

**ASX ANNOUNCEMENT**APN Property Group Limited  
ABN 30 109 846 068Level 30, 101 Collins Street  
Melbourne, Victoria 3000 AustraliaT +61 (0) 3 8656 1000  
F +61 (0) 3 8656 1010  
W [www.apngroup.com.au](http://www.apngroup.com.au)  
E [apn@apngroup.com.au](mailto:apn@apngroup.com.au)

27 August 2014

The Manager  
Company Announcements Office  
Australian Securities Exchange Limited  
Level 4, Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

**APN PROPERTY GROUP LIMITED REPORTS STRONG FY14 RESULT****Highlights:**

- Statutory net profit of \$7.4 million, up 261% versus FY13
- Operating earnings (before tax)<sup>1</sup> up \$6.0 million or 733% to \$6.8 million
- Earnings per share of 3.93 cents
- Funds under Management<sup>2</sup> at \$2.0 billion, up 28% from 30 June 2013
- New \$404 million ASX listed fund established – Industria REIT (ASX: IDR)
- Record net inflows for APN AREIT Fund at \$164 million for FY14
- Property transactions totalling \$108.6 million announced by Generation Healthcare REIT (ASX: GHC)
- APN 541 St Kilda Road Fund property sale for \$35.75 million, delivering an equity return to investors of over 30%

APN Property Group Limited (ASX: **APD**) is pleased to announce a statutory net profit attributable to equity holders of \$7.4 million for the year ended 30 June 2014, up from \$2.1 million in the prior comparative period (pcp). Statutory earnings per share increased 207% to 3.93 cents per share from 1.28 cents per share on the enlarged capital base following the November 2013 equity raise.

Mr Chris Aylward, Executive Chairman and CEO said, “The 2014 financial year has been very successful for APN. We have delivered on our strategy to provide investors with a product suite to deliver annuity style income streams and wealth creation opportunities. Our net profit after tax of \$7.4 million has been built off the successful initial public offering of Industria REIT in December 2013, together with the continued outstanding performance of Generation Healthcare REIT and the APN AREIT Fund.”

<sup>1</sup> Operating earnings before tax is managements preferred measure of performance as it excludes non-operating revenue and expenses including mark-to-market gains/losses on co-investment stakes, impairments, net interest income, results from discontinued operations and income tax expense.

<sup>2</sup> Attributable to continuing operations.

## Financial Result

Operating earnings (before tax)<sup>3</sup> was up 733% to \$6.8 million for the year ended 30 June 2014 due to a combination of:

- Increased management fee income of \$1.9 million, attributable to growth of 28% in funds under management for the year;
- Performance and transaction fees totalling \$6.7 million, up from \$2.1 million in FY13, following a significant increase in performance fees from Generation Healthcare REIT and a retirement fee from APN National Storage Property Trust;
- Growth in asset and project management fees of \$0.3 million, reflecting a growing direct real estate portfolio under management and increased asset management activity; and
- Increased co-investment income following significant investments made by the Group during the year in Industria REIT and Generation Healthcare REIT.

Statutory profit after tax of \$7.4 million increased 261% compared to the prior year's profit of \$2.1 million, principally the result of the factors identified above. The FY14 statutory profit incorporates non-operating items including mark-to-market gains on co-investment stakes totalling \$3.3 million, a \$0.5 million profit on discontinued operations and income tax expense of \$3.8 million.

APN's balance sheet strengthened during the year following the successful \$16.1 million equity raising completed in November 2013, with net assets totalling \$54.8 million at 30 June 2014. Included within net assets were co-investment stakes in funds managed by APN amounting to \$46.1 million, partially financed by a new \$5.0 million borrowing facility.

## Funds under Management

Funds under Management (FuM) from continuing operations totalled \$2.0 billion at 30 June 2014, up 28% and 13% from 30 June 2013 and 31 December 2013 respectively. The highlights for the year included:

### Real estate securities

- Real estate securities FuM grew 13% to \$1.0 billion at 30 June 2014, led by the continued strong performance of the APN AREIT Fund. APN AREIT Fund net inflows have averaged approximately \$14.0 million per month, with our New Zealand distributor relationship founded in late FY2013 now successfully established and delivering results ahead of expectations.

### Generation Healthcare REIT

- Generation Healthcare REIT delivered investors 9% growth in distributions and a total return for the year of 30%, materially outperforming the S&P/ASX 300 A-REIT Accumulation Index return of 11%. FuM increased to \$325 million at 30 June 2014 following \$108.6 million of announced property transactions, financed by \$82.8 million of new equity raised.

### Industria REIT

- Industria REIT successfully listed on the ASX in December 2013. Initial public offering forecasts have been achieved and the Fund declared its first distribution to investors of 9.54 cents per security in August 2014. FuM grew from \$386 million on initial listing to \$404 million following positive property revaluations, a small acquisition and the practical completion of property developments.

### Direct Funds

- The new product momentum from late FY2013 continued, with the successful launch of the \$52 million Newmark APN Auburn Property Fund, a joint venture with Newmark Property Group. FuM was \$252 million, down from \$406 million at 30 June 2013, following the listing the APN National Storage Property Trust via National Storage REIT (independent to APN) and the realisation of investments for the APN Development Fund No.1 following the contribution of its property portfolio to Industria REIT. The APN 541 St Kilda Road Fund successfully contracted the sale of its property for a 28% premium to its \$28.0 million purchase price delivering a forecast total return to investors in excess of 30%.

---

<sup>3</sup> Operating earnings before tax is managements preferred measure of performance as it excludes non-operating revenue and expenses including mark-to-market gains/losses on co-investment stakes, impairments, net interest income, results from discontinued operations and income tax expense.

## **Dividends**

Dividends totalling 1.25 cents per share (fully franked) were paid for FY14, consistent with the pcp. No final dividend was declared for the period ended 30 June 2014, reflecting the short-term capital management priorities of the Group.

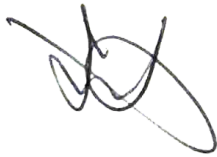
## **Outlook**

Mr Aylward said, "APN's focus for FY15 remains firmly on investment performance and outstanding customer service. The funds we manage have a number of exciting growth initiatives to add value for investors that will be progressed during the year. We are also actively seeking new commercial real estate investment opportunities for our existing and new funds that meet our strict investment criteria".

With domestic and global policy setters continuing to indicate that a low interest rate environment is likely to remain for the medium term, APN with its 'income focused' product suite, is well positioned to attract investor inflows and secure attractive real estate investment opportunities for new and existing investors.

Earnings guidance for FY15 Operating earnings (before tax) is in the range of 2.50 to 2.80 cents per share, with dividends forecast to be at least 1.25 cents per share. This guidance is based on a continuation of the current operating environment, in particular the regulatory landscape and equity and interest rate markets.

For further information, please contact investor relations on 1800 996 456 or Tim Slattery on +61 3 8656 1000



**John Freemantle**  
**Company Secretary**  
APN Property Group Limited

---

### **About APN Property Group**

APN Property Group Limited (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.

[apngroup.com.au](http://apngroup.com.au)