



EUMUNDI GROUP

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Australian Securities Exchange
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CHIEF EXECUTIVE OFFICERS ADDRESS TO ANNUAL GENERAL MEETING

Please find set out below the content of the Chief Executive Officer's Address to the Annual General Meeting of Eumundi Group Limited being held this morning.

"During the 2007-08 year Eumundi Group successfully weathered the initial waves of the global financial meltdown. Predictions are that the worst is yet to come and so we remain focused on meeting the challenges presented by the continued battering of the Australian and Global economies.

Interest rates have been a major concern to all businesses, creating pressures on all fronts. During the past 18 months we have acquired 2 retail investments, a business and also undertook a share buy back. As a result of these activities Eumundi Group is now carrying a higher level of debt, and interest expense has been a major factor during the past 10 months. Interest rates were unsustainable with Bank Bill Swap Rates hitting 7.8% on the 12th June 2008. Fortunately rates began to retreat in the third quarter of this year and have now fallen by more than 295 basis points since June, and with another 1 percent reduction flagged before the end of December.

The retail sector has been hardest hit and business confidence is at its lowest point in many years. During the past 6-8 months consumers have focussed on debt reduction in the face of escalating interest rates. Now, with interest rates improving, the spectre of 10% unemployment rates and the deterioration in property and in share portfolios is of great concern to consumers and as a result competition for the retail dollar is high.

All of our investments are in the retail sector and our focus for the 2008-09 year continues to be controlled and sustainable growth.

Higher exposure to the retail industry is faced through our investment properties and it is crucial that we are conscious of the issues being faced by our retail tenants in each centre. In saying this, we believe that each of our retail investments are quality centres in strong residential catchments, and the diverse tenancy mix of each centre does provide customers with a wide range of both retail and commercial uses providing the local community with a one stop destination point.

During difficult times, vacancies and business failures are the greatest risks faced in this market, and so we are instigating measures to mitigate the Group's exposure in these areas. All new tenancy proposals are considered as a long term commitment with each applicant assessed to ensure the strength of their business and their ability to add to the value of the property concerned.



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Both our centres at Aspley have a strong and diverse tenancy mix, made up of national, state and local, retail and commercial traders. Combined, these centres have a strong lease expiry profile with over 60% of all leases expiring after 2011.

The much anticipated redevelopment of Banksia Beach Shopping Village is nearing finalisation. Practical completion of the centre will occur within the next two weeks and the centre's anchor tenant, Cornett's Supa IGA, is scheduled to open the doors on their expanded operation in the first week of December.

I am also pleased to advise that Cornett's IGA have secured the inclusion of two national brands in their operation, Lenard's Poultry and Brumby's Bakeries. These respected businesses are household names and their presence will attract new customers to the centre. In addition, Cornett's are expanding their business to include retail services not previously offered such as a full range delicatessen, meat department and fresh seafood, as well as extending its dry goods range to provide customers with a full line supermarket.

The instability of the economy, during the past 6 – 8 months, and low business confidence resulted in demand weakening as tenants took a cautious view towards new ventures or expanding their existing businesses. As a result leasing enquiries over the last 6 months slowed significantly, reducing the rate of conversion from an enquiry level to a formal Lease. The advancing construction of the centre has in recent times, however generated increased interest from potential tenants. Easing of interest rates over the past two months has also returned some confidence to the market, and as such we now have 5 new tenants secured, in addition to a number of existing tenants expanding their businesses and undertaking upgrades of their fit outs to compliment the higher standard of the centre.

Upon completion, the centre's occupancy level will be in the vicinity of 90%. In addition there are a number of new and existing tenants that will take occupation of their new shops early in the New Year, with their fit-outs scheduled to commence after the Christmas holiday period.

To complete the exciting transformation, a new name has been chosen and upon completion the centre will be known as "Bribie Harbour Shopping Village". We are confident that this centre will become a preferred shopping destination on Bribie Island.

In July 2007 we acquired a majority shareholding in Keendove Holdings Pty Ltd, trading as Punch Joseph and Associates, a boutique property management company. Punch Joseph and Associates is a company built on a proven history of customer service excellence.

Since acquisition, our focus has been directed towards a stable and effective integration of this investment, expanding its capacity for future growth, while maintaining the high level of service currently provided to existing clients.

The volatility currently being experienced in the property market is expected to increase demand for businesses such as this, as owners look for a high level of efficient service and responsible management of their assets.



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The Ashmore Tavern continues to deliver a strong result in a difficult period. Management's focus is upon retaining and building upon the existing consumer base, while actively minimising costs.

The refurbishment of the Tavern's bar facilities is considered key to reversing flagging performance experienced in that area over the past few years. Plans have been drawn up for a major refurbishment of the Tavern's bar and restaurant facilities. The decision to proceed with these works will occur once the Bribie Harbour Shopping Village redevelopment has been successfully completed.

In closing, we are conscious of the economic conditions currently faced. Our stated strategy and philosophy remains unchanged. Opportunities will be considered, assessed and pursued wherever real value can be delivered, costs will be controlled, and every decision taken will be with a view to maximising the long term value of the Group's assets for the benefit of shareholders."

Yours sincerely
Eumundi Group Limited

Leni Stanley
Company Secretary