



EUMUNDI GROUP

4 September 2006

Company Announcements Office
Australian Stock Exchange Limited
SYDNEY NSW 2000

AIRLIE BEACH DEVELOPMENT UPDATE

The Honourable Henry Palaszczuk, Minister for Natural Resources, Mines & Water has announced that a Labour Government, if re-elected, will not grant a lease for any high-rise development on the Airlie Beach foreshore, thereby casting significant doubts over the future of the proposed Eumundi FKP Airlie Beach Lagoon Hotel joint venture. While the State would be prepared to consider an alternative proposal of a reduced scale, it would only be prepared to do so if it enjoyed 'widespread community support'. As such we will be considering all available options.

The company is naturally disappointed that a project upon which the joint venture parties have been working on for 4 years and which showed immense future potential may not now result in a positive outcome for the company. Eumundi Group Limited will continue to work with both the Council and the Government to ensure a mutually acceptable outcome, either in relation to acceptable alternatives for the existing site or compensation should this project be rendered void.

Whilst the company is concerned with the foreshadowed decision, the proposed Airlie Beach development has no carrying value in the company's accounts and as a consequence the NTA of the company is not affected.

The company's resources and energy continue to be directed at enhancing current projects and sourcing new ones in line with the company's business plan to increase its property portfolio, with an emphasis on well positioned and under-performing or only partly developed shopping centres.

Yours faithfully
Eumundi Group Limited
A.C.N. 010 947 476

Leni Stanley
Group Company Secretary