASB 1053 Application of Tiers of Australian Accounting Standards This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements: (a) Tier 1: Australian Accounting Standards (b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: (a) For-profit entities in the private sector that have public accountability (as defined in this Standard) (b) The Australian Government and State, Territory and Local Governments The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: (a) For-profit private sector entities that do not have public accountability (b) All not-for-profit private sector entities Public sector entities other than the Australian Government and State, Territory and Local Governments *Impact on entity Financial Report* The Fund will apply Tier 1 requirements and it is not likely to affect the financial statements of the Fund.	1 July 2013	1 July 2013
AASB 1054 Australian Additional Disclosures This standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB. This standard relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas: (a) Compliance with Australian Accounting Standards (b) The statutory basis or reporting framework for financial statements (c) Whether the financial statements are general purpose or special purpose (d) Audit fees Imputation credits *Impact on entity Financial Report* The Fund has not yet determined the extent of the impact of the amendments, if any.	1 July 2011	1 July 2011

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance (continued)

Accounting Standards Issued But Not Yet Effective (continued)

Summary	Applic'n Date of Standard	Applic'n Date for entity*
AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13] Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions. Clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account. *Impact on entity Financial Report* These amendments are only expected to affect the presentation of the Fund's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report.	1 January 2011	1 July 2011
AASB 2010-5 Amendments to Australian Accounting Standards *[AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]* This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB. These amendments have no major impact on the requirements of the amended pronouncements. *Impact on entity Financial Report* The Fund has not yet determined the extent of the impact of the amendments, if any.	1 January 2011	1 July 2011
AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] The amendments increase the disclosure requirements for transactions involving transfers of financial assets. Disclosures require enhancements to the existing disclosures in AASB 7 where an asset is transferred but is not derecognised and introduce new disclosures for assets that are derecognised but the entity continues to have a continuing exposure to the asset after the sale. *Impact on entity Financial Report* The Fund has not yet determined the extent of the impact of the amendments, if any.	1 July 2011	1 July 2011

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance (continued)

Accounting Standards Issued But Not Yet Effective (continued)

Summary	**Applic'n Date of Standard**	**Applic'n Date for entity***
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and interpretations 2, 5, 10, 12, 19 & 127] The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: ▸ The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ▸ The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. *Impact on entity Financial Report* The Fund has not yet determined the extent of the impact of the amendments, if any.	1 January 2013	1 July 2013
AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112. *Impact on entity Financial Report* The Fund has not yet determined the extent of the impact of the amendments, if any.	1 January 2012	1 July 2012
AASB10 Consolidated Financial Statements AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and Interpretation-12 Consolidation – Special Purpose Entities. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This is likely to lead to more entities being consolidated into the group. *Impact on entity Financial Report* The Fund has not yet determined the extent of the impact of the amendments, if any.	1 January 2013	1 July 2013

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance (continued)

Accounting Standards Issued But Not Yet Effective (continued)

Summary	Applic'n Date of Standard	Applic'n Date for entity*
AASB 11 Joint Arrangements AASB 11 replaces AASB 131 Interests in Joint Ventures and Interpretation-13 Jointly-controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition AASB 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the group. *Impact on entity Financial Report* The Fund has not yet determined the extent of the impact of the amendments, if any.	1 January 2013	1 July 2013
AASB 12 Disclosure of Interests in Other Entities AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests. *Impact on entity Financial Report* The Fund has not yet determined the extent of the impact of the amendments, if any.	1 January 2013	1 July 2013
AASB 13 Fair Value Measurement AASB 13 establishes a single source of guidance under AASB for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under AASB when fair value is required or permitted by AASB. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. *Impact on entity Financial Report* The Fund has not yet determined the extent of the impact of the amendments, if any.	1 January 2013	1 July 2013

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance (continued)

Accounting Standards Issued But Not Yet Effective (continued)

Summary	Applic'n Date of Standard	Applic'n Date for entity*
IAS 1 Financial Statement Presentation These amendments improve how we present components of other comprehensive income. Impact on entity Financial Report. These amendments will affect only the presentation of the other comprehensive income. *Impact on entity Financial Report* The Fund has not yet determined the extent of the impact of the amendments, if any.	1 July 2012	1 July 2012
AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project *[AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132, AASB 134, Interpretation 2, Interpretation 112, Interpretation 113]* This Standard amendments many Australian Accounting Standards, removing the disclosures which have been relocated to AASB 1054. *Impact on entity Financial Report* The Fund has not yet determined the extent of the impact of the amendments, if any.	1 July 2011	1 July 2011
AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project – Reduced disclosure regime [AASB 101, AASB 1054] This Standard makes amendments to the application of the revised disclosures to Tier 2 entities, that are applying AASB 1053. *Impact on entity Financial Report* The Fund has not yet determined the extent of the impact of the amendments, if any.	1 July 2013	1 July 2013

* designates the beginning of the applicable annual reporting period.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Significant accounting judgements, estimates and assumptions

In the process of applying the Fund's accounting policies management has made various judgements, estimations and assumptions. Where significant, further information on these judgements, estimates and assumptions are disclosed in the relevant notes to the financial statements. The significant estimates are in relation to the measurement of the fair value of investment properties (Note 16), management fee assets (Note 14 & 2(e)(iii)), goodwill impairment testing (Note 15), measurement of net realisable value of inventories (Note 10), measurement of fair value of other liabilities (Note 20) and in determining the allocation of costs associated with revenue recognition on property development (Note 2(e)(iv)).

(d) Basis of consolidation (including accounting for investment in subsidiaries)

The consolidated financial statements comprise the financial statements of APGT ("the parent entity") and its controlled entities as at 30 June each year ("the Fund"). Under AASB 3, APGT is considered to be the parent entity of APGL. The consolidated financial statements have been drawn up in accordance with ASIC Class Order 05/642 relating to combining accounts under stapling, and for the purposes of fulfilling the requirements of the Bendigo Stock Exchange (BSX).

Subsidiaries are all those entities over which the Fund has the power to govern the financial and operating policies so as to gain benefits from their activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing consolidated financial statements, all intercompany balances and transactions, income and expenses, profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Fund and cease to be consolidated from the date on which control is transferred out of the Fund.

In the books of the parent entity, investments in subsidiaries for which the primary undertaking is to hold investment properties are accounted for on the basis described in Note 2(l). All other investments in subsidiaries are accounted for at cost in the separate financial statements of the parent entity.

The Fund accounts for acquisitions of subsidiaries using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values. The difference between these items and the fair value of the consideration (including the fair value of any pre-existing investments in the acquiree) is goodwill or a discount on acquisition.

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

Non-controlling interests not held by the Fund are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated balance sheet, separately from parent security holders' equity. Losses are attributed to the non-controlling interest even if that results in a deficit balance.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. Revenue brought to account but not received at balance date is recognised as a receivable. Revenue received in advance is classified as prepaid income and recognised as revenue over the period to which the revenue received relates. The following specific recognition criteria must also be met before revenue is recognised:

(i) Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(ii) Rental income and recoverable outgoings

Rental income from investment properties is accounted for on a straight-line basis for fixed increase leases over the lease term. Contingent rental income is recognised as income in the years in which it is earned. Lease incentives granted are recognised as an integral part of the total rental income.

(iii) Management fee income

Revenue from management fees is recognised as and when the fee could be estimated reliably and its receipt is probable. These fees are calculated as follows:

- Project delivery management fees in respect of development projects are recognised in accordance with the relevant Development Management Agreement for each project. This reflects the proportion of the project that has been settled.

- Property funds management fees (including performance fees and leasing fees) are recognised as services are performed in accordance with the relevant Property Management Agreement, Asset Management Agreement or Constitution for each entity.

  Where the fee is not yet due for settlement, but is reliably calculated based on the fair value of underlying assets managed, the fair value of those underlying assets is determined based on management's assessment of the current valuation of the assets held by the respective syndicates and trusts, taking into account independent valuations of those assets or recent market transactions for assets with similar characteristics, and applying the appropriate fee percentage as prescribed by the relevant Property Management Agreement, Asset Management Agreement or Constitution for each entity. If more than one fee may apply the lower rate is used. The movement in the fair value of the Management Fee Asset is shown as a separate line item of profit or loss within the Statement of Comprehensive Income.

- Other management fee revenue is recognised upon attaining control of the right to receive payment of the fee.

(iv) Property development sales income

Sales revenue in respect of property development projects is recognised on settlement of individual units of inventory. Costs in relation to individual settled units of inventory are recognised in proportion to the total costs for the project that the settled units of inventory represent.

All revenue is stated net of the amount of goods and services tax.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Borrowing costs

Borrowing costs such as interest are recognised as an expense when incurred. Borrowing costs relating specifically to the acquisition, construction or production of a qualifying asset are capitalised as part of inventories.

(g) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(h) Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Collectibility of trade receivables is reviewed on an ongoing basis. An allowance for impairment is made when there is objective evidence that the entity will not be able to collect the debts. Bad debts are written off when identified. Financial difficulties of the debtor and default payments are considered objective evidence of impairment.

(i) Derivative financial instruments

The Fund uses derivative financial instruments such as interest rate swaps and interest rate caps to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are stated at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value.

For the purposes of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; or cash flow hedges when they hedge exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction.

In relation to cash flow hedges which meet the conditions for hedge accounting (incl interest rate swaps), any gain or loss from remeasuring the hedging instrument at fair value is recognised directly in equity. For cash flow hedges that do not meet the conditions for hedge accounting (incl interest rate caps), but are used by the Fund to provide an economic hedge, any gains or losses arising from remeasuring the instrument at fair value is recognised in the profit and loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the statement of comprehensive income.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Income tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Under current tax legislation, APGT and BTT are not liable to pay income tax provided their taxable income and taxable realised gains are fully distributed to unit holders.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Other taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax ('GST') except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(l) Investment properties

Property (including land and buildings) held for long-term rental yield is classified as an investment property.

Initially, investment properties are measured at cost including transaction costs.

Subsequent to initial recognition, investment properties are carried at fair value. Fair value is based on active market prices, adjusted for any difference in the nature, location or condition of the specific asset or where this is not available, an appropriate valuation method which may include discounted cashflow projections and the capitalisation method. The fair value reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. It also reflects any cash outflows (excluding those relating to future capital expenditure) that could be expected in respect of the property.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Trust and the cost of the item can be measured reliably.

In the books of the parent entity, investments in subsidiaries for which the primary undertaking is to hold investment properties are accounted for on the above basis.

Land and buildings (including integral plant and equipment) that comprise the investment property are not depreciated.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of comprehensive income in the year in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

Any gains or losses on derecognition of an investment property are recognised in the statement of comprehensive income in the year of derecognition.

Investment properties which are held for sale in the next 12 months from the reporting date are classified as current assets, others are classified as non-current assets.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Investments and other financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Fund determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

Of the four classifications described above, the Fund currently only holds the following:

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available for Sale Investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as either at fair value through profit or loss, loans and receivables or held-to-maturity investments. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments with no active market is determined using appropriate valuation techniques.

Impairment

The Fund assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (ie the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(n) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Fund prior to the end of the financial year that are unpaid and arise when the Fund becomes obliged to make future payments in respect of the purchase of these goods and services.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Fund has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(p) Inventories (Development Properties)

Development land, including the acquisition costs of the land, together with associated development costs is valued at the lower of cost and net realisable value. Borrowing costs relating specifically to a qualifying asset are capitalised as part of inventories.

(q) Provisions

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Fund expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date using a discounted cash flow methodology. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(i) Dividends

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before reporting date.

(ii) Distributions

A provision for distributions is not recognised as a liability unless the distributions are declared, determined or publicly recommended prior to balance date.

(iii) Employee leave benefits

<u>Wages, salaries, annual leave and sick leave</u>
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of the employees' services up to reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses from non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

<u>Long service leave</u>
The liability for long service leave is recognised and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Contributed equity and unit holders' funds

Issued and paid up capital is recognised at the fair value of the consideration received by the Fund. Each issued security confers upon the security holder an equal interest in the Fund, and is of equal value. A security does not confer any interest in any particular asset or investment of the Fund. The rights, obligations and restrictions attached to each security holder are identical in all respects.

Any transaction costs arising on the issue of securities are recognised directly in equity as a reduction of the security proceeds received.

(s) Earnings per security (EPS)

Basic EPS is calculated as net profit attributable to security holders of the parent where securities are classified as equity, adjusted to exclude costs of servicing equity (other than dividends/distributions) divided by the weighted average number of ordinary securities.

Diluted EPS is calculated as net profit attributable to security holders where securities are classified as equity, adjusted for:

- costs of servicing equity (other than dividends/distributions);
- the after tax effect of dividends/distributions and interest associated with dilutive potential ordinary securities that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary securities;

divided by the weighted average number of ordinary securities and dilutive potential ordinary securities, adjusted for any bonus element.

(t) Leasing fees expense

Commissions paid for negotiating and executing the on-going renewal of tenant lease agreements are capitalised as a part of investment property and expensed on a straight line basis over the lease term on the same basis as the lease income.

(u) Leasing incentives

Incentives provided to lessees, which may take the form of rent free periods, rebates and lessor-paid fit-outs and improvements, are capitalised as part of the carrying amount of investment properties and amortised on a straight line basis over the lease term as a reduction of rental income.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Business Combinations

For business combinations completed after 1 July 2009

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's net assets. Acquisition related costs are expensed as incurred.

When the Fund acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Fund's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is measured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity it shall not be remeasured.

For business combinations completed before 1 July 2009

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, securities issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange unless it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

All identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the net fair value of the entity's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the entity's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- nature of the products and services,
- nature of the production processes
- type or class of customer for the products and services
- methods used to distribute the products or provide the services, and if applicable
- nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to the users of the financial statements.

Information about other business activities and operating segments, if any, that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

(x) Distributions

The Trust fully distributes its taxable income, including taxable capital gains arising from the disposal of investments, to unitholders on a quarterly basis or at such other times the Directors consider appropriate. Capital losses are not distributed to unitholders but are retained to be offset against any future realised capital gains. The Trust is currently in a tax loss position and as such does not have any net taxable income to distribute.

(y) Goodwill

Goodwill acquired in a business combination is initially measured at the cost of the business combination, being the excess of the consideration transferred over the fair value of the Fund's interest in net identifiable assets acquired and liabilities assumed. If this consideration transferred is lower than the fair value of the net identifiable assets of the subsidiary acquired the difference is recognised in profit and loss.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Fund's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Fund are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Fund at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment determined in accordance with AASB 8.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. When the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

Impairment losses for goodwill are not subsequently reversed.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation. All other repairs and maintenance are recognised in the profit and loss as incurred.

Depreciation is calculated on a straight-line or diminishing value basis over the estimated useful life of the specific assets as follows:
Leasehold improvements - 13 years
Office equipment - 3 to 10 years

The assets residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, at each financial year end.

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

3. OPERATING SEGMENTS

The Fund has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The primary reporting format for the group is business segments.

The operating segments are determined by management so as to aggregate operations with similar characteristics including nature of products produced or services provided, assets used in conducting that activity and relative risks of those activities. The operating segments identified are:

(i) Property investment - this business invests in commercial office buildings that are supported by long term rental income.

(ii) Property funds management - this business receives management fees for the provision of asset management and related services to property syndicates/trusts.

(iii) Property development - this business acquires and develops appropriate sites into residential land subdivisions, residential apartments or retail centres. Once the developments are completed revenue is derived from the sale of the land subdivisions, apartments or retail centres produced.

All identified operating segments are also reporting segments.

Overhead costs incurred are allocated to each business segment on a proportional basis based on resources required to manage each segment so as to determine the segment result.

The accounting policies adopted by the Fund in reporting on segments internally are the same as those adopted in Note 2 and also those adopted in the prior period.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

3. OPERATING SEGMENTS (continued)

30 June 2011	Property Investment $000	Property Funds Mgmt $000	Property Development $000	Total $000
Revenue				
Sales income	-	-	6,186	6,186
Rental income	26,484	-	1,188	27,672
Property funds management fee income	-	13,548	-	13,548
Interest income	160	238	387	785
Other income	90	437	-	527
Fair value movement in management fee asset	-	(3,407)	-	(3,407)
Fair value movement in investments	-	(7)	-	(7)
Revaluation increment on investment properties	6,496	-	-	6,496
Total Revenue and revaluation increments / (decrements)	33,230	10,809	7,761	51,800
Result				
Segment result before fair value movements, impairment and interest expense	20,073	8,707	(5,548)	23,232
Add/(less):				
Revaluation increment on investment properties	6,496	-	-	6,496
Management fee asset decrements	-	(3,407)	-	(3,407)
Impairment loss – loans receivable	-	-	-	-
Net realisable value adjustment - inventories	-	-	(3,773)	(3,773)
Interest expense	(17,192)	(1,505)	(2,183)	(20,880)
Segment result before income tax	9,377	3,795	(11,504)	1,668
Income tax (expense)/benefit	-	(1,029)	2,853	1,824
Segment Net Profit/(Loss)	9,377	2,766	(8,651)	3,492
Profit attributable to non-controlling interest	1	-	-	1
Segment Net Profit/(Loss) attributable to security holders	9,378	2,766	(8,651)	3,493
Assets				
Segment assets	338,031	36,028	48,777	422,836
Liabilities				
Segment liabilities	214,770	22,262	37,435	274,467
Cash flow information				
Net cash flows from/(used in) operating activities	3,880	(3,966)	(1,115)	(1,201)
Net cash flows from/(used in) investing activities	23,712	380	(134)	23,958
Net cash flows from/(used in) financing activities	(22,942)	-	(9,418)	(32,360)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

3. OPERATING SEGMENTS (Continued)

30 June 2010	Property Investment $000	Property Funds Mgmt $000	Property Development $000	Total $000
Revenue				
Sales income	-	-	35,846	35,846
Rental income	28,800	-	1,208	30,008
Property funds management fee income	-	7,678	-	7,678
Interest income	190	411	432	1,033
Other income	-	854	-	854
Fair value movement in management fee asset	-	(1,107)	-	(1,107)
Fair value movement in investments	-	(11)	-	(11)
Revaluation decrement on investment properties	(3,434)	-	-	(3,434)
Total Revenue and revaluation increments / (decrements)	25,556	7,825	37,486	70,867
Result				
Segment result before fair value movements, impairment and interest expense	21,311	5,686	(2,867)	24,130
Add/(less):				
Revaluation decrement on investment properties	(3,434)	-	-	(3,434)
Management fee asset decrements	-	(1,107)	-	(1,107)
Impairment loss – loans receivable	-	-	(2,031)	(2,031)
Net realisable value adjustment - inventories	-	-	(1,965)	(1,965)
Interest expense	(14,813)	(2,002)	(426)	(17,241)
Segment result before income tax	3,064	2,577	(7,289)	(1,648)
Income tax (expense)/benefit	-	227	2,114	2,341
Segment Net Profit/(Loss)	3,064	2,804	(5,175)	693
Loss attributable to non-controlling interest	-	-	-	-
Segment Net Profit/(Loss) attributable to security holders	3,064	2,804	(5,175)	693
Assets				
Segment assets	354,380	46,121	57,159	457,660
Liabilities				
Segment liabilities	234,090	36,724	34,004	304,818
Cash flow information				
Net cash flows from/(used in) operating activities	9,273	2,646	25,929	37,848
Net cash flows from/(used in) investing activities	(2,537)	(4,784)	(20,560)	(27,881)
Net cash flows from/(used in) financing activities	(6,083)	-	(11,837)	(17,920)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

		Consolidated	
		2011	**2010**
4.	**REVENUE AND EXPENSES**	**$000**	**$000**
(a)	**Revenue from operating activities**		
	Sales income	6,186	35,846
	Rental income	27,672	30,008
	Property funds management fee income	13,548	7,678
	Interest income	785	1,033
	Other income	527	854
	Total Revenue from operating activities	48,718	75,419
	Property funds management fee income includes:		
	Transaction fee income	2,469	386
	Property management fee income	10,305	6,620
	Leasing fee income	372	242
	Management services fee income	402	430
		13,548	7,678
(b)	**Expenses**		
	Depreciation of plant and equipment	94	103
	Defined contribution superannuation expense	264	256
	Operating lease payments included in statement of comprehensive income	98	95
	Operating Costs of Investment Properties	6,706	7,900
	Borrowing expenses		
	Interest and finance charges paid or payable to:		
	Related parties	1,881	274
	Other parties	20,892	18,535
		22,773	18,809
	Amortisation of borrowing costs	207	278
	Total borrowing expenses	22,980	19,087
	Less: interest expense for the current period included in development costs expensed	(1,893)	(1,568)
	Total borrowing expenses per statement of comprehensive income	21,087	17,519
	Management fee expenses		
	Management services fee expense	1,283	788
	Property management fee expense	249	190
	Total management fee expenses	1,532	978

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated	
	2011	**2010**
4. REVENUE AND EXPENSES (Continued)	**$000**	**$000**
(b) Expenses (Continued)		
Development costs expensed (incl cost of inventories sold)		
Palm Beach project		
Borrowing costs	603	1,230
Cost of inventories sold	5,504	29,903
Net realisable value adjustment to inventories	900	-
Other costs (incl selling and marketing costs)	1,417	4,883
Other projects (Springfield Meadows & Dolphin Point)		
Borrowing costs	814	338
Cost of inventories sold	364	-
Net realisable value adjustment to inventories	2,873	1,965
Other costs (inc selling and marketing costs)	1,644	267
Total development costs expensed (incl cost of inventories sold)	14,119	38,586

5. INCOME TAX

The major components of income tax benefit are:

	2011 $000	2010 $000
Statement of Comprehensive Income		
Current income tax		
Current income tax charge	(1,189)	(5,153)
Recognition of losses as deferred tax asset	89	3,498
Losses not recognised as deferred tax assets	1,100	-
Adjustments in respect of current income tax of previous years	-	-
Deferred income tax		
Relating to origination and reversal of temporary differences	(1,814)	2,884
Adjustments in respect of prior year tax returns	79	-
Franking credits received	-	(72)
Movement in losses recognised	(89)	(3,498)
Income tax benefit reported in the statement of comprehensive income	(1,824)	(2,341)

	2011 $000	2010 $000
A reconciliation between income tax benefit and the product of accounting loss before income tax multiplied by the Fund's applicable income tax rate is as follows:		
Accounting profit/(loss) before income tax	1,669	(1,648)
Less: Earnings relating to APGT (refer (i))	(11,601)	(3,142)
Adjusted accounting profit/(loss)	(9,932)	(4,790)
At the Fund's statutory income tax rate of 30% (2010: 30%)	(2,980)	(1,437)
Adjustments in respect of current income tax of previous years	79	-
Impairment losses not allowed for tax purposes	-	609
Adjustments relating to prior years resulting from changes to legislation in the current year	-	(1,395)
Fair value movement in management fee asset	(90)	403
Other income not assessable for income tax purposes	67	(542)
Losses not recognised as deferred tax assets	1,100	-
Other items (net)	-	21
Income tax benefit reported in the statement of comprehensive income	(1,824)	(2,341)

(i) Under current tax legislation, APGT (the parent) and BTT are not liable to pay income tax provided their taxable income and taxable realised gains are fully distributed to unit holders.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

5. INCOME TAX (CONTINUED)

	Balance Sheet		Statement of Comprehensive Income	
	2011	**2010**	**2011**	**2010**
Deferred income tax	**$000**	**$000**	**$000**	**$000**
Deferred income tax at 30 June relates to the following:				
Deferred tax liabilities				
Investments	11	13	2	(13)
Income receivable	22	15	(7)	(6)
Management fee asset	1,826	2,423	597	(2,423)
	1,859	2,451		
Deferred tax assets				
Formation costs and share issue costs	24	69	(45)	(37)
Borrowing costs	10	15	(5)	(9)
Accrued expenses	262	493	(231)	357
Leave liabilities	218	180	38	12
Plant and equipment	-	95	(95)	95
Work in progress expensed	3,645	2,085	1,560	(876)
Net (deferred tax asset)/deferred tax liability acquired - (refer Note 28)			-	16
	4,159	2,937	1,814	(2,884)
Losses available for offset against future taxable income	4,792	4,782	10	3,498
Gross deferred income tax assets	8,951	7,719		
Net deferred income tax assets	7,092	5,268		
Deferred tax income/(expense)			1,824	614

Under current tax legislation, APGT (the parent) is not liable to pay income tax provided its taxable income and taxable realised gains are fully distributed to unit holders, therefore no tax disclosures are made for APGT.

The group has tax losses of $3,670,000 on which no deferred tax asset has been recognised. The Fund has brought to account the tax effect of benefits from APGL's tax losses arising in Australia. The tax effect of these losses is $4,792,000 (2010: $4,782,000) and these are available indefinitely for offset against future taxable profits of the companies in which the losses arose. The Fund has recognised tax losses to the extent that forecasts indicate it is probable that sufficient taxable income will be earned to recoup the recognised losses.

The deferred tax asset will only be obtained if:
(a) future assessable income is derived of a nature and of an amount sufficient to enable the asset to be realised;
(b) the conditions for deductibility imposed by tax legislation continue to be complied with; and
(c) no changes in tax legislation adversely affect the Fund in realising the benefit.

Tax consolidation

APGL and its 100% owned Australian resident subsidiary (APB) formed a tax consolidated group with effect from 21 March 2005. APGA joined the tax consolidated group on 14 June 2007, APL, APS and AIM joined the tax consolidated group on 22 June 2007, APGM joined the tax consolidated group on 31 December 2007, DPF, ADPL and ADUT joined the tax consolidated group on 13 March 2009 and PFA joined the tax consolidated group on 12 April 2010. APGL is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

5. INCOME TAX (continued)

Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group in accordance with their accounting profit for the year, while deferred taxes are allocated to members of the tax consolidated group in accordance with the principles of AASB 112 *Income Taxes.* The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' intercompany accounts with the tax consolidated group head company.

6. EARNINGS PER SECURITY

Basic earnings per security amounts are calculated by dividing net profit/(loss) for the year attributable to security holders of the Fund by the weighted average number of ordinary outstanding securities during the year.

Diluted earnings per security amounts are calculated by dividing net profit/(loss) for the year attributable to security holders of the Fund by the weighted average number of ordinary outstanding securities during the year plus the weighted average number of securities that would be issued on the conversion of all the dilutive potential securities into securities.

The following represents the income and security data used in the basic and diluted earnings per security comparisons:

	Consolidated	
	2011 $000	**2010 $000**
Net profit/(loss) attributable to security holders of the Fund *	3,493	693
	Number 000	**Number 000**
Weighted average number of securities for basic earnings per security *	227,580	227,580

There have been no transactions involving ordinary securities or potential securities between reporting date and the date of completion of these financial statements.

* This has been used for the calculation of both basic and diluted earnings per security.

7. DISTRIBUTION/DIVIDENDS PAID OR PROPOSED	Consolidated	
	2011 $000	**2010 $000**
Distributions on stapled securities declared or paid during the year totalling 3.50 cents (2010: 3.50 cents) per annum per stapled security:		
Capital distributions paid during the year	5,980	5,979
Capital distributions provided for during the year (Note 17)	1,986	1,986
Total distributions	7,966	7,965

No dividends were paid or proposed by APGL during the year (2010: Nil). APGL had franking credits of $1,142,000 at 30 June 2011 (2010: $1,076,000).

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

8. CASH AND CASH EQUIVALENTS	**Consolidated 2011 $000**	**Consolidated 2010 $000**
Cash at bank and on hand	4,746	12,809
Short term deposits	1,706	3,293
Term deposits	1,350	1,303
	7,802	17,405

Cash at bank and short term deposits earn interest at floating rates based on daily bank deposit rates. Term deposits earn interest at fixed rates for terms of up to 90 days.

At 30 June 2011 the Fund had available $Nil (30 June 2010: $Nil) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

Reconciliation to Cash Flow Statement	**Consolidated 2011 $000**	**Consolidated 2010 $000**
For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following:		
Cash at bank and on hand	4,746	12,809
Short term deposits	1,706	3,293
Term deposits	1,350	1,303
	7,802	17,405
Reconciliation of net profit/(loss) after tax to net cash flows from/(used in) operating activities		
Net profit/(loss) after income tax	3,493	693
Adjustment for:		
Amortisation of borrowing costs	207	278
Amortisation of lease fitout incentives	206	445
Amortisation of prepaid leasing fees	304	264
Straight line rent adjustments	129	42
Depreciation expense	90	103
Loss on disposal of plant and equipment	(89)	315
Impairment loss - loans receivable	0	2,031
Dividends received	115	168
Equity Accounted Profits	(114)	-
Goodwill on Acquisition	36	-
Fair value movement in investments	-	11
Revaluation of property investment	(6,496)	3,434
Share of associate's net profits	-	(132)
Changes in assets and liabilities		
(Increase)/decrease in receivables	(3,340)	(3,567)
(Increase)/decrease in inventories	9,733	30,729
(Increase)/decrease in management fee asset	3,407	1,107
(Increase)/decrease in deferred tax asset	(1,824)	2,888
(Increase)/decrease in interest rate cap/swap	-	(163)
(Increase)/decrease in other assets	(45)	(74)
Increase/(decrease) in payables	(7,139)	3,752
Increase/(decrease) in current tax liability	-	(4,515)
Increase/(decrease) in provisions	126	39
Net cash from/(used in) operating activities	(1,201)	37,848

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

8. CASH AND CASH EQUIVALENTS (continued)

Disclosure of financing facilities
Refer to Note 18.

Non-cash financing and investing activities
There were no non-cash financing and investing activities during the period (2010: Nil).

9. TRADE AND OTHER RECEIVABLES	2011 $000	2010 $000
Current		
Trade and other debtors (i)	2,174	809
Trade and other debtors - related parties (i)	1,434	3,574
Advances to syndicates (ii)	60	2,300
	3,668	6,683
Non-Current		
Trade and other debtors (iii)	3,063	-
Trade and other debtors – related parties (iii)	2,589	-
Advances to syndicate (iii)	2,433	-
	8,085	-

(i) Trade and other debtors and amounts receivable from related parties (syndicates/trusts under management) are non-interest bearing and are generally settled on 30-60 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. There have been no impairment losses recognised in the year ended 30 June 2011 (2010: Nil).

(ii) This advance, which is unsecured with no set repayment terms, has been made to a syndicate for which an entity in the Fund acts as Responsible Entity. An advance of $2,300,000 has interest charged at APGL's cost of borrowing plus a margin of 5% pa. All other advances are interest free.

(iii) Non-current trade and other debtors and amounts receivable from related parties (syndicates/trusts under management) are subject to a loan agreement due for repayment by 30 June 2013. Interest is charged at the bank bill rate plus a margin of 2%. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. There have been no impairment losses recognised in the year ended 30 June 2011 (2010: Nil).

	2011 $000	2010 $000
(iv) At 30 June 2011, the ageing analysis of trade and other debtors is as follows:		
0 – 30 days	2,693	1,083
31 – 60 days	270	438
61 – 90 days	57	146
+ 91 days	588	2,716
Total	3,608	4,383

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

9. TRADE AND OTHER RECEIVABLES

Receivables past due but not considered impaired are $915,000 for the consolidated entity 2010: $3,300,000). The past due but not considered impaired receivables for the consolidated entity includes amounts totalling $588,000 (2010: $2,963,000) receivable from syndicates under the management of the Fund. The Directors have agreed to defer settlement of these amounts (as allowed under the respective Product Disclosure Statements of the syndicates) whilst new financing arrangements for those syndicates are being finalised. Payment terms for the other amounts have not been renegotiated. Management has been monitoring and has been in direct contact with the relevant debtor and is satisfied that payment will be received and that no material items are impaired.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

(v) During the comparative period, the Directors assessed that certain loans, which were settled on 22 February 2010 were impaired and impairment losses were recognised in the year ended 30 June 2010 of $2,031,000. The loans were settled as part of the consideration paid to transfer the titles to the Springfield Meadows and Dolphin Point development properties into the name of APGL. As a result of this transfer, the loan relationship with the other party ceased.

Fair value and risk exposure
Due to the short term nature of the current receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk at balance date is the fair value of receivables. Collateral is not held as security for any receivables, nor is it the Fund's policy to transfer (on-sell) receivables to special purpose entities. Details regarding interest rate risk exposure is disclosed in Note 22.

10. INVENTORY

	Consolidated 2011 $000	Consolidated 2010 $000
Current		
Development properties (Palm Beach) *	2,572	9,084
Development properties (Springfield Meadows/Dolphin Point) *	8,781	2,559
	11,353	11,643
Non-Current		
Development properties (Palm Beach) *	19,176	19,176
Development properties (Dolphin Point) *	4,500	13,943
	23,676	33,119

* inventories are stated at net realisable value which is lower than the cost.

Included in inventories are capitalised borrowing costs of $857,385 (2010: $1,152,000) (refer Note 2(f)).

Inventory expense
Inventories recognised as an expense for the year ended 30 June 2011 totalled $14,119,000 (2010: $38,586,000). This expense has been included in the development costs expensed line item in the statement of comprehensive income.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

		Consolidated	
		2011	**2010**
11.	**OTHER ASSETS**	**$000**	**$000**
	Current		
	Prepayments	150	260
	Security deposits	186	30
		336	290
12.	**PLANT AND EQUIPMENT**		
	Leasehold improvements at cost	579	136
	Accumulated depreciation	(65)	(23)
		514	113
	Office equipment at cost	311	262
	Accumulated depreciation	(184)	(136)
		127	126
	Assets held not ready for use	-	423
		641	662

Reconciliation of carrying amounts (net of accumulated depreciation) at the beginning and the end of the period:

	Leasehold Improvements $000	Office Equipment $000	Assets Held Not Ready For Use $000	Total $000
Balance as at 1 July 2009	408	191	-	599
Additions	4	54	423	481
Disposals	(264)	(51)	-	(315)
Depreciation expense	(35)	(68)	-	(103)
Balance as at 30 June 2010	113	126	423	662
Balance as at 1 July 2010	113	126	423	662
Additions	443	53	-	496
Disposals	-	(4)	(423)	(427)
Depreciation expense	(42)	(48)	-	(90)
Balance as at 30 June 2011	514	127	-	641

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

13. INVESTMENTS		**Consolidated 2011 $000**	**Consolidated 2010 $000**
Non-Current			
Investments in controlled entities	(i)	-	-
Investment in unlisted company		37	39
Investments in unlisted unit trusts	(ii)	220	229
		257	268

(i) Investments in controlled entities

The consolidated financial statements include the financial statements of APGT and the controlled entities listed in the following table:

Name	**Country of Regist.**	**Equity Interest 2011 %**	**Equity Interest 2010 %**
Blue Tower Trust	Australia	99.99	99.99
Australian Property Growth Limited and its controlled entities:	Australia	100 *	100 *
APGL (Palm Beach) Pty Ltd	Australia	100 *	100 *
APGF (Victoria) Pty Ltd	Australia	99 *	99 *
APGF Administration Pty Ltd	Australia	100 *	100 *
APGF Management Limited	Australia	100 *	100 *
APGF Property Limited	Australia	100 *	100 *
Austgrowth Property Syndicates Limited	Australia	100 *	100 *
Austgrowth Investment Management Pty Ltd	Australia	100 *	100 *
Domaine Property Funds Limited	Australia	100 *	100 *
Adviseq Pty Ltd	Australia	100 *	100 *
Adviseq Unit Trust	Australia	100 *	100 *
Property Funds Australia Limited	Australia	100 *	100 *

* APGT has no direct ownership in APGL or its controlled entities but is considered to be the parent entity of APGL under AASB 3 (refer Note 2 (d)).

(ii) Fair value of investments in unlisted unit trusts

Investments in unlisted unit trusts are categorised as Level 3 financial instruments as defined by AASB 7. Accordingly fair value is estimated using inputs for the asset that are not based on observable market data and specifically is based on the net asset values of the respective entities at balance date.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

		Consolidated	
		2011	2010
14. MANAGEMENT FEE ASSETS		$000	$000
Current	(i)	637	1,275
Non-Current	(i)	15,851	18,620
		16,488	19,895
Opening balance		19,895	10,238
Acquisition of subsidiaries (Note 28)		-	10,764
Fair value movement		(3,407)	(1,107)
		16,488	19,895

(i) Management Fee Assets

This asset represents the fees payable to the Fund in the event of the termination of the Asset Management Agreements or the sale of the underlying assets by syndicates or trusts for which the Fund acts as Asset Manager. Refer Note 2 (e)(iii).

	Consolidated	
	2011	2010
15. GOODWILL	$000	$000
Non-Current		
Goodwill		
Opening balance	13,197	13,053
Other additions/(decrease) *	(34)	144
Closing balance	13,163	13,197

* This amount is a result of the change in the fair value of the contingent consideration in respect of the acquisition of DPF in the 2009 financial year.

(i) Description of Goodwill

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment (refer below).

(ii) Impairment testing

For the purposes of impairment testing, goodwill acquired through business combinations has been allocated to one individual cash generating unit, the Property Funds Management ('PFM') unit. PFM is a reportable segment (refer Note 3). The amount of goodwill after providing for impairment allocated to this unit is $13,162,000 (2010: $13,197,000).

The goodwill was acquired in the following transactions:

- SPFM acquisition (APL, APS and AIM) which occurred on 22 June 2007 resulting in goodwill of $15,553,000. At 30 June 2008 the Directors considered that this asset was impaired, and recognised an impairment loss of $5,000,000 in the accounts in that period; and
- DPF acquisition which occurred on 13 March 2009 resulting in goodwill of $2,500,000. This amount has decreased by $35,000 in the year ended 30 June 2011 (2010: increase $144,000) as a result of changes to the fair value of contingent consideration relating to the acquisition of DPF.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

The recoverable amount of the PFM unit is based on fair value and takes into account multiples of earnings and also discounted cash flow techniques using five-year cash flow projections as at 30 June 2011 that have been approved by senior management. The after tax discount rate applied to cash flow projections is 13.04% (2010: 12.32%) and cash flows beyond the five-year period are included through a terminal value based on an Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) multiple of 7.6. The growth rate of management fee income, which is normally based on the values of properties managed, is assumed to be 3% per annum (2010: 3% per annum) which Directors consider to be less than the long term average growth rate in the property industry. The inflation rate applicable to management fee income that is not based on the value of properties managed, and also for expenses paid, is assumed to be 3% per annum (2010: 3% per annum) which the Directors consider to be an appropriate long term estimate based on their assessment of economic forecaster's projections.

The key assumptions that the fair value is most sensitive to are:

- Applicable EBITDA multiples and discount rates used – the EBITDA multiples and discount rates are based on averages paid on recent transactions of similar businesses.
- expected earnings - the earnings multiple has been applied to future expected earnings as forecast by management. This is based on historical results adjusted for the expected impact of management's future plans for the PFM unit.

The Directors are of the view that no reasonable change in EBITDA multiples and discount rates used would cause the recoverable amount of the unit to be materially less than its carrying amount. The Directors are of the view that the continued slow down in the property market can have a significant impact on expected earnings assumptions. Management notes that a decrease of 16% in the expected growth forecast would decrease the value-in-use fair value figure below its carrying amount.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

16. INVESTMENT PROPERTIES HELD DIRECTLY	**Consolidated 2011 $000**	**Consolidated 2010 $000**
Current	80,275	28,200
Non-current	250,000	319,300
Total	330,275	347,500
Included in the carrying amount of investment properties are the following components:		
Property asset	324,316	340,486
Lease fitout incentives (at written down value)	643	1,310
Straight line rent receivable *	3,671	4,549
Rental incentives (at written down value)	483	581
Leasing fees (at written down value)	1,162	574
Investment property (at valuation)	330,275	347,500

* Asset arising from recording lease income on a straight line basis

As part of the management of the investment property portfolio, certain investment properties may be sold. Investment properties which meet this criteria in the next 12 months are classified as current assets.

(a) Reconciliation of Carrying Amounts	**Consolidated 2011 $000**	**Consolidated 2010 $000**
Reconciliation of carrying amounts of property investments		
Opening balance at start of year	347,500	348,650
Additions	4,921	2,996
Disposals	(28,097)	-
Amortisation	(241)	(445)
Leasing fees expensed	(304)	(267)
Net gain/(loss) from fair value adjustments	6,496	(3,434)
Closing balance at end of year	330,275	347,500

(b) The assets of APGT and BTT are pledged as security to ANZ Banking Group Ltd and Suncorp-Metway Ltd under registered mortgage debentures granted by APGM as Custodian for APGT and BTT.

Included in the balances of property investments are assets over which mortgages have been granted as security over bank loans. The terms of the mortgages preclude the assets being sold or being used as security for further mortgages without the permission of the mortgage holder. The mortgage also requires buildings that form part of the security to be fully insured at all times.

The carrying value of the assets pledged as securities are:

	Consolidated 2011 $000	**Consolidated 2010 $000**
Property investments held directly	330,275	347,500

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

16. INVESTMENT PROPERTIES HELD DIRECTLY (continued)

(c) Details of Property Valuations

Property Description	Date Acquired	Cost and additions to 30 June 2011 $'000	Book value at 30 June 2011 * $'000	Book value at 30 June 2010 * $'000	Latest Independent Valuation ** $'000
12 Creek Street, Brisbane	19/09/2006	195,901	250,000**	240,000	250,000
99 Melbourne Street, Brisbane	21/12/2004	-	-	28,200	31,000
7 King Street, Concord, Sydney	02/10/2007	65,604	49,000	49,000	55,400
287-301 Collins Street, Melbourne	04/10/2007	36,706	31,275	30,300	30,750
Total		**298,211**	**330,275**	**347,500**	**367,150**

* Fair value as assessed by the APGM Directors in accordance with AASB 140 *Investment Property.*

The Directors' valuations and valuations by Knight Frank have been prepared with consideration given to market sentiment, the passing income and initial yield and fully leased yield basis after taking into account current market conditions and comparable sales evidence if available. The valuations as at 30 June 2011 are based on initial yields of 7.11% (2010: 6.70%) for Creek Street, 7.90% (2010: 7.90%) for King Street and 6.50% (2010: 6.50%) for Collins Street. The property at 99 Melbourne Street Brisbane was sold in September 2010.

The global market for all types of property has been severely affected in recent years by volatility in global financial markets. The lower levels of liquidity and volatility in the banking sector have translated into a general weakening of market sentiment towards property and the number of property transactions has significantly reduced.

Fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. A "willing seller" is not a forced seller prepared to sell at any price. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition. The current lack of comparable market evidence means that there is less certainty in regard to valuations.

The fair value of investment property has been adjusted to reflect market conditions at the end of the reporting period. While this represents the best estimates of fair value as at the balance sheet date, the current market uncertainty means that if investment property is sold in future the price achieved may be higher or lower than the fair value recorded in the financial report.

** Latest Independent Valuations are based on fair values as assessed using a fair market value approach between a willing buyer and seller by:

- 12 Creek Street – Knight Frank Valuations Queensland dated 22 June 2011.
- 7 King Street - DTZ Australia (NSW) Pty Ltd dated 18 August 2008.
- 287-301 Collins Street - Charter Keck Cramer dated 7 August 2008.
- 99 Melbourne Street - Knight Frank Valuations Queensland dated 4 August 2008.

The investment properties are subject to fixed term lease agreements at market rates with various escalation clauses and extension options with various tenants.

The primary tenants of:

- 7 King Street, Concord, Sydney is Westpac Banking Corporation;
- 287-301 Collins Street, Melbourne is ANZ Banking Group;
- 99 Melbourne Street, Brisbane is Stockland Ltd (building sold September 2010);
- 12 Creek Street, Brisbane – Various Tenants with no individual tenant occupying a significant tenancy.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated	
	2011	**2010**
17. TRADE AND OTHER PAYABLES	**$000**	**$000**
Current		
Trade creditors (i)	280	272
Prepaid income (ii)	854	2,066
Other creditors and accruals (iii)	7,066	6,161
Deferred consideration on PFA acquisition (iv)	-	6,000
Accrued distribution (v)	1,986	1,986
	10,186	16,485
Non – Current		
Other creditors and accruals	203	-
Accruals (iii)	-	1,119
Prepaid income (ii)	-	-
Accrual for deferred consideration	219	-
	422	1,119

(i) Trade creditors are non-interest bearing and are normally settled on 30 day terms.

(ii) Prepaid income is non-interest bearing and recognised as income over the period to which the prepayment relates.

(iii) Other creditors and accruals are non-interest bearing and are generally settled between 30 and 60 days of amounts becoming due and payable. The non-current portion represents amounts that are not expected to be settled within 12 months of balance date for contingent consideration payable on the acquisition of DPF and for a rent guarantee provided in respect of Palm Beach project sales.

(iv) Deferred consideration paid on 30 September 2010 to Mirvac Limited for the acquisition of PFA by APGL (refer Note 28).

(v) Accrued distribution represents a distribution for the June quarter (Note 7).

Fair value and risk exposure

The carrying value of the trade and other payables approximate their fair value. The fair values of contingent consideration payable for the acquisition of DPF and the rent guarantee provided in respect of Palm Beach project sales have been calculated by discounting the expected future cash flows at prevailing market interest rates.

Details of interest rate and liquidity risk exposure is disclosed in Note 22.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

18. BORROWINGS AND INTEREST BEARING LOANS

		Consolidated 2011 $000	Consolidated 2010 $000
Current			
Secured bank loans – St George Bank Limited	(i)	19,645	27,861
Secured bank loans – Suncorp-Metway Limited	(ii)	71,749	21,269
		91,394	49,130
Non Current			
Secured bank loans:			
- ANZ Banking Group Ltd	(ii)	150,000	-
- Suncorp-Metway Limited	(ii)	-	221,750
Less: Net borrowing costs		(1,231)	(266)
Unsecured loans from related entities (refer Note 27 (d))		19,970	13,000
		168,739	234,484

(i) These loan facilities are provided by St George Bank Limited. Details of the loans and security provided to the lender is:

- A fully drawn facility, expiring on 31 December 2011, with an outstanding balance at 30 June 2011 of $10,949,000 (2010: $16,638,000). Security provided to the lender is a guarantee and indemnity from APGL, first registered mortgage by APB over the commercial property located at Palm Beach Shopping Centre, 1102 & 1112 Gold Coast Highway, Palm Beach, first registered fixed and floating charge over the assets and undertakings of APB, a set off deed over an amount of $800,000 on deposit with St George Bank Limited given by APB and funds held on deposit of $64,647. Refer to Note 10.
- A fully drawn facility, first drawn on 22 February 2010 and due to expire on 30 December 2011, with an outstanding balance at 30 June 2011 of $8,696,000 (2010: $11,223,000). Security provided to the lender is a first registered real property mortgage over the Springfield Meadows and Dolphin Point properties, a charge over the assets and undertakings of APGL in respect of the Springfield Meadows and Dolphin Point properties, a charge over all current and future council and other authorities approvals, plans and specifications in relation to proposed developments on the Springfield Meadows and Dolphin Point properties and a set off deed amount of $440,000 funds on deposit with St George Bank Limited given by APGL. Refer to Note 10.

(ii) The loan facilities are provided by ANZ Banking Group Ltd and Suncorp-Metway Limited. Details of the loans and security provided to the lender is:

- A fully drawn facility for $nil (2010: $20,069,000) expiring on 30 September 2010. Security provided to the lender was a guarantee and indemnity from APGM as Custodian for APGT via first registered mortgage over the 99 Melbourne Street, Brisbane property. Refer to Note 16(b). This property was sold and the loan repaid in September 2010.
- A fully drawn facility totalling $150,000,000 from ANZ Banking Group expiring on 29 June 2014. Security provided to the lender is a guarantee and indemnity from APGM as Custodian for BTT via registered first mortgage over the 12 Creek Street, Brisbane property and mortgage debenture over all the assets and undertakings of APGM. Refer to Note 16(b).
- A fully drawn facility of $149,600,000 from Suncorp-Metway Limited was repaid in full on 29 June 2011. Security provided to the lender is a guarantee and indemnity from APGM as Custodian for BTT via registered first mortgage over the 12 Creek Street, Brisbane property. Refer to Note 17(b).
- A fully drawn facility for $17,400,000 (2010: $18,600,000) expiring on 31 October 2011. Principal repayments are $100,000 per month with the outstanding balance due on expiry of the facility. Security provided to the lender is a fixed and floating charge over all of APGL's assets and undertakings, excluding property development assets, and a share mortgage granted over all of the shares issued by APGM, DPF, APL, APS and AIM.
- A fully drawn facility for $36,100,000 of which the carrying amount is $36,050,000 (2010: $36,450,000) expiring on 30 April 2012. Security provided to the lender is a guarantee and indemnity from APGM as Custodian for APGT via first registered mortgage over the 7 King Street, Concord property. Refer to Note 16(b).

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

18. BORROWINGS AND INTEREST BEARING LOANS (Continued)

- A fully drawn facility for $18,300,000 (2010: $18,300,000) expiring on 31 October 2011. Security provided to the lender is a guarantee and indemnity from APGM as Custodian for APGT via first registered mortgage over the 287-301 Collins Street, Melbourne property. Refer to Note 16(b).

Fair value and risk exposure

The carrying amount of the Fund's current and non-current borrowings approximates their fair value. The fair values have been calculated by discounting the expected future cash flows at prevailing market interest rates. Details regarding the Fund's interest rate and liquidity risk exposure is disclosed in Note 22.

Average interest rates on borrowings as at 30 June 2011: 8.32% (2010:7.95%).

Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

	Consolidated	
	2011 $000	2010 $000
Facilities unused	30	-
Facilities used	261,363	270,880
Total facilities	261,393	270,880

Assets pledged as security

Details of assets pledged as security are disclosed above and in Note 16(b).

Defaults and breaches

During the current and prior years, there were no defaults or breaches of any of the terms of the loan agreements.

19. PROVISIONS

	Consolidated	
	2011 $000	2010 $000
Current		
Annual leave	327	246
Long service leave	99	-
	426	246
Non - Current		
Long service leave	300	354

Refer to Note 2(q) for the relevant accounting policy and a discussion of the significant estimations and assumptions applied in the measurement of these provisions.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated	
	2011	**2010**
20. OTHER LIABILITIES	**$000**	**$000**
Non - Current		
Loan - Palm Beach Developments Pty Ltd (i)	3,000	3,000

(i) Pursuant to a Development Agreement between Palm Beach Developments Pty Ltd ("PBD") and APB, PBD is to contribute 20% of the equity for the Palm Beach project up to $3 million in return for being entitled to a development fee equating to 20% of the profits of the project or its proportionate share based on project equity contributed.

21. MEMBERS' INTERESTS	**2011 Number**	**2011 $000**	**2010 Number**	**2010 $000**
CONSOLIDATED				
Units issued in APGT (i)	227,580,022	178,992	227,580,022	186,958
Shares issued in APGL (ii)	227,580,022	23,473	227,580,022	23,473
		202,465		210,431

(i) Units carry one vote per unit and carry the right to receive distributions.
(ii) Fully paid ordinary shares carry one vote per share and carry the right to receive dividends.

Movements in securities on issue	**Units in APGT**		**Shares in APGL**	
	Number	**$000**	**Number**	**$000**
At 1 July 2009	227,580,022	194,923	227,580,022	23,473
Capital distributions during the year		(7,965)		-
At 30 June 2010	227,580,022	186,958	227,580,022	23,473
Capital distributions during the year		(7,966)		-
At 30 June 2011	227,580,022	178,992	227,580,022	23,473

There were no issues of securities during the year ended 30 June 2011 or 30 June 2010.

The following capital distributions were paid/payable during the year ended 30 June 2011:	**$000**
Distribution for the quarter ended 30 September 2010 paid on 21 October 2010	2,008
Distribution for the quarter ended 31 December 2010 paid on 31 January 2011	2,008
Distribution for the quarter ended 31 March 2011 paid on 29 April 2011	1,964
Distribution for the quarter ended 30 June 2011 paid on 29 July 2011	1,986
	7,966

The following capital distributions were paid/payable during the year ended 30 June 2010:	
Distribution for the quarter ended 30 September 2009 paid on 31 October 2009	2,008
Distribution for the quarter ended 31 December 2009 paid on 30 January 2010	2,008
Distribution for the quarter ended 31 March 2010 paid on 30 April 2010	1,963
Distribution for the quarter ended 30 June 2010 paid on 31 July 2010	1,986
	7,965

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

21. MEMBERS' INTERESTS (Continued)

Capital Management

When managing the capital base, management's objective is to ensure the Fund continues as a going concern as well as to maintain optimal returns to security holders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity, whilst also complying with any capital requirements of relevant regulatory authorities.

The Fund's normal capital management strategy is to target distributions that are in line with profits with the aim of ensuring the sustainability of investor returns, while Management is constantly adjusting the capital structure to take advantage of favourable costs of capital or returns on assets. As the market is constantly changing, management may change the amount of dividends or distributions to be paid to security holders, return capital to security holders, issue new stapled securities or sell assets to reduce debt.

During 2011, the Fund paid distributions of $7,965,000 (2010: $7,965,000) at the rate of 3.50 cents (2010: 3.50 cents) per stapled security.

Management monitors capital through the gearing ratio (total interest bearing liabilities divided by total capital). The target for the Fund's gearing ratio is between 40% and 65% for investment properties and up to 80% (depending on level of pre-sales) for development projects. The gearing ratios at 30 June 2011 and 2010 were as follows:

	Consolidated	
	2011	**2010**
	$000	**$000**
Total interest bearing liabilities	260,133	289,880
Total equity	148,369	152,842
Total capital	408,502	442,722
Gearing ratio	63.68%	65.48%

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's principal financial instruments comprise receivables, payables, bank and other loans, cash and short-term deposits and derivatives.

The Fund manages its exposure to key financial risks, including interest rate risk, in accordance with the Fund's financial risk management policy. The objective of the policy is to support the delivery of the Fund's financial targets whilst protecting future financial security.

The Fund enters into derivative transactions, principally interest rate swaps and interest rate caps. The purpose is to manage the interest rate risk arising from the Fund's operations and its sources of finance. Trading in derivatives has not been undertaken. The main risks arising from the Fund's financial instruments are interest rate risk, credit risk and liquidity risk. The Fund is not exposed to any material foreign currency risk. The Fund uses different methods to measure and manage different types of risks to which it is exposed. These include:

- monitoring levels of exposure to interest rate risk and assessments of market forecasts for interest rates,
- ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk, and
- liquidity risk is monitored through the development of rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Audit and Risk Committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including hedging cover of interest rate risk, credit allowances and monitoring future cash flow forecast projections.

Risk Exposure and Responses

Interest rate risk

The Fund's exposure to market interest rates relates primarily to the Fund's long-term debt obligations and interest rate swaps and caps. The level of debt is disclosed in Note 18.

At balance date, the Fund had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	Consolidated 2011 $000	Consolidated 2010 $000
Financial assets		
Cash and cash equivalents	7,802	17,405
Receivables	11,550	2,300
	19,352	19,705
Financial liabilities		
Secured bank loans	241,393	270,880
Unsecured loan from related party	19,970	-
	261,363	270,880
Net exposure	(242,011)	(251,175)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk Exposure and Responses (continued)

Interest rate risk (continued)

The Fund's policy is to manage its finance costs using a mix of fixed and variable rate debt, while there is no specified policy on the mix of fixed and variable rates.

The Fund constantly analyses its interest rate exposure. As part of this process consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. Based on average values of financial assets and financial liabilities for the year ended 30 June 2011, if interest rates had moved with all other variables held constant, post tax profit and member's interest would have been affected as follows:

Judgements of reasonably possible movements in interest rates:			**Post Tax Profit Higher/ (Lower)**		**Other Comprehensive Income Higher/ (Lower)**	
	2011 Basis Points	**2010 Basis Points**	**2011 $000**	**2010 $000**	**2011 $000**	**2010 $000**
Consolidated						
Increase	50	50	(1;041)	(1,128)	-	-
Decrease	25	25	521	564	-	-

Reasonably possible movements in interest rates were determined based on the Fund's current credit profile and relationships and ongoing negotiations with financial institutions and management's assessment of economic forecaster's expectations of movements in interest rate markets.

The movements in profit are due to higher interest rates on variable rate debt and cash balances. The sensitivity in profits is higher in 2011 than in 2010 because of an increase in outstanding borrowings and reduction in cash balances during the period. The movement in equity excludes the post tax profit impact above.

Credit risk

Credit risk arises from the financial assets of the Fund, which comprise cash and cash equivalents, trade and other receivables and derivative instruments. The Fund's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Fund trades only with recognised, creditworthy counterparties, and as such, collateral is not requested nor is it the Fund's policy to securitise its trade and other receivables. The Fund does not hold any credit derivatives to offset its credit exposure.

It is the Fund's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis with the result that the Fund's exposure to bad debts is not significant.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk Exposure and Responses (continued)

Liquidity risk

Liquidity risk is the risk the Fund will not have sufficient funds to settle a transaction on the due date. The Fund's main liquidity risk is its ability to refinance its existing borrowings when they expire. To limit this risk, management has arranged a number of separate fully drawn bank facilities with various maturity dates. Cash flow forecasts and liquidity are monitored on an ongoing basis. This includes an assessment of expected cash flows and the availability of suitable collateral which could be used to secure additional funding if required. The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Fund.

The table below summarises the maturity profile of the Fund's financial liabilities at balance date based on contractual undiscounted repayment obligations. Cash flows for financial liabilities without fixed amount or timing are based on the conditions and expectations existing at balance date. The contractual maturities of the Fund's financial liabilities are:

Financial liabilities	**≤6 Months $000**	**6-12 Months $000**	**1-5 Years $000**	**> 5 Years $000**	**Total $000**
Year ended 30 June 2011					
Consolidated					
Trade and other payables	10,186	-	422	-	10,608
Interest bearing loans & borrowings	65,570	44,444	193,715	-	303,729
Other liabilities	-	-	3,000	-	3,000
	75,756	44,444	197,137	-	317,337
Year ended 30 June 2010					
Consolidated					
Trade and other payables	15,884	493	1,227	-	17,604
Interest bearing loans & borrowings	58,887	10,252	241,608	-	310,747
Other liabilities	-	-	3,000	-	3,000
	74,771	10,745	245,835	-	331,351

Fair value

The recognised financial assets and liabilities included in the Fund's Balance Sheet are carried at values which Directors consider approximates their net fair value.

The methods for estimating fair value are outlined in the relevant notes to the financial statements.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

23. COMMITMENTS AND CONTINGENCIES

Capital Commitments

At 30 June 2011 outstanding contracted capital commitments for expenditure were $Nil (2010: $670,000). These capital commitments are all due for settlement within 12 months of the balance sheet date.

Bank Guarantees

At 30 June 2011 bank guarantees provided by the Fund total $37,500 (2010: $400,000). These guarantees are secured by cash accounts held with the bank.

Contingencies

APGL had agreed to provide Interest Servicing Guarantees to the Commonwealth Bank of Australia ("CBA") in respect of loans provided by CBA to some of the trusts/syndicates for which subsidiaries of APGL act as Responsible Entity and Trustee. Under the terms of these guarantees APGL was liable to pay CBA any interest not paid to CBA by the relevant trusts/syndicates. As at 30 June 2011 APGL had not been required to pay any amounts under these guarantees as all interest due and payable had been paid by the relevant trusts/syndicates. All of these loans, other than the Penrith Property Syndicate loan, have been repaid to CBA by 31 July 2011.

The Directors are of the opinion that there are no other contingent liabilities or assets as at balance date that are not already provided for or disclosed in the notes to the financial statements.

Operating lease commitments – Fund as lessor

Some of the properties owned by the Fund are leased to third parties under operating leases.

	Consolidated	
Future minimum rental revenues under non-cancellable operating leases are as follows:	**2011 $000**	**2010 $000**
- not later than one year	29,413	27,708
- later than one year and not later than five years	53,183	50,849
- later than five years	11,032	9,429
Total	93,628	87,986

Operating lease commitments – Fund as lessee

The Fund has entered into operating leases over office premises and office equipment.

	Consolidated	
Future minimum rentals payable under non-cancellable operating leases are as follows:	**2011 $000**	**2010 $000**
- not later than one year	123	158
- later than one year and not later than five years	129	180
- later than five years	-	-
Total	252	338

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

24. RELATED PARTY DISCLOSURES

APGT is the parent entity of the entities listed in Note 13 (i). APGM is the Trustee and Responsible Entity of APGT and BTT.

Key Management Personnel
Details relating to directors and key management personnel of APGM and APGL are included in Note 27.

Scheme Management and Transaction Fees
Subsidiaries of the Fund act as Responsible Entity and provide asset management services (APGM, APL, APS, DPF and PFA) and property management services (APGM and AIM) to the following trusts and syndicates:

APGT (i)
BTT (i)
APGF Diversified Property Fund
APGF Property Syndicate 4
APGF Property Syndicate 5
APGF Property Syndicate 7
APGF Property Syndicate 2000
Burwood Property Syndicate
Brisbane CBD Property Syndicate
Brisbane Property Syndicate (vi)
Canberra Property Syndicate (vi)
Melbourne Property Syndicate
Domaine SEQ Growth Fund (ii)
Domaine SEQ Growth Trust (ii)
Domaine Hunter Fund (ii)
PFA Diversified Property Trust (iv)
Merrylands Property Syndicate (iii)
Penrith Property Syndicate
Austgrowth Property Syndicate 18 (vi)
Austgrowth Property Syndicate 19
Austgrowth Property Syndicate 20
Austgrowth Property Syndicate 21
Austgrowth Property Syndicate 22
Austgrowth Property Syndicate 23
Austgrowth Property Syndicate 24
Warnbro Fair Syndicate (v)
Mernda Land Trust
Domaine Diversified Property Fund (ii)
Belmont Trust (ii)
Domaine Land Fund (ii)

	2011 $000	2010 $000
Property funds management fee income	13,146	7,248
Movement in management fee asset (refer Note 14)	(3,407)	(1,107)
Net property funds management fees paid/payable by these entities to the Fund	9,739	6,141

(i) These fees have been eliminated on consolidation.
(ii) Includes fees from 13 March 2009 (date DPF was acquired by the Fund)
(iii) Property was sold in September 2009
(iv) Includes fees from 12 April 2010 (date PFA was acquired by the Fund)
(v) Ceased operations in March 2010
(vi) Resigned as responsible entity effective 31 May 2011.

Transactions between APGM, APL, APS, AIM, DPF and PFA and the abovementioned entities result from normal dealings with those entities in accordance with the applicable Management Agreements.

Other transactions

Provision of Interest Servicing Guarantee
APGL had agreed to provide Interest Servicing Guarantees to the Commonwealth Bank of Australia ("CBA") in respect of loans provided by CBA to some of the trusts/syndicates for which subsidiaries of APGL act as Responsible Entity and Trustee. Refer Contingencies in Note 23.

Investment in PFA Diversified Unit Trust
APGF holds 224,244 units (2010: 224,244) in the PFA Diversified Property Trust, an entity for which PFA acts as responsible entity and trustee. During the year ended 30 June 2011 APGF received distributions in respect of this investment totalling $16,259 (2010: $4,000).

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

25. AUDITOR'S REMUNERATION

	Consolidated 2011 $	Consolidated 2010 $
The auditor of APGF is Ernst & Young. Amounts received or due and receivable by Ernst & Young for:		
• an audit or review of the financial report of the Fund and any other entity in the Fund	222,500	196,000
• other services in relation to the Fund and any other entity in the Fund		
- other audit services –AFSL audits	24,500	38,900
- taxation services	38,850	47,970
	285,850	282,870
Amounts received or due and receivable by other auditors for other services in relation to the Fund and any other entity in the Fund		
- other audit services – compliance plan audit	4,400	7,350
- other audit services – audit of outgoings	7,760	5,900
	12,160	13,250

26. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The Directors are not aware of any matter or circumstance not otherwise dealt with in the reports or the accounts that has significantly affected or may significantly affect the operations of the Fund, the results of those operations or the state of affairs of the Fund in subsequent financial years.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

27. DIRECTORS AND EXECUTIVES DISCLOSURES

(a) Key Management Personnel ("KMP")

The KMP of APGM, the Trustee and Responsible Entity of APGT during the year and up to the date the financial report was authorised for issue, are:

Directors	
N. E. Summerson	Chairman (non-executive)
G. M. McMahon	Managing Director
A. J. Cragnolini	Director (executive)
Executives	
M. O'Reilly	Director, Asset Management
L. Garcia	Senior Funds Manager
M. S. Rundle	General Manager – Property Development

APGM, as the Responsible Entity of APGT, is considered to be included in KMP of APGT. There were no changes to the KMP after reporting date and before the date the financial report was authorised for issue.

(b) Compensation for KMP

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Directors and executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality, high performing Board and executive team.

For the Fund to attract, motivate and retain highly skilled KMP, it embodies the following in its remuneration framework:

- provide competitive rewards to attract high calibre executives;
- link executive rewards to security holder value;
- have a significant portion of remuneration 'at risk'; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

<u>Non-executive Director Remuneration</u>

The Fund seeks to aggregate remuneration at a level that provides the Fund with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to security holders.

At the General Meetings held on 20 December 2007 security holders approved an aggregate remuneration for non-executive Director remuneration of $350,000 per year for the Fund. The non-executive Directors do not participate in any incentive programs and the only retirement benefits they receive is through superannuation contributions included in their fees derived during the period of their directorship.

The remuneration of non-executive Directors for the years ended 30 June 2011 and 30 June 2010 is detailed in Tables 1 and 2 below. The remuneration paid to Non-executive Directors includes their involvement in committees of the Fund.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

27. DIRECTORS AND EXECUTIVES DISCLOSURES (Continued)

(b) Compensation for KMP (Continued)

Executive Remuneration

The Fund aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Fund so as to:

- reward executives for Fund, business unit and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of security holders; and
- ensure total remuneration is competitive by market standards.

The Remuneration Committee has entered into a detailed contract of employment with the Managing Director and other senior executives. Details of these contracts are provided below.

Remuneration consists of the following key elements:

- Fixed remuneration (base salary, superannuation and non-monetary benefits);
- Variable remuneration
  - short term incentive ('STI'); and
  - long term incentive ('LTI').

The fixed and variable remuneration (potential short and long term incentives) for each executive is set out in Tables 1 and 2 below. While the amounts are based upon targets, the incentives represent no more than 20% of the fixed remuneration component. Non-monetary benefits are included in remuneration packages.

Fixed Remuneration
Fixed remuneration is reviewed annually by the Remuneration Committee. The process consists of a review of Fund, business unit and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices.

Variable Remuneration – Short Term Incentive ('STI')
Actual STI payments granted to each executive depend on the extent to which specific targets set at the beginning of the financial year are met. The targets consist of a number of benchmarks and key performance indicators ('KPIs') covering both financial and non-financial, corporate and individual measures of performance. The targets can include measures such as contribution to net profit after tax, capital management strategies, risk management, business development and leadership/team contribution. The specific measures chosen represent the key drivers for the short term success of the Fund and provide a framework for delivering long term value.

The Remuneration Committee has determined that due to the difficult financial conditions there will be no STI amounts payable to KMP for the years ended 30 June 2011 and 30 June 2010.

Variable Remuneration – Long Term Incentive ('LTI')
There is currently no LTI plan established. It is intended that a LTI plan for the senior executives of the Fund will be established in the future.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

27. DIRECTORS AND EXECUTIVES DISCLOSURES (Continued)

(b) Compensation for KMP (Continued)

Table 1: Remuneration of Key Management Personnel for the year ended 30 June 2011

	Short-term				Post-employment		Long-term		Termination Benefits	Share-based Payments	Total	Performance Related %
	Salary & Fees	Cash Incentive	Non - monetary Benefits	Other	Super	Other	Incentive Plans	Long Service Leave ^		Options		
	$	$	$	$	$	$	$	$	$	$	$	
Non-executive Directors												
N. Summerson (Chairman)	100,917	0	0	0	9,083	0	0	0	0	0	110,000	
R. Bryan	55,000	0	0	0	0	0	0	0	0	0	55,000	
S. Bryan	50,000	0	0	0	5,000	0	0	0	0	0	55,000	
K. Pickard	50,459	0	0	0	4,541	0	0	0	0	0	55,000	
Subtotal – non-executive Directors	**256,376**	**0**	**0**	**0**	**18,624**	**0**	**0**	**0**	**0**	**0**	**275,000**	
Executive Directors												
G. McMahon (Managing Director)	673,146	0	11,655	0	15,199	0	0	18,536	0	0	718,536	0.00%
A. Cragnolini (Chief Financial Officer)	245,600	0	7,269	0	22,131	0	0	0	0	0	275,000	0.00%
Other KMP												
M. O'Reilly (Director of Property)	500,004	0	0	0	0	0	0	0	0	0	500,004	0.00%
L. Garcia (Senior Funds Manager)	251,132	0	1,266	0	22,602	0	0	5,680	0	0	280,680	0.00%
M. Rundle (General Manager – Property Development)	200,955	0	30,762	0	18,283	0	0	6,620	0	0	256,620	0.00%
Subtotal - executive KMP	**1,870,837**	**0**	**50,952**	**0**	**78,215**	**0**	**0**	**30,836**	**0**	**0**	**2,030,840**	
Total	**2,127,213**	**0**	**50,952**	**0**	**96,839**	**0**	**0**	**30,836**	**0**	**0**	**2,305,840**	

^ This is the movement in the KMP's long service leave entitlement during the year and these have not been paid at balance date.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

27. DIRECTORS AND EXECUTIVES DISCLOSURES (Continued)

(b) Compensation for KMP (Continued)

Table 2: Remuneration of Key Management Personnel for the year ended 30 June 2010

	Short-term				Post-employment		Long-term		Termination Benefits	Share-based Payments	Total	Performance Related %
	Salary & Fees	Cash Incentive	Non - monetary Benefits	Other	Super	Other	Incentive Plans	Long Service Leave ^		Options		
	$	$	$	$	$	$	$	$	$	$	$	
Non-executive Directors												
N. Summerson (Chairman)	100,917	0	0	0	9,083	0	0	0	0	0	110,000	
R. Bryan	55,000	0	0	0	0	0	0	0	0	0	55,000	
S. Bryan	50,000	0	0	0	5,000	0	0	0	0	0	55,000	
K. Pickard	50,459	0	0	0	4,541	0	0	0	0	0	55,000	
Subtotal – non-executive Directors	**256,376**	**0**	**0**	**0**	**18,624**	**0**	**0**	**0**	**0**	**0**	**275,000**	
Executive Directors												
G. McMahon (Managing Director)	674,657	0	10,882	0	14,461	0	0	19,605	0	0	719,605	0.00%
A. Cragnolini (Chief Financial Officer)	218,405	0	11,938	0	19,657	0	0	0	0	0	250,000	0.00%
Other KMP												
M. O'Reilly (Director of Property)	500,004	0	0	0	0	0	0	0	0	0	500,004	0.00%
L. Garcia (Senior Funds Manager)	266,960	0	10,786	0	43,646	0	0	8,130	0	0	329,522	0.00%
M. Rundle (General Manager – Property Development)	206,525	0	24,508	0	18,967	0	0	12,030	0	0	262,030	0.00%
Subtotal - executive KMP	**1,866,551**	**0**	**58,114**	**0**	**96,731**	**0**	**0**	**39,765**	**0**	**0**	**2,061,161**	
Total	**2,122,927**	**0**	**58,114**	**0**	**115,355**	**0**	**0**	**39,765**	**0**	**0**	**2,336,161**	

^ This is the movement in the KMP's long service leave entitlement during the year and these have not been paid at balance date.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

27. DIRECTORS AND EXECUTIVES DISCLOSURES (Continued)

(b) Compensation for KMP (Continued)

Employment Contracts

The Managing Director and senior executives are employed under Executive Employment Agreements except for Michael O'Reilly who is employed under a Consultancy Agreement. These agreements have no fixed period or termination date. The terms of the current agreements are summarised below:

	Position	Commencement Date	Fixed Remuneration (per annum)	Minimum Notice Required on Termination* to be given by: Executive	Employer
G. McMahon	Managing Director	1 January 2008 **	$700,000	3 months	12 months
A. Cragnolini	Executive Director	1 January 2008 **	$275,000	3 months	3 months
M. O'Reilly	Director of Property	1 January 2008 **	$500,000	6 months	6 months
L. Garcia	Senior Funds Manager	21 June 2007	$275,000	6 months	6 months
M. Rundle	General Manager - Property Development	1 January 2008 **	$250,000	3 months	6 months

* The minimum notice can be varied in the following circumstances:

- if either the employer or executive gives notice of termination to the other, the employer may terminate the employment of the executive immediately or at any time during the notice period and pay to the executive their fixed remuneration for the balance of the notice period,
- notwithstanding the notice periods disclosed above, the employer may terminate the contract at any time without notice or payment in lieu of notice if the executive:
  - is guilty of misconduct;
  - is charged with any offence that involves fraud or dishonesty or any other offence that is punishable by imprisonment, or any offence that in the employer's reasonable opinion, affects the executive's suitability for their position;
  - neglects their duties or is incompetent;
  - becomes bankrupt or compound with, or assigns their estate for the benefit of, one or more of the executive's creditors;
  - engages in conduct of a sort which, in the employer's reasonable opinion, may injure its reputation; or
  - breaches his obligations in respect of confidential information or protection of the employer's goodwill.

** Previously employed by an entity related to the external manager of the Fund at the time.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

27. DIRECTORS AND EXECUTIVES DISCLOSURES (continued)

(c) Securityholdings of KMP

Securities held in the Fund* (number)

30 June 2011	Balance at 01-07-2010	Granted as Remuneration	On Exercise of Options	Other Net Change	Balance at 30-06-2011
Directors					
N. E. Summerson #	92,532,062	0	0	0	92,532,062
G. M. McMahon #	92,963,693	0	0	2,000	92,965,693
R. Bryan #	90,421,693	0	0	0	90,421,693
S. E. Bryan	77,666	0	0	0	77,666
K. R. Pickard	3,017,300	0	0	0	3,017,300
A. J. Cragnolini	9,434	0	0	0	9,434
Executives					
M. O'Reilly	490,305	0	0	0	490,305
L. Garcia	0	0	0	0	0
M. S. Rundle	11,000	0	0	0	11,000
Total #	98,679,767	0	0	2,000	98,681,767

30 June 2010	Balance at 01-07-2009	Granted as Remuneration	On Exercise of Options	Other Net Change	Balance at 30-06-2010
Directors					
N. E. Summerson #	92,532,062	0	0	0	92,532,062
G. M. McMahon #	92,963,693	0	0	0	92,963,693
R. Bryan #	90,421,693	0	0	0	90,421,693
S. E. Bryan	77,666	0	0	0	77,666
K. R. Pickard	3,017,300	0	0	0	3,017,300
A. J. Cragnolini	9,434	0	0	0	9,434
Executives					
M. O'Reilly	490,305	0	0	0	490,305
L. Garcia	0	0	0	0	0
M. S. Rundle	11,000	0	0	0	11,000
Total #	98,679,767	0	0	0	98,679,767

* Securities held in the Fund represent one unit issued in APGT stapled to one share issued in APGL. The stapled securities are treated as one security and cannot be traded or dealt with separately.

The holdings of N. E. Summerson, G. M. McMahon and R. Bryan each include the same securities held by the Leyshon Group of Companies. At 30 June 2011 this holding is 90,421,693 securities (2010: 90,421,693 securities). To avoid duplication, these have only been included once in the total number of securities held by KMP.

All equity transactions with KMP have been entered into under terms and conditions no more favourable than those the Fund would have adopted if dealing at arm's length.

The Fund borrowed the following amounts during the year. All loans expire on 31 December 2012. Interest is payable at the rate of 15% per annum:

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

27. DIRECTORS AND EXECUTIVES DISCLOSURES (continued)

(d) Loans to or from KMP and their related parties

The Fund entered into the following loan facilities with KMP or their related entities during the period:

- On 9 April 2010 the Fund borrowed $10,000,000 from Bryan Family Foundation Limited atf The Bryan Foundation, an entity for which R. Bryan acts as Director. This loan expires on 31 December 2012. Interest is payable at the rate of 12% pa.
- On 30 June 2010 the Fund borrowed $3,000,000 from Glendower Investments Pty Ltd atf Glendower Investments Superannuation Fund, an entity for which N.E. Summerson is a Director and beneficiary. This loan expires on 31 December 2012. Interest is payable at the rate of 12% pa.
- On 14 June 2011, the Fund borrowed $1,000,000 from G & M Rees Investments Pty Ltd atf G & M Rees Investment Trust, an entity for which GM McMahon acts as Director and is a beneficiary. This loan expires on 31 December 2012. Interest is payable at the rate of 15% per annum.
- On 20 June 2011, the Fund borrowed $5,000,000 from R Bryan, Director. This loan expires on 31 December 2012. Interest is payable at the rate of 15% per annum.
- On 29 June 2011, the Fund borrowed $1,000,000 from Glendower Investments Pty Ltd atf Glendower Investments Superannuation Fund, an entity for which NE Summerson is a Director and Beneficiary. Funds were provided as follows: $970,000 on 29 June 2011 and $30,000 on 1 August 2011. This loan expires on 31 December 2012. Interest is payable at the rate of 15% per annum.

There were no other loans between the Fund and the KMP during the period.

(e) Other transactions and balances with KMP and their related parties

(i) APGM, as the Responsible Entity of APGT, is considered to be included in the KMP of APGT. Compensation is paid to APGM in the form of fees which are disclosed in Note 24.

(ii) The Fund entered into the following transactions with Leyshon Pty Ltd ('Leyshon') during the period:

a. Provision of accounting and support services and office accommodation by APGFA to Leyshon of $272,000 (2010: $260,000).

These transactions between the Fund and Leyshon result from normal dealings with those companies in accordance with the relevant Management Agreement and Asset Transfer and Services Agreement.

(iii) The Fund also entered into the following transactions with Michael O'Reilly (Aus) Pty Ltd (formerly Collins O'Reilly) ('MOR') during the period:

a. Provision of executive assistant services by MOR to APGFA for the year ended 30 June 2011 of $80,000 (2010: $80,000).

These transactions between the Fund and MOR result from normal dealings with those companies in accordance with Agreements between those entities.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

28. BUSINESS COMBINATIONS

ACQUISITION OF PROPERTY FUNDS AUSTRALIA LIMITED

On 12 April 2010 APGL acquired a 100% interest in Property Funds Australia Limited ('PFA') from Mirvac Holdings Limited (a member of the Mirvac Group). The total cost of the acquisition was $14,043,000 and comprised a cash payment of $8,043,000 with the remaining $6,000,000 was paid on 30 September 2010.

PFA managed the PFA Diversified Property Trust with approximately $547 million of property assets at acquisition date.

The fair value of the identifiable assets and liabilities of PFA as at the date of acquisition are:

	Recognised on Acquisition $000	Carrying Value $000
Cash and cash equivalents	3,217	3,217
Receivables	3	3
Investments	233	233
Management fee assets (Note 14)	10,764	10,764
	14,217	14,217
Trade and other payables	158	158
Deferred tax liability	16	16
	174	174
Fair value of identifiable net assets	14,043	14,043
Cost of acquisition		
- Purchase price (paid 12 April 2010)	8,043	
- Purchase price (paid 30 September 2010)	6,000	
Total cost of acquisition	14,043	
The cash outflow on acquisition is as follows:		
- Net cash acquired with PFA	3,217	
- Cash paid	(8,043)	
Net cash outflow	(4,826)	

From the date of acquisition to 30 June 2010, PFA contributed a profit of $468,000 to the net result of the Fund. If the acquisition of PFA had taken place at the beginning of the comparative financial year (1 July 2009), the profit of the Fund for the year ended 30 June 2010 (excluding asset write-offs totalling $8.9 million made in PFA accounts prior to acquisition date) would have been $2,672,000 and the revenue (before investment property revaluation decrements) would have been $78,494,000.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2011

29. PARENT ENTITY INFORMATION

The following information relates to APGT as an individual entity	**Consolidated 2011 $000**	**2010 $000**
Current assets	109,501	32,850
Total assets	267,848	269,129
Current liabilities	61,693	24,752
Total liabilities	101,839	106,867
Issued capital	178,992	186,957
Undistributed earnings	(12,983)	(24,695)
Total members' interests	166,009	162,262
Net profit/(loss) from operating activities after income tax	11,712	4,949
Total comprehensive income for the period	11,712	4,949

Provision of Ongoing Financial Support to APGL

At 30 June 2011 APGT has agreed to provide ongoing financial support to APGL to ensure APGL continues to be able to pay its debts as and when they become due and payable. This financial support is through the provision of ongoing funding as required up to a maximum amount of $20 million and APGT not requiring repayment of existing and future advances to APGL before 31 December 2012. The Directors do not expect the provision of this financial support to result in any liability or loss to APGT.

At 30 June 2011 APGT has not entered into any other guarantees in relation to debts of subsidiaries (2010: Nil).

Contingent Liabilities of APGT

The Directors are of the opinion that there are no contingent liabilities or assets as at balance date that are not already provided for or disclosed in the notes to the financial statements.

Capital Commitments of APGT

At 30 June 2011 outstanding contracted capital commitments for expenditure were $Nil (2010: $71,000). These capital commitments are all due for settlement within 12 months of the balance sheet date.

Directors' Declaration

In accordance with a resolution of the Directors of APGF Management Limited as Trustee and Responsible Entity for Australian Property Growth Trust and the Directors of Australian Property Growth Limited, we state that:

(1) In the opinion of the Directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001* including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2; and

(c) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable;

(2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2011.

On behalf of the Board
APGF Management Limited
as Trustee and Responsible Entity
for Australian Property Growth Trust
ABN 50 090 257 480

G. McMahon
Managing Director
Brisbane, 9 September 2011

On behalf of the Board
Australian Property Growth Limited
ABN 56 111 628 589

N. Summerson
Chairman
Brisbane, 9 September 2011

Ernst & Young
1 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001
Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
www.ey.com/au

Independent auditor's report to the security holders of Australian Property Growth Fund

Comprising the financial report of Australian Property Growth Trust and its controlled entities.

We have audited the accompanying financial report of Australian Property Growth Fund (comprising the consolidated financial report of Australian Property Growth Trust (the "Trust") and the entities it controlled) (collectively referred to as the "Fund"), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in security holders' interests and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity. The Fund, as the consolidated entity, comprises the Trust and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the APGF Management Limited, the Responsible Entity of the Fund ("the directors") are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

ERNST & YOUNG

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Trust a written Auditor's Independence Declaration, a copy of which is included in the directors' report. We confirm that the Auditor's Independence Declaration would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

a. the financial report of Australian Property Growth Fund (comprising the consolidated financial report of Australian Property Growth Trust and its controlled entities) is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(b).

Ernst & Young

Ernst & Young

M J Hayward

Mark Hayward
Partner
Brisbane
12 September 2011

SECURITY HOLDER INFORMATION

Additional Security holder information not shown elsewhere in this report is as follows, and is current as at 9 September 2011.

A. DISTRIBUTION OF SECURITY HOLDERS

Analysis of numbers of security holders by size of holding:

Holdings Range	Number of Holders	Total Securities	% of Issued Capital
1 - 1,000	1	1,000	0.00
1,001 - 5,000	43	155,056	0.07
5,001 - 10,000	14	107,386	0.05
10,001 - 100,000	21	1,073,453	0.47
100,001 and over	115	226,243,127	99.41
TOTAL	194	227,580,022	100.00

There were no holders of less than a marketable parcel of 744 securities.

B. LARGEST TEN SECURITY HOLDERS OF ORDINARY FULLY PAID SECURITIES

	Name of Security Holder	Number of Securities Held	Percentage of Issued Fully Paid Securities
1.	Leyshon Investments (Australia) Pty Ltd ATF Leyshon Operations Unit Trust	50,264,012	22.09
2.	Stirling Investments Pty Ltd ATF The Stirling Investment Trust	42,220,298	18.55
3.	Leyshon Pty Ltd	20,363,058	8.95
4.	Leyshon Operations Pty Ltd	19,794,623	8.70
5.	Dr Steve Mokrzeki	6,000,000	2.64
6.	Ashbar Constructions Pty Ltd	5,369,200	2.36
7.	Troxfield Pty Ltd ATF Rosebery Super Fund	4,882,713	2.14
8.	Trust Company Limited <ASIF A/c>	3,886,792	1.71
9.	Bond Street Custodians Limited ACF Officium Property Fund	2,886,792	1.27
10.	G & M Rees Investments Pty Ltd ATF G & M Rees Investments Trust	2,544,000	1.12
	Total securities held by top 10 holders	158,211,488	69.53
	Total ordinary fully paid securities	227,580,022	

C. SUBSTANTIAL SECURITYHOLDERS

Name of Securityholder	Number of Securities Held	Percentage of Issued Fully Paid Securities
Leyshon Group	94,939,062	41.72
Stirling Investments Pty Ltd ATF The Stirling Investment Trust	42,220,298	18.55
	137,159,360	60.27

D. VOTING RIGHTS

(i) Units carry one vote per unit and carry the right to receive distributions.
(ii) Fully paid ordinary shares carry one vote per share and carry the right to receive dividends

E. UNQUOTED EQUITY SECURITIES AND RESTRICTED EQUITY SECURITIES

The Fund has no unquoted equity securities or restricted equity securities on issue.

F. ANNEXURE 3A

There are no material differences between the information in the Fund's Annexure 3A lodged on 12 September 2011 and the information in the financial documents in the Fund's Annual Report.