



# **ANNUAL GENERAL MEETING FOR APGF REAL ESTATE INVESTMENT LIMITED**

4 NOVEMBER 2011



# PRESENTATION OUTLINE

- APGF Background
- AREIT Property Update
- AREIT Financial Summary
- Future Strategy
- Resolutions





# APGF BACKGROUND

# BACKGROUND



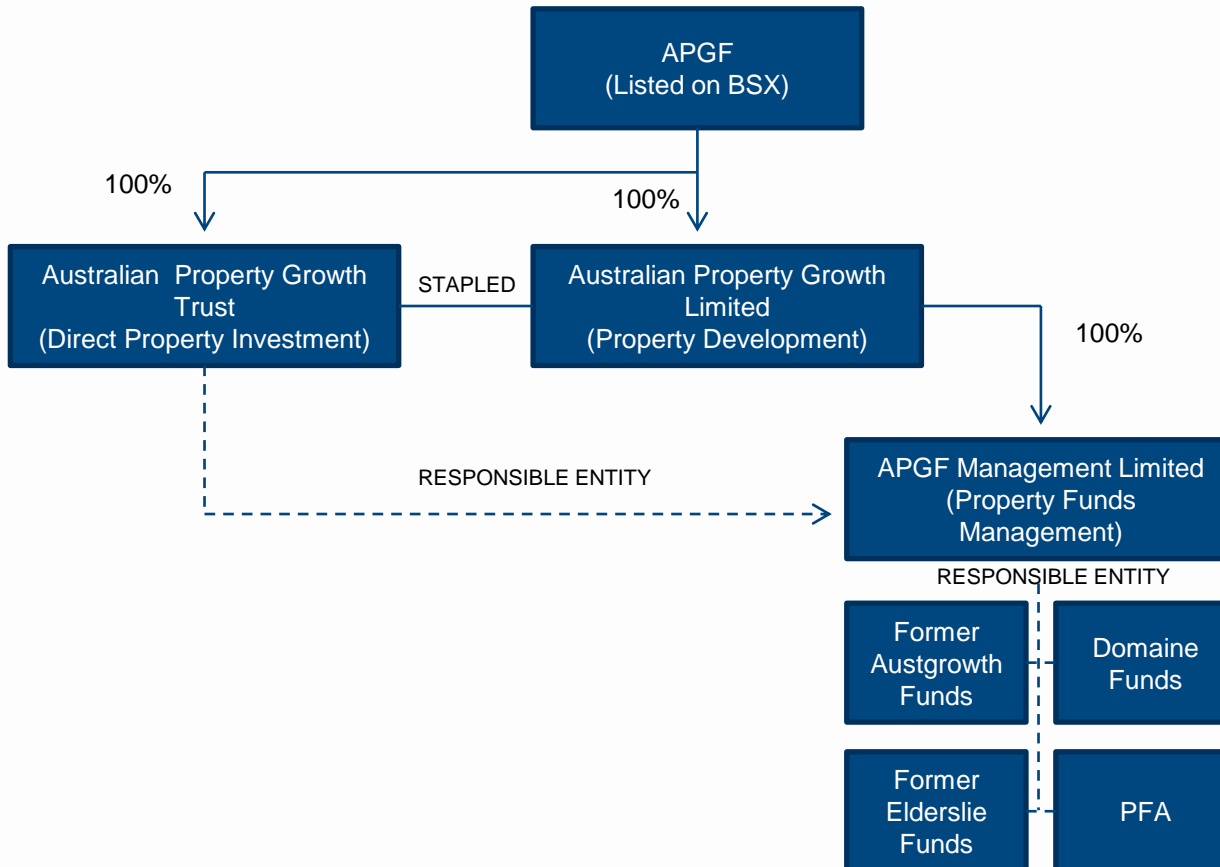
- Australian Property Growth Fund (“APGF”) specialises in various aspects of property including:
  - funds management;
  - investment; and
  - development,

with a goal of producing long term sustainable returns to investors from its quality property portfolio.

- APGF and its predecessor company has been in the property industry for over 20 years and currently manage \$1.6 billion of property and investment projects.
- APGF is listed on the Bendigo Stock Exchange (“BSX”).



# CORPORATE STRUCTURE



# OVERVIEW OF APGF



- Strong and well established property funds management team
- Stable and highly credentialed Board of Directors
- Proven acquirer and integrator of property funds management businesses e.g. Elderslie June 2007; Domaine March 2009; PFA March 2010
- Strong compliance and corporate governance culture
- Hands on proactive asset management style
- Experienced with both institutional and retail investors (approximately 10,000)
- Strong financial position
- Conservative risk profile
- Emerged from GFC in a good position
- Transparent and professional investor communication



# OVERVIEW OF APGF (CONTINUED)



## Points of Difference

- Quality of existing assets across property investment, funds management and development
- Proven track record of directors and management
- Focus on risk management and corporate governance
- Research-based investment decisions

## Core values

- Maximise investors' long-term total returns
- Business is all about people
- Quality and excellence
- Integrity and professionalism



# BOARD OF DIRECTORS



## Strong and highly credentialed Board of Directors

### Non-executive Chairman



**Neil Summerson** *BCom, FCA, FAICD, FAIM*

- Over 35 years' business experience including former (Queensland) Managing Partner of Ernst & Young
- Significant property and investment experience
- Director of several public and private corporations (including Chairman of Bank of Queensland)

### Non-executive Directors



**Robert Bryan** *BCom, FCA, FAICD, FAIM*

- Chairman Leyshon Pty Ltd (major investor in APGF)
- Property and resources expertise



**Scott Bryan** *BSc (Hons, Geology), PhD*

- Non-Executive Director Leyshon Pty Ltd



**Ken Pickard** *BCom, FCA, MAICD*

- Managing Director, Moore Stephens (Qld)
- Chartered Accountant

### Managing Director



**Geoff McMahon** *BEcon, BCom, FCPA, FAICD, FCIM, FFIN*

- Involved in the property industry since 1990
- Significant experience in corporate strategy, property investment, funds management and development, capital raising, risk management and financial management



# APGF SENIOR MANAGEMENT

## Funds Management



**Geoff McMahon** *BEcon, BCom, FCPA, FAICD, FCIM, FFIN*

- Managing Director
- Involved in the property industry since 1990
- Significant experience in corporate strategy, property investment, funds management and development, capital raising, risk management and financial management



**Luis Garcia** *MBA, Dip Fin Ad, CPA*

- Senior Funds Manager
- 36 year career in banking and finance
- Involved in property funds management industry since 1998

## Financial Management



**Adriano Cagnolini** *B. Bus (Acc), CA, F Fin.*

- Chief Financial Officer/Company Secretary
- 15 years' experience in senior financial management positions

## Investor Relations



**Bridget Woods** *Dip Inv Rel, Dip ES (FP)*

- Investor Relations Manager
- Experienced in investor relations in property funds management

## Asset Management



**Michael O'Reilly** *Juris Doctor, MIEF, MA(IRAP), FAPI, MRICS*

- Director of Property
- National property career spanning over 35 years
- Key corporate expertise across the property sector



**Robert Caruana** *B.Com (Economics and Industrial Relations)*

- Senior Retail Asset Manager
- 20 years experience in retail having spent the last 10 years with GPT/Lend Lease and Mirvac in senior portfolio roles which included some of Australia's leading shopping centres



**Andrew Page** *B.Ec; Grad Cert Prop Ec Senior Asset Manager*

- Senior Asset Manager
- 20 years experience in property asset management having managed commercial, industrial and retail assets for major organisations during his career



**Ian Fortescue**

- Senior Asset Manager
- 16 years experience in commercial and industrial property leasing with the past seven years as a manager of APGF and its predecessor companies' assets



# INVESTMENT PORTFOLIO

## Passive investment portfolio comprises three quality office assets



### Blue Tower—Brisbane CBD

- Iconic Brisbane CBD commercial office building
- Net lettable area 32,000 square metres
- Current valuation \$250 million
- \$8 million capital expenditure recently completed
- Blue chip tenants, including Macquarie Bank, Optus, Reserve Bank of Australia, Japanese Consulate, BMA Coal



### Royal Bank Chambers—Collins Street, Melbourne

- Current valuation \$31.3 million
- Prime Collins Street location
- Banking chamber 10 year ANZ lease
- Nine upper office floors—refurbishment and releasing opportunity



### Westpac Concord Campus—Concord, Sydney

- 16,900 square metre office campus
- Current valuation \$49 million
- Leased to Westpac until October 2012

# KEY DEVELOPMENT PROJECT – PAVILIONS ON 5<sup>TH</sup>, GOLD COAST



Largest development currently underway is a residential project at Palm Beach, Queensland



## Overview

- 9,800 square metre prime site
- Mixed retail (5,200 square metres) and residential (194 apartments)
- End value approximately \$125 million
- Stage 1
  - Construction completed June 2009
  - Substantially de-risked
  - 102 apartments settled (total 104)
  - 100% of retail pre-leased (includes Coles Supermarket)
- Stage 2
  - 28 apartments with expressions of interest/sales contracts (total 98)
  - Construction to commence once sufficient pre-sales are secured





# AREIT PROPERTY UPDATE

# APGF Real Estate Investment Trust



## Property Information as at 30 June 2011

<b>Property Type</b>	Commercial
<b>Property Built</b>	2004
<b>Acquisition Date</b>	2005
<b>Ownership</b>	100%
<b>Purchase Price</b>	\$4,475,000
<b>Occupancy</b>	100%
<b>Net Lettable Area</b>	1,610sqm
<b>Net Building Income (12 months to 30 June 2011)</b>	\$613,158
<b>Weighted Average Lease Expiry (WALE) by income</b>	0.62 years

### Lot 2 Varsity Parade, Varsity Lakes, QLD

Two stories of office space with basement parking located in Varsity Lakes, a residential and business precinct located approximately 15 minutes from the Surfers Paradise CBD.

<b>Valuation</b>	\$6,000,000
------------------	-------------

Major Tenant	SQM	% by Net Lettable Area	Lease Maturity
Minter Ellison	1,610	100%	February 2012

# APGF Real Estate Investment Trust



## Lot 5, Gateway Office Park 747 Lytton Road, Murrarie, QLD

Four level office tower located 10km east of Brisbane CBD with 189 parking spaces. The building was completed in December 2007 and presents to the highest of standards.

## Property Information as at 30 June 2011

<b>Property Type</b>	Commercial
<b>Property Built</b>	2007
<b>Acquisition Date</b>	2007
<b>Ownership</b>	100%
<b>Purchase Price</b>	\$24,738,000
<b>Occupancy</b>	83.23%
<b>Net Lettable Area</b>	5,893sqm
<b>Net Building Income (12 months to 30 June 2011)</b>	\$1,861,102
<b>Weighted Average Lease Expiry (WALE) by income</b>	1.64 years

<b>Valuation</b>	\$20,000,000
------------------	--------------

Major Tenant	SQM	% by Net Lettable Area	Lease Maturity
Raytheon Australia Pty Ltd	2,140	38.93%	December 2012

# APGF Real Estate Investment Trust



## Lots 4 and 5, Technology Office Park, Eight Mile Plains, QLD

Technology Office Park is an 18 lot office development over 14,500sqm located approximately 15km south of the Brisbane CBD. Lots 3 and 4 comprise a two level office development with 2,926sqm of office accommodation and 120 car spaces.

## Property Information as at 30 June 2011

<b>Property Type</b>	Commercial
<b>Property Built</b>	2006
<b>Acquisition Date</b>	2006
<b>Ownership</b>	100%
<b>Purchase Price</b>	\$12,600,000
<b>Occupancy</b>	100%
<b>Net Lettable Area</b>	2,926sqm
<b>Net Building Income (12 months to 30 June 2011)</b>	\$1,221,166
<b>Weighted Average Lease Expiry (WALE) by income</b>	0.84 years

<b>Valuation</b>	\$10,600,000
------------------	--------------

Major Tenant	SQM	% by Net Lettable Area	Lease Maturity
Ausenco Services Pty Ltd	1,719	58.75%	April 2012

# APGF Real Estate Investment Trust



## 26 Brandl Street, Eight Mile Plains, QLD

This office building is strategically located on a corner allotment in the heart of the Brisbane Technology Park. The two-level building is fitted out to a high standard, in terms of both technical and office areas.

## Property Information as at 30 June 2011

<b>Property Type</b>	Commercial
<b>Property Built</b>	2002
<b>Acquisition Date</b>	2003
<b>Ownership</b>	100%
<b>Purchase Price</b>	\$4,910,000
<b>Occupancy</b>	100%
<b>Net Lettable Area</b>	2,440sqm
<b>Net Building Income (12 months to 30 June 2011)</b>	\$403,423
<b>Weighted Average Lease Expiry (WALE) by income</b>	1.99 years

<b>Valuation</b>	\$6,500,000
------------------	-------------

Major Tenant	SQM	% by Net Lettable Area	Lease Maturity
Bio-Layer Pty Ltd	1,068	43.77%	November 2012

# APGF Real Estate Investment Trust



## 77 Brandl Street, Eight Mile Plains, QLD

Located on the eastern boundary of the Brisbane Technology Park, this property comprises two autonomous commercial buildings that reside on one title.

## Property Information as at 30 June 2011

<b>Property Type</b>	Commercial
<b>Property Built</b>	2002
<b>Acquisition Date</b>	2003
<b>Ownership</b>	100%
<b>Purchase Price</b>	\$4,000,000
<b>Occupancy</b>	77.28%
<b>Net Lettable Area</b>	2,892sqm
<b>Net Building Income (12 months to 30 June 2011)</b>	\$444,827
<b>Weighted Average Lease Expiry (WALE) by income</b>	3.37 years

<b>Valuation</b>	\$6,950,000
------------------	-------------

Major Tenant	SQM	% by Net Lettable Area	Lease Maturity
APHS (Holdings) Pty Ltd	885	30.60%	March 2013



**Lot 502 Russell & McGrath Road  
Munster, WA**

A large specialised industrial office/warehouse situated on the corner of Russell and McGrath Roads. The leasehold has an area of 9,348sqm. The building comprises 2,000sqm office and 1,000sqm workshop/warehouse built to a high standard.

Property Information as at 30 June 2011

<b>Property Type</b>	Commercial/Warehouse
<b>Property Built</b>	2003
<b>Acquisition Date</b>	2004
<b>Ownership</b>	100%
<b>Purchase Price</b>	\$4,490,000
<b>Occupancy</b>	100%
<b>Net Lettable Area</b>	3,000sqm
<b>Net Building Income (12 months to 30 June 2011)</b>	\$407,082
<b>Weighted Average Lease Expiry (WALE)</b>	3.76 years

<b>Valuation</b>	\$4,500,000
------------------	-------------

Major Tenant	SQM	% by Net Lettable Area	Lease Maturity
Raytheon Australia Pty Ltd	3,000	100%	April 2015

# APGF Real Estate Investment Trust



## 850 Lorimer Street, Port Melbourne, VIC

A two-level office building with basement car parking for 197 vehicles, located on the city's fringe. The building is subdivided into four office suites of varying sizes.

## Property Information as at 30 June 2011

<b>Property Type</b>	Commercial
<b>Property Built</b>	Circa 1992
<b>Acquisition Date</b>	2004
<b>Ownership</b>	100%
<b>Purchase Price</b>	\$12,000,000
<b>Occupancy</b>	100%
<b>Net Lettable Area</b>	5,492sqm
<b>Net Building Income (12 months to 30 June 2011)</b>	\$1,492,044
<b>Weighted Average Lease Expiry (WALE)</b>	1.00 years

<b>Valuation</b>	\$14,700,000
------------------	--------------

Major Tenant	SQM	% by Net Lettable Area	Lease Maturity
GKN Engage Pty Ltd	3,904	71.09%	April 2012

# APGF Real Estate Investment Trust



## 211-231 Northumberland Road, Liverpool, NSW

A modern four-level office building with two levels of basement car parking for 179 vehicles. Constructed in 2001, the building was purpose built and is fully occupied by Centrelink.

## Property Information as at 30 June 2011

<b>Property Type</b>	Commercial/Retail
<b>Property Built</b>	2000
<b>Acquisition Date</b>	2000
<b>Ownership</b>	100%
<b>Purchase Price</b>	\$28,600,000
<b>Occupancy</b>	100%
<b>Net Lettable Area</b>	7,400sqm
<b>Net Building Income (12 months to 30 June 2011)</b>	\$2,906,702
<b>Weighted Average Lease Expiry (WALE)</b>	3.46 years

<b>Valuation</b>	\$27,000,000
------------------	--------------

Major Tenant	SQM	% by Net Lettable Area	Lease Maturity
Centrelink	7,400	100%	December 2014

# APGF Real Estate Investment Trust



## 61 Park Road, Milton, QLD

Well maintained and well located in one of Brisbane's prestigious office precincts, this two-level office building was architecturally designed to provide a practical and efficient working environment for its tenants.

## Property Information as at 30 June 2011

<b>Property Type</b>	Commercial
<b>Property Built</b>	1985
<b>Acquisition Date</b>	2004
<b>Ownership</b>	100%
<b>Purchase Price</b>	\$3,500,000
<b>Occupancy</b>	51.19%
<b>Net Lettable Area</b>	1,094sqm
<b>Net Building Income (12 months to 30 June 2011)</b>	\$157,572
<b>Weighted Average Lease Expiry (WALE) by income</b>	5.00 years

<b>Valuation</b>	\$4,600,000
------------------	-------------

Major Tenant	SQM	% by Net Lettable Area	Lease Maturity
Graystone Pty Ltd	560	51.19%	June 2016

# APGF Real Estate Investment Trust



## 12 Rodborough Road, Frenchs Forest, NSW

A modern three level office building with 2,774sqm gross lettable area as well as on-grade and basement car parking for 100 cars. Located within the Frenchs Forest industrial precinct, approximately 17km north of the Sydney CBD.

## Property Information as at 30 June 2011

<b>Property Type</b>	Office/Warehouse
<b>Property Built</b>	Circa 1980
<b>Acquisition Date</b>	2005
<b>Ownership</b>	100%
<b>Purchase Price</b>	\$7,000,000
<b>Occupancy</b>	66.46%
<b>Net Lettable Area</b>	2,774sqm
<b>Net Building Income (12 months to 30 June 2011)</b>	\$252,671
<b>Weighted Average Lease Expiry (WALE) by income</b>	9.09 years

<b>Valuation</b>	\$6,600,000
------------------	-------------

Major Tenant	SQM	% by Net Lettable Area	Lease Maturity
Nine Network Australia Ltd	1,843	66.46%	July 2020

# APGF Real Estate Investment Trust



## 12A Rodborough Road, Frenchs Forest, NSW

A modern four-level office and warehouse building with parking for 177 vehicles. The gross lettable area is 7,286.3sqm. Total land area is 8,725sqm positioned with frontage and driveway access to Rodborough Road.

## Property Information as at 30 June 2011

<b>Property Type</b>	Office/Warehouse
<b>Property Built</b>	Circa 1980
<b>Acquisition Date</b>	2005
<b>Ownership</b>	100%
<b>Purchase Price</b>	\$13,000,000
<b>Occupancy</b>	55.06%
<b>Net Lettable Area</b>	7,286sqm
<b>Net Building Income (12 months to 30 June 2011)</b>	\$575,235
<b>Weighted Average Lease Expiry (WALE) by income</b>	3.55 years

<b>Valuation</b>	\$14,000,000
------------------	--------------

Major Tenant	SQM	% by Net Lettable Area	Lease Maturity
Integrated Technology Services Pty Ltd	2,407	33.03%	April 2016



# AREIT FINANCIAL SUMMARY

# AREIT FINANCIAL SUMMARY AT 30 JUNE 2011



Net Tangible Asset Value Per Unit (NTA)	\$0.93*
Distribution Per Unit p.a. (DPU)	8.68 cents
Weighted Average Lease Expiry (WALE)	2.57 years
Units on Issue	40,475,196
No. of Investors	2,001
Properties' Total Book Value	\$121,450,000

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





# AREIT STRATEGY

# AREIT STRATEGY

- Focus on maximising AREIT's investors' interests
- Pro-active "hands-on" asset management to maximise each property's net operating income
- Invest in Australian investment grade commercial office assets
- Sale of non-core assets in 2011/12 to reduce gearing
- Offer the initial limited redemption facility in March 2012
- Maximise sustainable distribution levels





# RESOLUTIONS

# RESOLUTIONS

- Resolutions 1 & 2
  - Re-election of Directors (Neil Summerson & Adriano Cragolini)
- Resolution 3
  - Amendment 1 – Appropriate wording was not in the Deed Poll despite being outlined in the merger proposal’s EM dated 24 December 2010 which investors voted in favour of earlier this year
  - St George Bank (the lender) has requested approval be obtained in order to satisfy its documents under the Facility Agreement
  - Amendment 2 – Administrative changes to allow the Manager greater flexibility in nominating the date on which a prospective discounted rights issue may be offered.



# RESOLUTIONS (CONTINUED)

- Resolutions 4 & 5
  - Same constitutional amendments as per resolution 3, amendment 2
- Resolution 6
  - Appoint auditors of the Company



# DISCLAIMER

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

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

