



PFA DIVERSIFIED PROPERTY TRUST

ARSN 097 860 690

JUNE 2011

INVESTORS' REPORT

October 2011

ECONOMIC ENVIRONMENT

The term "multi-speed" best reflects the current state of the global economic recovery and domestic property markets, with strong and weak indicators evident in both arenas.

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 has become a dominant theme in the current challenging global environment, with gross disparities between some regions and countries. The Asia Pacific region continues to lead the global economy, while the US, Europe and Japan lag behind. There are now real concerns about how this slow down will impact the Asia Pacific region, in particular commodity prices and the Chinese manufacturing sector.

The Australian economy continues to perform soundly, however evidence of the "multi-speed" economy persists as conditions in sectors including retailing, tourism and construction remain subdued.

Concerns about the global economic outlook and signs the domestic employment rate may have peaked have dampened consumer confidence and retail sales. As a result of these fears the household sector is paying down debt and increasing savings.

While Australia's economy remains the envy of most advanced economies, the outlook is far less certain given the backdrop of global economic volatility.

APGF is continuing to focus on property fundamentals and proactive asset management across the "multi-speed" domestic property markets.

While quality commercial office properties are performing relatively well, lesser quality commercial and residential properties still face significant challenges. The availability and cost of bank finance remains an issue however 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 some pressure on non-A grade property valuations.

A continued focus on maximising each individual property's net operating income to deliver sustainable performance and long term value to investors remains APGF's priority.



Geoff McMahon
Managing Director



Bridget Woods
Investor Relations
Manager

APGF IS CONTINUING
TO FOCUS ON PROPERTY
FUNDAMENTALS
AND PROACTIVE ASSET
MANAGEMENT ACROSS
THE "MULTI-SPEED"
DOMESTIC PROPERTY
MARKETS.



INVESTOR REPORTS

APGF has amended its investor reporting cycle to half-yearly reports. Investors now receive reports for the six months ending June and December. In addition, APGF will continue to keep investors informed of important information with updates available online at www.apgf.com.au, by letter or investor bulletin, and APGF's Investor Relations Team can be contacted during business hours on 1 300 668 698.

WEBSITE

APGF has recently upgraded its website www.apgf.com.au. Visit your fund page under the Unlisted Funds heading for the latest financial information and asset management updates. The new-look website aims to facilitate timely and relevant communication with investors and we welcome your feedback to info@apgf.com.au.

OFFICE CLOSURE

APGF will close for the Christmas period at 2.00pm on Friday, 23 December 2011 and will re-open on Tuesday, 3 January 2012. We wish investors a safe and happy holiday season.

UNITS FOR PURCHASE

APGF currently holds the details of a small number of investors who are looking to sell existing units in the PFA Diversified Property Trust (PFA/Trust). Investors are able to privately negotiate the sale and transfer of units off-market.

Should you wish to purchase additional units in the Trust please contact APGF's Investor Relations Team on 1 300 668 698. Please note, whilst we will endeavour to place investors in touch with one another APGF is unable to assist with any negotiations or find a buyer for your units as this is prohibited by ASIC. The relevant documentation required to complete an off-market transfer can be obtained by contacting the fund registrar, Link Market Services, on 1 800 687 170 or by email to managedfunds@linkmarketservices.com.au.

CHEQUE DISTRIBUTION PAYMENTS

As outlined in the letter to investors dated 9 June 2011 and in accordance with the Product Disclosure Statement, the Trust pays distributions by electronic funds transfer only. Effective September 2011, distribution payments will no longer be paid by cheque and monies will be withheld until bank account details are provided (please note interest will not be paid on withheld distributions).

In order to update your bank account details, please obtain a Request for Direct Credit of Payments Form from fund registrar Link Market Services and return the completed form to the address listed on the form. Link Market Services may be contacted by telephone on 1 800 687 170, by email to managedfunds@linkmarketservices.com.au or by mail to PO Box 20043 World Square, Sydney NSW 2002.

PROPERTY MARKET UPDATE

BRISBANE

Brisbane's office market rebounded quickly following the January 2011 floods, driven by positive demand for all grades of office space.

According to the Property Council of Australia, Brisbane's commercial sector is leading the recovery in Queensland, with a net absorption of 38,108 square metres in Brisbane CBD office space achieved in the six months to July 2011 – more than triple the 20-year average.

As at July 2011, the total vacancy rate in the Brisbane CBD was 7.4%, representing a contraction of 2% compared to the previous year. In the fringe market, the vacancy rate has also dropped to 8.8%, with a net absorption of 7,053 square metres over the six months to July 2011. The inner city area experienced the lowest vacancy rate in the six months to July 2011, with a 0.4% reduction to 2.2%.

Despite the solid performance of the office market, retail property in Brisbane continued to struggle during the June 2011 quarter on the back of continued economic uncertainty. As a result, rents, yields and values are expected to remain flat in this sector for the remainder of 2011¹.

Brisbane's industrial market also remains challenging. There does, however, seem to be increased confidence in the market, with transactions totalling more than \$326 million in the first quarter². It will still be some time before confidence can sufficiently return to absorb the supply overhang experienced across the greater Brisbane area³.

Across the other sectors there was a modest market yield experienced throughout the June 2011 quarter, with enclosed shopping centres experiencing a high yield of 9%.

The Queensland Treasury has forecast 5% growth for Queensland's economy in 2012 and the Property Council of Australia expects vacancies in both Brisbane's CBD and fringe locations to continue at healthy levels, fuelled by ongoing demand from the resources sector and its associated professional services.

SYDNEY

Sydney's exposure to the global economy makes it sensitive to headwinds in financial markets and this flow-on effect was evident in the CBD office market during the first half of 2011.

According to the Property Council of Australia, of all the nation's capitals, Sydney was the only CBD market to record an increase in vacancy rates in the six months to July 2011 – increasing from 8.3% to 9.3% to record its highest vacancy rate in five years.

Net absorptions across the CBD totalled 5,509 square metres during the same period, with supply additions totalling 111,552 square metres – 44% more than the 20-year average.

Investment continued to remain strong across all metropolitan office markets. The most significant transaction during the first six months of 2011 was the sale of 259 George Street for \$395 million – the largest transaction to have occurred in the Sydney CBD since November 2009⁴.

Yields remained stable during the year to date, reflecting the nature of the tightly-held Sydney CBD market together with the continued challenges with obtaining finance despite resurging investor appetite⁵. Within the Sydney CBD, market yields for the June 2011 quarter ranged between an estimated 6.75% and 7.25% for prime assets, while secondary asset yields ranged between 7.5% and 9%.

According to the National Australia Bank June 2011 quarter commercial property survey, CBD retail property was identified as the best-performing property type, with the super prime Pitt Street Mall retail strip experiencing vacancies of just 0.9%. Outside the CBD, demand for retail has softened with rental rates dropping across both prime and secondary space⁶, despite the recent number of sales of neighbourhood activity centres.

Retail remains the weakest performer in the property space as retailers continue to suffer from low retail sales turnover and weak consumer confidence⁷.

While Sydney's industrial property market has stabilised, it experienced a fragmented performance over the past 12 months⁸. The high Australian dollar is continuing to put pressure on local manufacturers, with a number of large South Sydney tenants moving to cheaper markets in the western suburbs keeping a lid on rent growth in 2011⁹.

- 1 Herron Todd White: A month in review, June 2011
- 2 Colliers International: Research and Forecast Report: Brisbane Industrial, First Half 2011
- 3 Herron Todd White: A month in review, July 2011
- 4 Preston, Rowe Paterson Property Market Report: Sydney Commercial Office Market
- 5 Preston, Rowe Paterson Property Market Report: Sydney Commercial Office Market
- 6 Herron Todd White: A month in review, June 2011
- 7 Property Observer: 'Apart from Pitt Street mall, NSW retail outlook bleak: NAB' (28 July 2011)
- 8 Herron Todd White: A month in review, July 2011
- 9 CBRE: Media Release (Melbourne emerges as Australia's industrial powerhouse)



AAPT Centre, Richmond

MELBOURNE

Melbourne remains one of the strongest performing capitals in Australia's property sector.

According to the Property Council of Australia, during the June 2011 quarter, the Melbourne CBD office market boasted the lowest vacancy rate of any Australian capital city, at 6.3%. Strong demand is expected to continue over the next three years on the back of limited supply¹⁰ and, with only one building completed in the past six months, no new stock is scheduled to enter the market until 2013¹¹.

The tightening vacancy rate in Melbourne's CBD is having a flow-on effect into other major precincts including the Southbank waterfront and St Kilda, which are experiencing increased demand¹².

Despite being renowned for its retail market, Melbourne is not immune to the lack of consumer confidence impacting the rest of Australia. There is, however, notable increased interest in new and expansionary accommodation by global and national retailers. Spanish fashion label Zara has leased space along Melbourne's super prime Bourke Street Mall. This has resulted in increased rental prices for super prime CBD space, with net rents ranging from \$5,500 to \$9,000 per square metre¹³.

Overall, there is a 6% vacancy rate in Melbourne's retail market, despite some of the more historic retail areas such as Bridge Road experiencing vacancy rates of up to 10%.

According to industry research, Melbourne has led the country in relation to industrial rental growth in 2011 as developers reconsider new projects in key transport hubs. This increase in demand, coupled with limited additional supply coming into the market, is expected to see the vacancy rate decrease, thereby keeping pressure on rentals for prime assets located close to key transport networks^{14 15}.

With limited supply and little development of quality industrial land forecast over the next 12 months, it is expected there will be continued pressure on maintaining or increasing rents, which should see increased interest from investors¹⁶.

PERTH

The Property Council of Australia (PCA) reports that the resources sector continued to drive the majority of demand for office space in Perth in the first half of 2011, however other professional services linked to the mining sector also demonstrated strong demand for premium and A-Grade space in the CBD.

Seven CBD office assets were transacted in the first half of 2011, totalling \$420 million and signalling strong investor confidence¹⁷.

According to research by the PCA, the net absorption of office space in the Perth CBD in the six months to July 2011 was 33,087 square metres – almost four times the long-term average – to deliver a vacancy rate of 7.8%. In another sign of strength, almost all of the new office space coming on-line in Perth in 2011 is pre-committed.

Investor appetite remained healthy during the first half of the year, with six major transactions, the most recent being the \$260 million purchase of 108 St Georges Terrace in June.

According to the PCA, an extremely tight office market in the Perth CBD can be expected in two years' time if current rates of demand continue.

Perth's industrial property market follows a similar trend to Melbourne, Sydney and Brisbane, where demand continues for prime industrial space¹⁸ located close to transport networks.

Average annual net face rents and market yields remain stable across the Perth region for prime grade stock, ranging from \$90 to \$115 per square metre and from 7.75% to 9.5%¹⁹. Secondary grade stock fared slightly better during the second quarter of 2011, with yields ranging from 8.5% to 10.5% across the region.

¹⁰ Colliers International: Research and Forecast Report: Melbourne CBD Office: First Half 2011

¹¹ Colliers International: Research and Forecast Report: Melbourne CBD Office: First Half 2011

¹² Colliers International: Research and Forecast Report: St Kilda Road and Southbank Office: First Half 2011

¹³ Herron Todd White: A month in review, July 2011

¹⁴ Colliers International: Research and Forecast Report: Melbourne Industrial: First Half 2011

¹⁵ Herron Todd White: A month in review, July 2011

¹⁶ Herron Todd White: A month in review, July 2011

¹⁷ Jones Lang LaSalle media release: Investor confidence on the rise after \$420 million first half sales (24 August 2011)



Lands Building, Hobart

CAIRNS

The Cairns commercial property market has seen a 10% increase in yields since the low experienced in 2008, with yields of retail premises now holding steady in the 7.5% to 8.5% range²⁰.

The vacancy rate for the Cairns retail market remains balanced, with an oversupply of available property relative to the market demand. The market will, however, struggle to improve while the general economic outlook for the Cairns area remains subdued. There have also been recent signs of a decline in the volume of retail property sales²¹.

The announcement in August that the joint owners of Cairns Central Shopping Centre, Westfield and Lend Lease, have placed the retail asset on the market has attracted considerable attention. The 53,500 square metre centre has an estimated value of \$450 million and its potential sale will act as a litmus test for the local retail market.

CANBERRA

With the majority of employment existing within the public sector, and a relatively high disposable income, the Canberra retail sector continues to be more resilient against negative growth that has impacted this sector in other capitals.

Despite this, a lack of activity in the Canberra retail market, coupled with high vacancy rates, continues to place downward pressure on rents across the sector. In March 2011, rent for A-Grade stock dropped to \$415 per square metre.

This downward pressure is expected to ease towards the end of 2011, which will allow for rents to stabilise, with the vacancy rate expected to fall below 8%²².

18 Colliers International: Research and Forecast Report: Perth Industrial: First Half 2011

19 Savills Research: Quarter Times, Perth Industrial (Quarter 2, 2011)

20 Herron Todd White: A month in review, June 2011

21 Herron Todd White: A month in review, June 2011

22 CBRE: Market View: Canberra All Sectors: First quarter 2011

HOBART

Hobart's CBD is set to take on a new look over the next five years with more than \$1.3 billion of building development being progressed.

Industry data has indicated approximately 20 major projects in the pipeline for the CBD.

The most significant of these projects include the \$100 million Myer redevelopment, the \$586 million Royal Hobart Hospital upgrades, the Tasmanian Museum and Art Gallery refurbishment and the upgrade of Wellington Court at a cost of \$50 million.

This increased level of construction activity should help to boost further investor confidence in the CBD.

In addition to these developments, a major retail project is also being proposed for the Hobart International Airport. A \$100 million retail centre for factory outlets has recently been announced for the airport precinct.

Hobart agents are reporting increased interest in commercial CBD property from interstate and local investors. Local agents are anticipating that more developers will be inspired to take action on already approved developments on the back of the Myer redevelopment in the CBD.

The market update published in this report relates to the property market(s) relative to this Fund. Should you wish to read our complete property market update which covers Sydney, Melbourne, Brisbane, Perth, Cairns, Canberra, Gold Coast, and Hobart please request a copy at either info@apgf.com.au or call 1300 668 698.

2010/11 OVERVIEW

2010/11 RESULT

The Trust's net profit attributable to unit holders for the 2010/11 financial year was \$6,526,000, compared to a loss of \$1,374,000 in the 2009/10 financial year.

The Net Tangible Assets Per Unit (NTA) as at 30 June 2011 was \$0.9510, compared to \$0.9945 at 30 June 2010. The decrease in NTA is largely attributed to some lower valuations within the Trust's portfolio, in particular the Cairns Hypermarket, and a number of capital expenditure costs and lease incentives required to retain and attract new tenants in the current challenging market.

The NTA does not represent the return an investor will receive on final settlement as it does not consider future performance, distributions, disposal costs or achieved sales price. The NTA should be used as a guide only and is calculated using the latest valuations.

CAPITAL MANAGEMENT

APGF continues to respond proactively to the challenging market conditions to minimise risk and manage its capital base. The Trust has maintained a sound capital position with \$10.5 million held in cash as at 30 June 2011.

The existing banking facility with the National Australia Bank (NAB), Commonwealth Bank of Australia (CBA) and ING was due to mature in November 2011. On 30 June 2011 the Trust executed a three-year extension to the facility agreement subject to a number of conditions. Upon satisfaction of these conditions on 26 July 2011, the loans with CBA and ING were paid out and the extended debt facility was provided by NAB and ANZ, with an expiry in July 2014.

As at 30 June 2011, the loan facility is classified as a "current liability" in the Trust's accounts. On satisfaction of the conditions on 26 July 2011 the loan facility was classified as a "non-current liability". The Trust continues to comply with all of its debt covenants.

AS THE
ECONOMY
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TO RENTS
AND VALUES.

CORPORATE STRATEGY AND OUTLOOK

The Trust remains in a sound underlying position despite the challenging economic and property market conditions. APGF will continue to position the Trust to ensure it is well placed as the sector consolidates over the next 12 to 18 months.

The focus for the next financial year will continue to be directed towards restructuring the Trust's portfolio to comprise investment grade commercial assets in east coast Australian capital cities. The portfolio restructure, already underway with some asset sales, allows for diversification both geographically and within the sector while capitalising on APGF's asset management team's expertise in proactive commercial asset management.

APGF is aware of investors' desire for a liquidity event. Following the sale of some non-core assets and a reduction in the Trust's gearing ratio, the Manager and the Trust's financiers should be in a position to consider introducing a limited redemption facility in 2012.

A continued focus on property fundamentals and maximising the net operating income for each property will be maintained to deliver sustainable performance and maximise returns for investors over the long term.

ASSET MANAGEMENT PROPERTY UPDATES

The information outlined below is for properties within the Trust which have recently had some significant asset management focus such as building services upgrades, leasing, sales or lease marketing campaign. The remaining properties are currently operating within expectations and have no material asset management issues.

Citigate Hotels (Melbourne and Perth)

Consistent with the strategy to restructure the Trust's portfolio to commercial properties, both Citigate Hotels have been extensively marketed for sale.

On 28 September 2011 a contract for \$31 million was exchanged on the Citigate Melbourne Hotel. It is expected this contract will settle in November 2011.

An exclusive due diligence period has been entered into with a potential purchaser for the Citigate Hotel Perth and it is hoped contracts will be exchanged in November 2011.

Further updates on the sale of the two Citigate Hotels will be provided on APGF's website at www.apgf.com.au.

Cairns Hypermarket, Cairns, QLD

The retail and bulky goods property remains fully tenanted and Colliers International has been appointed to market the upcoming expiries and vacant office space in a very challenging market.

Some capital works are underway at the Centre which include the office tower roof having been waterproofed, works to replace Harvey Norman's roof (due for completion in November 2011) and painting of the Centre to improve its aesthetics.

Riverdale Centre, 49-65 Macquarie Street, Dubbo, NSW

APGF's asset management team successfully negotiated a new five-year lease with the National Hearing Centre, which commenced on 1 June 2011. Bassima Café ceased trading two months prior to its lease expiry, however the bank guarantee will cover its outstanding debts. There are currently seven vacancies within the Centre being marketed by Colliers International and Ray White Dubbo, and while leasing enquiry is slow, negotiations are underway with several interested retailers.

Homeworld Centre, Tuggeranong, ACT

The executed Agreement for Lease regarding the Medicare tenancy has been received and fit-out works were completed earlier than scheduled and under budget, with the first floor offices achieving a 4.5 star NABERS rating.

A sewerage blockage has caused considerable damage to Canberra Connect, the ACT Government office. Negotiations are underway with the Trust's insurance brokers as the tenant has not been able to trade for some weeks. APGF's asset management team is working towards a solution that will see Canberra Connect relocated and a number of smaller retailers occupy the space. Discussions are also underway with two food retailers and Aldi regarding a possible expansion.

Should prospective retailers accept the current letters of offer on issue, together with the centre remix and relocation strategy, it is anticipated the property's vacancy rate will fall to approximately 9% as at 31 December 2011.

The Octagon, 110 George Street, Parramatta, NSW (50%)

APGF's asset management team successfully negotiated a new lease with the State Property Authority (NSW Attorney General's Department), which commenced on 1 April 2011 for a six-year term. The State Property Authority (RTA) accepted the offer reported in the December 2010 Investors' Report for an additional 873.4 square metres which expires in line with its existing lease in July 2012. Lease negotiations have commenced with the RTA for extensions of all of its existing leases to 2017.

Leasing the remaining ground floor retail vacancies is also a priority for this property, together with working towards achieving a 4.5 star NABERS rating following the completion of the building upgrade and energy efficiency improvements.

706 Mowbray Road, Lane Cove, NSW

A new leasing campaign driven by APGF's asset management team has been successful in attracting a prospective tenant for the 1,500 square metre warehouse space. Solicitors have been instructed to prepare a five-year lease to commence on 1 January 2012. Leasing the remaining vacant 1,100 square metres remains the priority for this property together with managing stage two of the air conditioning upgrade throughout the fourth quarter of 2011.

657 Pacific Highway, St Leonards, NSW

Cundall Johnston and Partners surrendered its 530 square metre lease on level seven and new tenant Umow Lai Pty Ltd commenced its five-year lease on 1 July 2011. All agent costs and a portion of the lease incentive were paid by Cundall Johnston and Partners under the terms of its surrender.

Existing tenant Barefoot Freedom, a medical shoe retailer, commenced its new five-year lease on 1 February 2011.

In May 2011 and June 2011, significant air-conditioning repairs were undertaken at an approximate cost of \$50,000 and a building condition report is being prepared to determine if further upgrades will be required in 2011/12.

390 St Kilda Road, Melbourne, VIC

APGF's asset management team has secured a number of new leases for this property. On 15 May 2011, Navantia SA commenced its one-year lease, on 1 June 2011 Selpam Pty Ltd commenced its three-year lease and on 1 July 2011 Vision Group Holdings Limited commenced its four-year lease with a three-year option. Existing tenants Fugro Spatial Solutions and Cummings Flavel McCormack have both exercised lease options for two years and five years respectively.

There are a number of upcoming lease expiries across three floors, and three tenants have expressed intention to vacate over the next 12 months. To improve the presentation of the property and attract new tenants APGF's asset management team is currently investigating a foyer and lift lobby refurbishment.

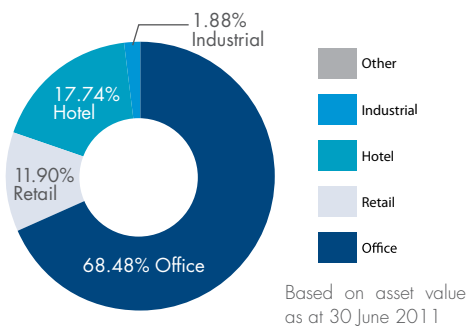
33 McDowell Street, Welshpool, WA

This property was identified as a non-core asset and marketed for sale in the first half of 2011. The property sold for \$9.5 million and settled on 21 July 2011 with the proceeds used to reduce the Trust's bank debt.

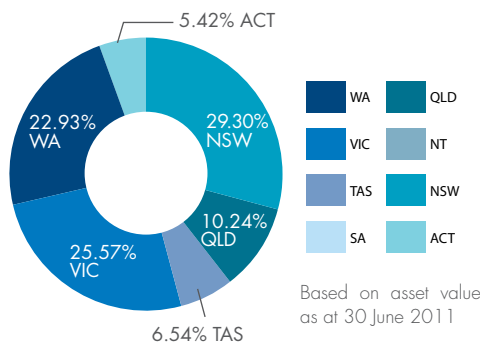


657 Pacific Highway, St Leonards

DIVERSIFICATION BY SECTOR



DIVERSIFICATION BY LOCATION



REGULATORY GUIDE 46 DISCLOSURE PRINCIPLES

Pursuant to Australian Securities and Investment Commission (ASIC) Regulatory Guide 46 (RG 46): “Unlisted property schemes – improving disclosure for retail investors”, these disclosures can help retail investors understand the inherent investment risks and decide whether these investments are suitable for them.

Information relative to the Scheme based on ASIC’s eight disclosure principles is for the reporting period ended 30 June 2011.

DISCLOSURE PRINCIPLE 1: GEARING RATIO

Gearing covenants generally refer to the maximum permissible level of gearing as measured against an asset’s value, usually called a loan to value ratio (LVR). Each lender imposes its own maximum LVR. These are important, because if an LVR covenant is breached, then this could lead the lender to take steps under its security to recover the loan.

The table below highlights the covenant and actual gearing ratios.

LENDERS	BANK GEARING COVENANT	ACTUAL GEARING RATIO			
		Book Value	Per Bank Accepted Valuations	RG 46 Gearing Ratio	RG 46 At Fair Value
NAB/CBA and ING	60%	58.72%	58.03%	57.21%	57.21%

THE TRUST REMAINS IN A SOUND UNDERLYING POSITION DESPITE THE CHALLENGING ECONOMIC AND PROPERTY MARKET CONDITIONS.

DISCLOSURE PRINCIPLE 2: INTEREST COVER

Information on a scheme's interest cover indicates the Scheme's ability to meet interest payments from earnings. The lower the interest cover, the higher the risk that the Scheme will not be able to meet its interest payments.

The Responsible Entity monitors the Scheme's interest cover ratio on a regular basis to ensure it complies with bank loan covenants and to indicate the Scheme's overall financial performance.

The Scheme's interest cover ratios for the 12 months to 30 June 2011 are outlined below. The Scheme's actual interest cover ratio is measured on a 12-month rolling basis and may be calculated differently to the RG 46 definition.

LENDER	BANK INTEREST COVER RATIO COVENANT	ACTUAL INTEREST COVER RATIO	RG 46 INTEREST COVER RATIO
NAB/CBA and ING	1.5	1.98	1.80

DISCLOSURE PRINCIPLE 3: SCHEME BORROWING

As at 30 June 2011, the Scheme sourced borrowings from three different lenders being NAB, CBA and ING. The three lenders had one combined facility agreement, which matured in November 2011. On 26 July 2011, the loans with CBA and ING were repaid and a new facility agreement was negotiated with NAB and ANZ. Both NAB and ANZ provide funding for \$150,000,000 each which expires in July 2014.

As at 30 June 2011, the loan facility is classified as a "current liability" in the Trust's accounts. On satisfaction of the conditions on 26 July 2011, the loan facility was classified as a "non-current liability". The Trust continues to comply with all of its debt covenants.

DISCLOSURE PRINCIPLE 4: PORTFOLIO DIVERSIFICATION

PROPERTY	ASSET TYPE	VACANCY BY SQUARE METRE	VACANCY RATE
Homeworld Centre, Tuggeranong, ACT	Retail	5,173	41.87%
706 Mowbray Road, Lane Cove, NSW	Office	2,654	15.38%
657 Pacific Highway, St Leonards, NSW	Office	188	5.14%
Riverdale Centre, 49-65 Macquarie Street, Dubbo, NSW	Retail	256	4.16%
390 St Kilda Road, Melbourne, VIC	Office	545	3.35%
The Octagon, 110 George Street, Parramatta, NSW (50%)	Office/Retail	685	3.30%
Cairns Hypermarket, Cairns, QLD	Office/Retail	380	2.48%
Civic Tower, 66 Goulburn Street, Sydney, NSW (50%)	Office	0	0.0%
Foxtel Building, 1-21 Dean Street, Moonee Ponds, VIC	Office	0	0.0%
AAPT Centre, Richmond, VIC	Office	0	0.0%
Anzac Square, Brisbane, QLD	Office/Retail	0	0.0%
Sevenoaks, 303 Sevenoaks Street, Cannington, WA	Office	0	0.0%
Lands Building, 134 Macquarie Street, Hobart, TAS	Office	0	0.0%
33 McDowell Street, Welshpool, WA	Industrial	0	0.0%
Citigate Perth, Perth, WA	Hotel	0	0.0%
Citigate Melbourne, Melbourne, VIC	Hotel	0	0.0%

Tenants that constitute 5% or more of the Scheme's net income are as follows:

PROPERTY	TENANT	PERCENTAGE OF SCHEME'S NET INCOME
Citigate Perth	N/A	11.00%
Lands Building	Department of Primary Industries and Water	6.71%
Civic Tower	DPP – Commonwealth of Australia	6.09%
Sevenoaks	Department of Treasury and Finance	5.93%
Citigate Melbourne	N/A	5.72%
Anzac Square	State of QLD (QLD Health)	5.38%

The occupancy rate of the Scheme's property portfolio is 94.54%

LEASE EXPIRY	VACANT	WITHIN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 3 YEARS	BETWEEN 3 AND 4 YEARS	MORE THAN 4 YEARS
Net Lettable Area	5.46%	17.06%	14.28%	6.90%	4.14%	52.16%
WALE (by income)	5.44 years					

DISCLOSURE PRINCIPLE 5: VALUATION POLICY

Each property is valued at intervals of not more than two years, unless requested earlier or more frequently by a lender.

Where valuations are performed by independent registered valuers, they are required to be appropriately qualified to undertake the valuation, based on the type and locality of the property being valued. The valuation reports are prepared by valuers in compliance with all relevant industry standards and codes.

At all times Directors must ensure that properties are carried at fair market value. The value of investment properties is measured on a 'fair value basis', being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

Changes in fair value are recognised in profit or loss in the year it occurs.

PROPERTY	VALUATION	CAPITALISATION RATE
Civic Tower, 66 Goulburn Street, Sydney, NSW (50%)	\$65,750,000(I)*	7.60%
The Octagon, 110 George Street, Parramatta, NSW (50%)	\$36,000,000(I)*	8.70%
706 Mowbray Road, Lane Cove, NSW	\$23,500,000(I)*	9.25%
657 Pacific Highway, St Leonards, NSW	\$17,200,000(I)*	8.75%
390 St Kilda Road, Melbourne, VIC	\$55,000,000(I)*	8.50%
Foxtel Building, 1-21 Dean Street, Moonee Ponds, VIC	\$26,600,000(I)*	8.50%
AAPT Centre, Richmond, VIC	\$19,000,000(I)*	9.00%
Anzac Square, Brisbane, QLD	\$32,000,000(I)*	8.50%
Sevenoaks, 303 Sevenoaks Street, Cannington, WA	\$52,000,000(I)*	9.75%
Lands Building, 134 Macquarie Street, Hobart, TAS	\$34,500,000(I)*	9.50%
Riverdale Centre, 49-65 Macquarie Street, Dubbo, NSW	\$12,250,000(I)*	9.75%
Cairns Hypermarket, Cairns, QLD	\$20,000,000(I)*	9.00%
Homeworld Centre, Tuggeranong, ACT	\$33,000,000(I)*	8.75%
33 McDowell Street, Welshpool, WA**	\$9,900,000(I)*	9.75%
Citigate Perth, Perth, WA	\$59,000,000(I)*	8.00%
Citigate Melbourne, Melbourne, VIC	\$34,500,000(I)*	8.50%

* I = Independent Valuation D = Directors' Valuation

** The property sold for \$9.5 million and settled on 21 July 2011 with the proceeds used to reduce bank debt.

DISCLOSURE PRINCIPLE 6: RELATED PARTY TRANSACTIONS

As at 30 June 2011, the Trust does not lend, invest in or provide any other form of financial accommodation to PFA or its associates.

Except for the management fees paid/payable to the Responsible Entity of the Scheme as disclosed in the Product Disclosure Statement, there are no other related party transactions for the period ended 30 June 2011.

APGFM maintains a Register of Related Party Transactions and a Potential and Actual Conflicts of Interests Register which records and details any of the Trust's dealings with related parties and potential and actual conflicts of interests. These are constantly monitored by APGFM and its independent Compliance Committee to ensure that any related party transactions are on commercial arm's length terms and any potential and actual conflicts of interests are dealt with and disclosed to ensure investors are not disadvantaged.

DISCLOSURE PRINCIPLE 7: DISTRIBUTION PRACTICES

The Trust's objective is to pay distributions on a monthly basis.

Distributions continue to be paid on a monthly basis at 7.25 cents per unit per annum. Distributions are generally sourced from realised income.

APGFM is assessing the reinstatement of a distribution reinvestment plan in the 2011/12 financial year. Further details will be provided to investors once a final decision is made.

DISCLOSURE PRINCIPLE 8: WITHDRAWAL RIGHTS

APGF understands investors' desire to have a redemption facility made available to them. Following the sale of some non-core assets and a reduction in the Trust's gearing ratio, the Manager and the Trust's financiers should be in a position to consider introducing a limited redemption facility in 2012.

DISCLAIMER

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

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We welcome your feedback on this June 2011 Investors' Report. You can contact us at info@apgf.com.au.

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