



20 February 2020

## APN PROPERTY GROUP ANNOUNCES HY2020 RESULTS AND REAFFIRMS DISTRIBUTION GUIDANCE

### HY2020 Achievements

- Operating Earnings<sup>1</sup> up 33% to \$6.4 million (HY2019: \$4.8 million), with 98% of earnings generated from recurring sources
- Operating Earnings 2.03 cents per security (cps)
- Statutory net profit after tax of \$17.4 million (HY2019: \$6.0 million)
- Funds Under Management (FUM) up \$138 million or 5% to \$3.1 billion
- Strong and flexible balance sheet with net tangible assets of \$138.1 million and cash of \$15.6 million<sup>2</sup>; NTA per security of 43.4 cents (up 8% versus June 2019)
- Strong results including asset acquisitions, material leasing and asset improvement projects across \$1.4 billion of direct property funds
- Interim distribution declared of 1.60 cps; full year FY2020 distribution guidance reaffirmed at 3.15 cps subject to continuation of current market conditions
- Stapling transactions completed in December 2019

### Strong Growth in Profit and Distributions; FUM over \$3 billion

APN Property Group Limited (ASX: APD) (APN or the Group) today reported a statutory net profit after tax for the six months ended 31 December 2019 of \$17.4 million. Operating Earnings<sup>1</sup> was \$6.4 million (up 33%) or 2.03 cents per security (up 31%).

The Board has declared an interim distribution of 1.60 cents per security for the period ended 31 December 2019, to be paid on 13 March 2020 to those securityholders registered as at 26 February 2020.

APN's Chief Executive Officer, Mr Tim Slattery, said "In the first half APN delivered a 33% increase in its operating profit as a result of strong growth in assets under management which now exceed \$3 billion. Our growth has been achieved without changing our attitude to risk and through our team's excellent underlying asset and investment management outcomes which have been delivered across our range of funds.

APN's income-focused commercial property investments remain very well positioned in the current market environment to deliver strong risk adjusted returns for our customers and we are continuing to see very good investor demand from a number of different sources. In this regard, APN has had an excellent start to calendar 2020 with strong results and market trading performances delivered by our two ASX listed REITs and our real estate securities division.

<sup>1</sup> Operating earnings is an unaudited performance metric used by the Group as a key measurement of underlying performance. It adjusts statutory profit for certain non-operating items recorded in the income statement including discontinued operations, certain business development expenses and realised / unrealised fair value movements on the Group's co-investments and investment properties.

<sup>2</sup> Includes cash held in trust for underlying funds managed by the Group of \$0.1 million and \$5.2 million for AFS Licences.

We believe APN remains exceptionally well positioned to continue to execute on our strategy of building value for our securityholders through improving the scale and profitability of our business by focusing on investment performance delivered with outstanding service.”

### **Funds and Performance Continue to Deliver Strong Risk Adjusted Returns**

APN has an established and diversified funds management platform, operating 12 funds with a total of \$3.1 billion in managed funds, including over 100 properties in its direct funds.

APN's real estate securities funds have continued to deliver strong returns in line with our 'property for income' philosophy. The APN AREIT Fund delivered a 15.5% return for calendar year 2019 and has delivered annualised returns since inception of 13.6%. The APN Asian REIT Fund delivered 23.8% over the year to December 2019 and 15.0% per annum since its inception in July 2011, and grew FUM by 30% to \$58 million in the HY2020 period.

During the period both of APN's listed REITs were strongly supported by their investors to fund acquisitions to grow their income streams, raising a combined total of almost \$100 million of new equity.

APN Industria REIT's (ASX: ADI) FUM reached \$848 million as at December 2019, including \$57 million of acquisitions in the period. Leasing activity remained strong, with continued active management of the portfolio leading to 29 leasing transactions over ~7,000 sqm. With conservative gearing of 29%, it maintains the balance sheet capacity to take advantage of additional opportunities to deliver additional value through income growth for Industria's securityholders.

APN Convenience Retail REIT (ASX: AQR) announced \$79 million of acquisitions for the period, with FUM increasing to \$399 million. The fund will deliver continued income growth to investors throughout the remainder of FY2020 and FY2021 as it reaches completion on its previously announced development pipeline of over \$40 million.

In our unlisted direct property activities, APN successfully completed the APN Steller Development Fund, providing a successful outcome for investors with an equity IRR of 17.7% over the fund life. As part of APN's continued active approach to asset management, it completed a number of capital expenditure projects that assisted with leasing activity, including both attracting and retaining tenants.

### **Growth Opportunities and Outlook**

In the period, our team was very active in the analysis and origination of new direct property opportunities, assessing almost \$2 billion of opportunities while remaining disciplined in applying our acquisition criteria. We continue to assess new fund opportunities across the real estate securities and direct property teams.

### **Stapling Completed; Distribution Guidance Reaffirmed**

APN announced on 16 December 2019 that it had completed the stapling of shares in APD to units in the APD trust. As a result of its new stapled structure, APN investor distributions will now generally be a combination of a franked dividend from APD and distributions from the APD Trust (potentially including a tax deferred component). APN will declare its final FY2020 distribution before 30 June 2020, with a record date of 30 June 2020.

The Board has declared an interim distribution of 1.60 cps which will comprise a 1.13 cps fully franked dividend and a trust distribution of 0.47 cps.

The Board reaffirms distribution guidance of 3.15 cps for the full year FY2020 (based on current market conditions).

## Conference call

APN will hold a group investor conference call at 11:00am (AEST) today, 20 February 2020.

Dial in details: Participants can dial +61 2 9007 8048 or 1800 908 299 (toll free) to join the call. When prompted, please enter Conference ID: 10003648

To bypass the operator and gain immediate access to the event participants can preregister:

<https://s1.c-conf.com/diamondpass/10003648-invite.html>

**ENDS**

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## NOTES

### Forward looking statements

This release contains forward-looking statements, estimates and projections, which are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors many of which are beyond APN Property Group's control and which may cause actual results to differ materially from those expressed in the statements contained in this announcement.

### About APN Property Group

APN Property Group (ASX code: APD) is a specialist real estate investment manager. Since 1996, APN has been actively investing in, developing and managing real estate and real estate securities on behalf of institutional and retail investors. APN's focus is on delivering superior investment performance and outstanding service. Performance is underpinned by a highly disciplined investment approach and a deep understanding of commercial real estate.

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