

DOMAINE SEQ GROWTH FUND

ARSN 115 639 971

DECEMBER 2010

QUARTERLY INVESTORS' REPORT

March 2011



Geoff McMahon
Managing Director



Michael O'Reilly
Director,
Asset Management

WHILE THE
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ECONOMIC UPDATE

The global economy grew at an above-trend pace in 2010 and this growth is expected to continue over the next two years. Importantly, there are signs of improvement in the United States and the Asia Pacific region continues to lead the world in economic growth and performance.

Despite this positive outlook, the potential constraints to global economic growth include lingering sovereign debt problems in Europe, the uncertainty created by significant natural disasters globally, and recent political unrest in the Middle East and North Africa, which may have implications for the oil price.

The Australian economy continues to perform soundly and is expected to maintain this momentum over the next two years. Australia's economy remains the envy of most advanced economies, with the country's strong economic fundamentals including economic growth of approximately 3% per annum, underlying inflation of 2.25% per annum and unemployment of 5%.

The medium-term outlook continues to reflect the expected strong mining investment and high commodity prices. However, Australia is presently experiencing a "multi-speed" economy with conditions in sectors such as retailing, tourism and construction remaining subdued as a result of interest rate rises, increased savings rates and recent natural disasters.

Against this economic background, the prospects for Australian property are more promising than they have been in recent years. While the availability and cost of bank finance remains an issue, most property markets are in a healthy position as stock supply and demand are in balance. It appears we are at, or close to, the lowest point in the commercial property valuation cycle.

APGF remains cautiously optimistic about a recovery in rents and capital values over the next 12 to 24 months, although forced sales by banks and the wind-up of unlisted property funds may place some pressure on non-prime property valuations.

INVESTORS WILL NOW RECEIVE REPORTS FOR THE SIX MONTHS ENDING JUNE AND DECEMBER, MAILED IN SEPTEMBER AND MARCH RESPECTIVELY.



INVESTOR REPORTS

As referenced in the September 2010 Quarterly Investors' Report, APGF has amended its investor reporting cycle to half-yearly reports. Investors will now receive reports for the six months ending June and December, mailed in September and March respectively. Fund summaries, including Net Tangible Assets per unit, will be updated on a quarterly basis and will be available online at www.apgf.com.au in addition to being published in the half-yearly reports. APGF will continue to keep investors informed on a timely basis of any important information that occurs between the half-yearly reports by letter, investor bulletin and the APGF website. APGF's Investor Relations Team can be contacted during business hours on 1300 668 698 or by email at info@apgf.com.au.

REGISTER REQUESTS

In December 2010 changes were made to the Corporations Act regarding third party register requests. When requesting a copy of a register of members, a person must provide their name, address and satisfy the proper purpose test for seeking a copy of the register. Improper purpose includes the solicitation of a donation, solicitation by a broker, gathering information about personal wealth and making an unsolicited offer to purchase financial products off-market. Register requests must be submitted in writing to the relevant fund registrar and investors should note a fee will be charged. For more information contact APGF's Investor Relations Team on 1300 668 698 or by email at info@apgf.com.au.



PROPERTY MARKET UPDATE

BRISBANE

Despite the challenging start to the New Year because of the January flood, the Brisbane CBD office rental market is forecast to improve in 2011, with the Property Council of Australia's (PCA) latest report indicating increased business activity and a 1.8% decrease in vacancy rates in the six months to January 2011, to 9.4%. Latest forecasts expect the vacancy rate to continue to fall to around 9.0% in the first half of 2011.

Total net absorption of office space in the Brisbane CBD in the six months to January 2011 was 31,795 square metres, with negative net supply during the same period of 5,596 square metres. In comparison, the Brisbane fringe market received 30,716 square metres of net supply in the six months to January, with a positive net absorption of 52,800 square metres during the same period. The PCA reports a further 112,656 square metres of new supply projected for 2011 and 2012.

During the December 2010 quarter, premium gross face rents for Brisbane CBD ranged

between \$750 and \$800 per square metre; \$550 and \$685 per square metre for A-Grade office space; and \$450 and \$550 per square metre for B-Grade space. Premium office space achieved yields ranging between 7% and 7.5%, an increase on the third quarter 2010.

Significant recent transactions included the sale of 56,369 square metres at Brisbane Square, 266 George Street for \$300 million and 1,989 square metres at 55 Elizabeth Street for \$24 million. Major leasing activity saw 5,600 square metres of office space at 12 Creek Street leased to the BHP Mitsubishi Alliance.

Net rental for retail properties in the Queen Street Mall ranged between \$2,700 per square metre and \$7,000 per square metre and attracted yields from 5.5% to 7.0%. Net retail for other CBD properties ranged between \$750 per square metre and \$1,700 per square metre with yields from 6.5% to 8.25%. In Brisbane's bulky goods

segment, tenant gross rental for properties less than 1,000 square metres ranged from \$150 per square metre to \$240 per square metre.

Prime industrial rents have slightly improved since the September 2010 quarter. During the September 2010 quarter, prime net rents for industrial property in both Northside and Southside suburbs ranged between \$100 and \$130 per square metre. Tradecoast prime net rental was slightly higher, ranging between \$110 and \$140 per square metre. Prime industrial properties are achieving market yields between 8% and 8.75%.

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, Gold Coast, Canberra, and Hobart, please request a copy by email to info@apgf.com.au or phone 1300 668 698.



CB1 & CB2

ASSET MANAGEMENT

Note: Net building income is for the 12 months to 31 December 2010.

Calamvale Shopping Centre

Net Building Income: \$3,926,940

APGF's asset management team has had a successful final quarter in 2010, evidenced by a further decrease in vacancy to 4.3%, which represents 11 tenancies, one kiosk and two ATM spaces.

Lease negotiations have now been finalised with ladies fashion retailers Wombat and Rockmans. A PC retailer, Ed's PC and the Calamvale Fish Depot have also commenced trading following lease negotiations in 2010. Preliminary discussions are underway with a national retailer interested in 645 square metres, potentially replacing a poor performing tenant, which would reduce the vacancy by a further 286 square metres.

An air conditioning controller upgrade is scheduled within the next three months and improvements to signage in the centre will be undertaken during the same period to enhance the presentation of the property.

Generally, the centre is performing well and has experienced a 3.13% growth in sales over the past year. Leasing and debt management are the focus for the first half of

2011 and APGF's asset management team is working with the managing agents on the business planning process for 2011/2012.

Mt Gravatt Village Shopping Centre

Net Building Income: \$2,671,320

Two retail vacancies remain, totaling 335 square metres, and APGF's asset management team is in negotiations with a prospective fruit and vegetable retailer to occupy one of these tenancies. The vacant commercial office space of 219 square metres, included in the above vacancy rate, was successfully leased in late 2010 to the Queensland Local Government Superannuation Board for a period of five years.

Leasing the remaining vacant space and business planning for the property for 2011/12 are the priorities for the first half of 2011.

333 Ann Street, Brisbane

Net Building Income: \$9,677,712

APGF's asset management team continues to investigate alternatives to improve the NABERS energy star rating and a consultant has been engaged to develop a number of

strategies, one of which includes installing a fourth air-conditioning chiller to assist in cooling the tenants' server rooms.

Investors are aware of the extreme weather conditions Brisbane has been experiencing. As a result of these conditions, the mechanical services power supply has been overheating. Temporary measures have been implemented to prevent services failure and fire, and a consultant has been engaged to recommend a solution as a priority.

Arrears of approximately \$100,000 were recovered and finalised from one tenant in February 2011, however Freeman Fox remain four months behind in rent payments and as such, its bank guarantee has been cashed and a termination of lease is expected by April 2011. Four of the five floors leased by Freeman Fox were sub-let, and APGF's asset management team has commenced negotiations with these sub-tenants in an effort to secure direct longer term leases. The floor occupied by Freeman Fox is being marketed for lease as a priority, with three prospective tenants currently in discussions with APGF's asset management team.



Calamvale Shopping Centre



Mt Gravatt Village Shopping Centre



Yatala

Net Building Income: \$1,172,807

This property was marketed for sale in October 2010 and negotiations have been continuing since then to secure a sale in a challenging market. Contracts were exchanged with a purchaser, subject to a First Right of Refusal, for the tenant to purchase the property. The sole tenant, Scotts Refrigeration Freightways Pty Ltd, exercised its right and a new contract for sale has been exchanged. Settlement is expected to occur by the end of April 2011.

CB1 and CB2

Net Building Income: \$8,173,756

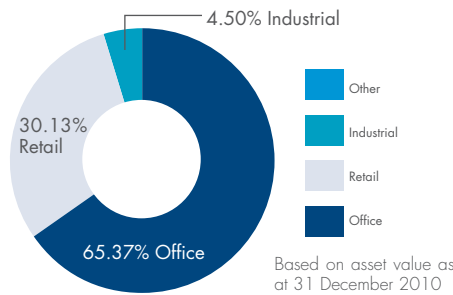
CB1 and CB2 were impacted by flooding in Brisbane in January 2011. Both levels of the car park were completely inundated, while the ground floor experienced approximately 20 centimetres of flooding in some areas. Due to the breadth and depth of the car park, it took approximately 10 days to completely drain the water. During this time, the building services and retail tenant storerooms and cool rooms were submerged in water, thus requiring complete replacement. The building was restored to operational capacity within 12 days, while the car park remained closed for a further 30 days. The total cost of repairs from flood damage, including claims from tenants, will reach approximately \$1.5 million. The insurance brokers have confirmed the Fund will be reimbursed for the reinstatement of property damage and consequential loss of income arising from the floods.

The ground floor retailer is currently two months in arrears and has been in a

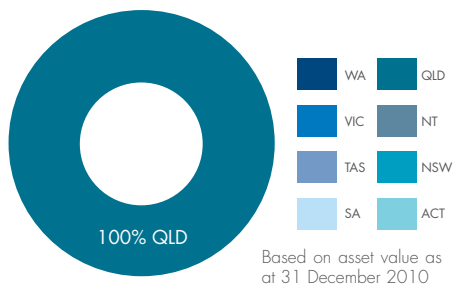
similar situation since the tenant began occupying the space in 2008. APGF's asset management team is considering a number of alternatives, including a change of use, for the ground floor space.

The 29 square metres ground floor tenancy, currently occupied by the complex's developers, will become vacant in June 2011. The managing agent is hopeful of securing a new food outlet for the space.

DIVERSIFICATION BY SECTOR



DIVERSIFICATION BY LOCATION



NET TANGIBLE ASSETS PER UNIT (NTA)

NTA as at 31 December 2010 | \$0.56

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 Fund based on ASIC's eight disclosure principles is for the reporting period ended 31 December 2010.

DISCLOSURE PRINCIPLE 1: GEARING RATIO

LENDER	BANK GEARING COVENANT	ACTUAL GEARING RATIO	
		Book Value 31 December 2010	Per Bank Accepted Valuations
NAB	68%*	65.9%	66.8%

* NAB requires the bank gearing covenant to be reduced to 65% by 31 December 2011. The actual gearing ratio of 65% will be achieved through quarterly loan amortisation payments of \$1.5 million, assuming no change in property valuations since November 2009.

The Fund's actual loan to value ratio may be calculated differently to the RG 46 definition.

DISCLOSURE PRINCIPLE 2: INTEREST COVER

The Fund's interest cover ratio for the 12 months to 31 December 2010 is outlined below. The Fund'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
NAB	1.5	1.5

DISCLOSURE PRINCIPLE 3: SCHEME BORROWING

The Fund's total borrowing as at 31 December 2010 is \$213,447,000. The Fund has a single loan facility with National Australia Bank and the loan is on a variable interest rate. Of the total borrowings, 52.07% is fixed through interest rate swaps which expire in June 2012 (18.57%) and September 2012 (33.50%).

The maturity date of the Fund's borrowing facility is 30 September 2012.

DISCLOSURE PRINCIPLE 4: PORTFOLIO DIVERSIFICATION

PROPERTY	ASSET TYPE	VACANCY BY SQUARE METRE	VACANCY RATE
Calamvale Shopping Centre, QLD	Retail	546	4.3%
Mt Gravatt Shopping Centre, QLD	Retail	425	7.0%
333 Ann Street, Brisbane QLD	Office	0	0.0%
84 Lahrs Road, Yatala, QLD	Industrial	0	0.0%
CB1 and CB2, 100 Melbourne Street, South Brisbane, QLD	Office/Retail	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
CB1 and CB2, 100 Melbourne Street, South Brisbane, QLD	Roche Mining	8.64%
	Colorado Group	7.77%
84 Lahrs Road, Yatala, QLD	Scotts Refrigeration Freightways Pty Ltd	5.00%
333 Ann Street, Brisbane QLD	Runge Limited	9.50%
	Freeman Fox Admin Services Pty Ltd	8.59%

The occupancy rate of the Scheme's property portfolio is 98.55%.

WEIGHTED AVERAGE LEASE EXPIRY BY NET LETTABLE AREA	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	1.45%	0.61%	3.17%	4.88%	17.55%	72.34%
WALE	4.92 years					

DISCLOSURE PRINCIPLE 5: VALUATION POLICY

The properties are valued at least once per annum unless required more frequently by the Fund's constituent documents or financier, or if Directors believe there is a material change in market conditions.

Generally these valuations have been performed by independent registered valuers who are 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. External valuers are rotated after they have conducted three consecutive valuations of a property.

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. Subject to the accounting standard adopted by the Scheme, any revaluation decrement/impairment will be either recorded in the Income Statement as an expense, or disclosed in the notes to the Financial Statements.

PROPERTY	VALUATION	CAPITALISATION RATE
Calamvale Shopping Centre, QLD	\$60,700,000 (D)*	8.25%
Mt Gravatt Shopping Centre, QLD	\$37,000,000 (D)*	8.00%
333 Ann Street, Brisbane QLD	\$117,500,000 (D)*	7.50%
84 Lahrs Road, Yatala, QLD	\$14,600,000 (D)*	9.75%
CB1 and CB2, 100 Melbourne Street, South Brisbane, QLD	\$94,500,000 (D)*	8.50%

*I = Independent Valuations, D = Director's Valuation

DISCLOSURE PRINCIPLE 6: RELATED PARTY TRANSACTIONS

As at 31 December 2010, the Fund does not lend, invest in or provide any other form of financial accommodation to APGFM or its associates.

Except for the management fees paid/payable to APGFM as Responsible Entity of the Scheme as disclosed in the Product Disclosure Statement, there are no other related party transactions for the period ended 31 December 2010.

APGFM maintains a Register of Related Party Transactions and a Potential and Actual Conflicts of Interests Register which records and details any of the Fund'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 that investors are not disadvantaged.

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.

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

We welcome your feedback on this December 2010 Quarterly Investors' Report. You can contact us at info@apgf.com.au.

AUSTRALIAN PROPERTY GROWTH FUND

Level 15, 12 Creek Street, Brisbane QLD 4000

GPO Box 31 19, Brisbane QLD, 4001

T: 1300 668 698 **E:** info@apgf.com.au

www.apgf.com.au



DISCLOSURE PRINCIPLE 7: DISTRIBUTION PRACTICES

As at 31 December 2010, distributions continue to be suspended. The Fund's quarterly distributions were suspended in the December 2008 quarter. With the challenging economic and property market conditions continuing and the Fund's own specific challenges, distributions will unfortunately have to remain suspended until such time that the new terms and conditions are being met under the facility agreement. It is unlikely that distributions will be able to recommence before the Review Date of 30 September 2012.

DISCLOSURE PRINCIPLE 8: WITHDRAWAL RIGHTS

Investors in the Fund will have an opportunity to have their units redeemed in whole or in part every seven years. The first opportunity will occur as at 30 September 2012 and each seventh anniversary thereafter (Review Date). At each Review Date, APGFM must convene a meeting of investors in the Fund to consider its future. At each meeting following a Review Date the investors may resolve to continue or terminate the Fund.

THE AUSTRALIAN
ECONOMY
CONTINUES
TO PERFORM
SOUNDLY AND
IS EXPECTED TO
MAINTAIN THIS
MOMENTUM
OVER THE NEXT
TWO YEARS.

