



29 April 2015

ACCELERATED NON-RENOUNCEABLE PRO-RATA ENTITLEMENT OFFER

Please find attached the following documents related to the accelerated non-renounceable pro-rata entitlement offer (**Entitlement Offer**) as announced on 28 April 2015:

- Retail Offer Booklet (**Offer Booklet**); and
- Entitlement and Acceptance Form.

These documents are scheduled to be sent to Eligible Shareholders (as defined in the Offer Booklet) on Wednesday 6 May 2015. Ineligible Shareholders will receive the attached letter of notification which is also scheduled to be sent on Wednesday 6 May 2015.

Further information for Eligible Shareholders

Eligible Shareholders are encouraged to carefully read the Offer Booklet for further details relating to the Entitlement Offer.

For all investor enquiries, please call the APN Property Group Limited Offer Information Line on 1800 250 297 (within Australia) or +61 1800 250 297 (outside Australia) or visit our registrar's website at www.linkmarketservices.com.au.

The Retail Entitlement Offer closes at 5.00 pm (AEST) on Thursday 21 May 2015. To participate in the Retail Entitlement Offer your application monies must be received prior to this time.

For further information, please contact:

John Freemantle

Company Secretary

T +613 8656 1000

E jfreemantle@apngroup.com.au

ENDS

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.

www.apngroup.com.au



Retail Offer Booklet

ACCELERATED NON-RENOUNCEABLE PRO RATA ENTITLEMENT OFFER

Details of a fully underwritten 1 for 5 non-renounceable accelerated pro rata Retail Offer of shares in APN Property Group Limited at an offer price of A\$0.37 per share.

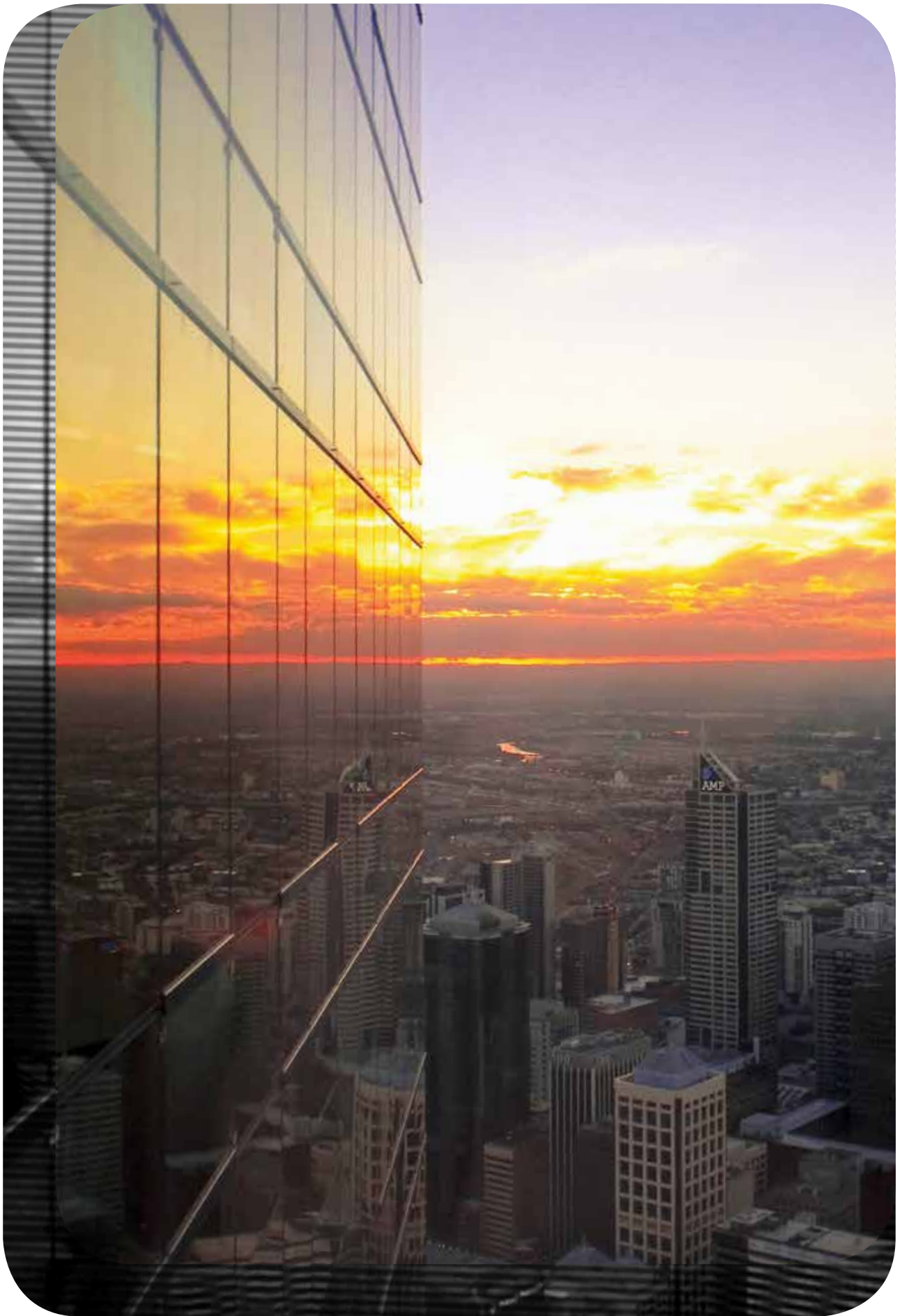
The Entitlement Offer closes at 5.00pm on Thursday 21 May 2015.



NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This is an important document which is accompanied by an Entitlement and Acceptance Form and both should be read in their entirety. Please call your professional adviser or the APN Property Group Offer Information Line if you have any queries.

APN Property Group Limited
ABN 30 109 846 068



CONTENTS

LETTER FROM THE EXECUTIVE CHAIRMAN	3
KEY OFFER DATES	5
HOW TO APPLY	6
IMPORTANT INFORMATION	10
ASX ANNOUNCEMENT AND INVESTOR PRESENTATION	17

ENQUIRIES

The information provided in this document is general information only and does not take into account your personal financial situation or needs. Before making a decision about investing in the Entitlement Offer, or if you have any doubt about whether you should invest in the Entitlement Offer, you should seek taxation or other professional advice to determine whether it meets your objectives, financial situation and needs.

If you have any questions on how to:

- a) complete the Entitlement and Acceptance Form; or
- b) take up your Entitlement, either in full or in part,

please call the APN Offer Information Line between 8.30am and 5.30pm Monday to Friday during the Entitlement Offer period:

T 1800 250 297 (Australia)
+61 1800 250 297 (Outside Australia)

E registrars@linkmarketservices.com.au

WEBSITE

To view historical annual reports, Shareholder information, announcements and background information on APN's operations and historical information, visit APN's website at www.apngroup.com.au

NO OFFER TO U.S. INVESTORS

This document does not constitute an offer to sell, or the solicitation of an offer to buy any securities in the United States or to or for the account or benefit of any US Person (as defined in Regulation S under the United States Securities Act of 1993 (as amended) (the **Securities Act**) (**US Person**)). No action has been taken or will be taken to register, qualify or otherwise permit a public offering of the New Shares in any jurisdiction outside of Australia or New Zealand. In particular, the New Shares have not been nor will be registered under the Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of US Persons. The provision of this document is not, and should not be considered as, financial product advice. The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. If you are unsure of your position please contact your accountant, tax advisor, stockbroker or other professional advisor.

CORPORATE DIRECTORY

ISSUER

APN Property Group Limited

Level 30, 101 Collins Street
Melbourne, Victoria 3000 Australia

LEGAL ADVISOR

Corrs Chambers Westgarth

Level 36 Bourke Place
600 Bourke Street
Melbourne Victoria 3000 Australia

SHARE REGISTRY

Link Market Services Limited

Level 1, 333 Collins Street
Melbourne, Victoria 3000 Australia

JOINT LEAD MANAGER AND UNDERWRITER

Macquarie Capital (Australia) Limited

Level 9, 1 Martin Place
Sydney, New South Wales 2000 Australia

JOINT LEAD MANAGER AND UNDERWRITER

Petra Capital Pty Ltd

Level 17, 14 Martin Place
Sydney, New South Wales 2000 Australia

LETTER FROM THE EXECUTIVE CHAIRMAN

Dear Shareholder,

I am pleased to invite you, as a valued shareholder of APN Property Group Limited ("**APN**" or the "**Company**") to participate in the retail component of a 1 for 5 non-renounceable accelerated pro rata entitlement offer of ordinary shares in APN at an Offer Price of \$0.37 per New Share ("**Entitlement Offer**").

The Entitlement Offer will raise approximately \$16.4 million through an institutional component ("**Institutional Offer**") and a retail component ("**Retail Offer**").

The Institutional Offer was undertaken in conjunction with a placement of to raise approximately \$13.6 million ("**Placement**"). The Institutional Offer and Placement, which were undertaken at the same Offer Price, closed on Tuesday 28 April 2015 and the result announced on the ASX.

The number of New Shares you are entitled to subscribe for under the Retail Offer ("**New Shares**") is set out in the personalised Entitlement and Acceptance Form that accompanies this Retail Offer Booklet.

The Offer Price of \$0.37 per New Share represents:

- a discount of approximately 7.9% to the one month volume weighted average price of existing APN Shares on the ASX between 25 March 2015 and 24 April 2015 (inclusive) of \$0.4016; and
- a discount of approximately 7.5% to the closing price of APN Shares on Friday 24 April 2015, the day on which APN shares were last traded prior to announcement of the Placement and Entitlement Offer.

The Entitlement Offer and Placement have been fully underwritten by Macquarie Capital and Petra Capital in equal parts. Further details about the potential effect the issue of the New Shares under the Entitlement Offer and the Placement will have on the control of APN can be found in the Important Information Section of this Retail Offer Booklet.

Purpose of the Entitlement Offer and Placement

APN intends to use the proceeds of the Entitlement Offer and Placement to:

- increase co-investment in Generation Healthcare REIT, supporting its separately announced capital raise, acquisition of a \$45.8 million portfolio of aged care assets, and commercial in-principle terms for the Casey Stage 2 project;
- increase¹ co-investment in Industria REIT to further enhance alignment with fund investors;
- repay APN's \$5.0 million debt facility with Macquarie Bank Limited to enhance APN's balance sheet;
- acquire the first seed asset of a planned new unlisted retail property fund; and
- provide funding capacity for further growth initiatives.

Further details are set out in the announcement and Investor Presentation.

Details of the Entitlement Offer

The Entitlement Offer entitles Eligible Shareholders to subscribe for 1 New Share for every 5 Shares held at the Record Date of 7.00pm (AEST) on Friday 1 May 2015 ("**Entitlement**"). New shares issued under the Entitlement Offer will rank equally with existing Shares on issue.

You will find enclosed in this Retail Offer Booklet details on how to participate in the Retail Offer, if you choose to do so. This Retail Offer Booklet also includes a timetable of key dates, important legal information, and the announcement and Investor Presentation that was released to the ASX on Tuesday 28 April 2015 providing further information on APN, the Entitlement Offer and key risks for you to consider.

¹ Subject to pricing and availability of securities acceptable to APN.

LETTER FROM THE EXECUTIVE CHAIRMAN

Participating in the Retail Offer

This Retail Offer Booklet is accompanied by your personalised Retail Offer and Acceptance Form. As an Eligible Retail Shareholder, you can choose one of the following options:

- Take up all of your Entitlement;
- Take up part of your Entitlement; or
- Do nothing and allow your Entitlement to lapse.

The Retail Offer is not renounceable and therefore your Entitlement will not be tradeable on the ASX or otherwise. This means that Eligible Retail Shareholders who do not take up their Entitlement will not receive any value for those entitlements and their proportionate economic interest in APN will be diluted.

The Retail Offer closes at 5.00pm (AEST) on Thursday 21 May 2015.

To participate in the Retail Offer, you must apply for New Shares on or before this date, otherwise your Entitlement will lapse.

Further details on how to submit your application are set out in this Retail Offer Booklet. If you have any questions in respect of the Retail Offer, please call the APN Property Group Limited Offer Information Line on 1800 250 297 (within Australia) or +61 1800 250 297 (from outside Australia) between 8:30am and 5:30pm (AEST) Monday to Friday during the Retail Offer period. Alternatively, consult your stockbroker, accountant or other independent professional adviser.

On behalf of the Board of APN, I invite you to consider this investment opportunity and thank you for your continued support.

Yours sincerely



Chris Aylward
Executive Chairman
APN Property Group Limited

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

The letter is not a prospectus and does not form part of any offer, invitation or recommendation in respect of securities, or an offer, invitation or recommendation to sell, or a solicitation of an offer to buy, securities in the United States or in any other jurisdiction in which, or to any person to whom, such an offer would be illegal. The distribution of this letter outside Australia and New Zealand may be restricted by law. Persons who come into possession of information in this letter who are not in Australia or New Zealand should seek independent advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

KEY OFFER DATES

Event	Date
Announcement of the Entitlement Offer and Placement	Tuesday 28 April 2015
Placement and Institutional Offer opens	Tuesday 28 April 2015
Placement and Institutional Offer closes	Tuesday 28 April 2015
Record Date for determining Entitlement to subscribe for New Shares	7:00pm on Friday 1 May 2015
Retail Offer opens	Wednesday 6 May 2015
Placement and Institution Offer settlement date	Wednesday 6 May 2015
Issue of New Shares under Placement and Institution Offer	Thursday 7 May 2015
Retail Offer closes	5:00pm on Thursday 21 May 2015
Retail Offer settlement date	Tuesday 26 May 2015
Issue of New Shares under Retail Offer	Wednesday 27 May 2015
New Shares issued under Retail Offer expected to commence trading on ASX on a normal settlement basis	Thursday 28 May 2015

Subject to the Corporations Act, ASX Listing Rules and other applicable laws, APN reserves the right to vary the times and dates of the Entitlement Offer, including extending the Entitlement Offer or accepting late applications, either generally or in particular cases, without notice. You cannot, in most circumstances, withdraw your application once it has been accepted. All times and dates refer to AEST.

Summary of Entitlement Offer	
Entitlement Ratio	1 New Share for every 5 existing Shares
Issue Price	\$0.37 per Share
Size	44,214,793 New Shares (subject to rounding)
Gross proceeds	\$16.4 million

HOW TO APPLY

1. PLEASE READ CAREFULLY THIS RETAIL OFFER BOOKLET, WHICH INCLUDES THE CHAIRMAN'S LETTER, IMPORTANT INFORMATION AND THE INVESTOR PRESENTATION PREVIOUSLY MADE AVAILABLE BY APN

The Entitlement Offer is being made under provisions in the Corporations Act as notionally modified by Australian Securities & Investments Commission (ASIC) Class Order 08/35 that allow rights issues to be offered by providing certain confirmations to the market without the need for a prospectus.

Before accepting your Entitlement, you should carefully read and understand the publicly available information relating to APN and the Entitlement Offer, including the attached Investor Presentation, APN's annual reports and other announcements that have been made available at www.apngroup.com.au or www.asx.com.au.

2. CONSIDER THE ENTITLEMENT OFFER IN LIGHT OF YOUR PARTICULAR INVESTMENT OBJECTIVES AND CIRCUMSTANCES

If you have any queries or are uncertain about any aspect of the Retail Offer, consult with your stockbroker, accountant or other independent professional adviser.

Please ensure that you review carefully the "Key Risks" section of the attached Investor Presentation.

3. WHAT DO YOU NEED TO DO?

If you are an Eligible Retail Shareholder, you may choose one of the following options:

1. Taking up all of your entitlements	<p>If you wish to take up all of your Entitlement, either:</p> <ul style="list-style-type: none"> Complete and return the slip attached to the Entitlement and Acceptance Form together with a cheque, bank draft or money order for the full amount of the Application Money relating to your Entitlement; or Make payment of the full amount of the Application Money relating to your Entitlement using BPAY®. Please include the BPAY® Biller Code and your unique Customer Reference Number (if you use BPAY® you do not need to return the slip attached to the Entitlement and Acceptance Form). <p>Please follow the instructions on the Entitlement and Acceptance Form.</p>
2. Taking up part of your Entitlement and allowing the remaining rights to lapse	<p>If you wish to take up part of your Entitlement and allow the remaining rights to lapse, either:</p> <ul style="list-style-type: none"> Complete and return the slip attached to the Entitlement and Acceptance Form together with a cheque, bank draft or money order for the applicable amount of the Application Money for the number of New Shares you wish to take up; or Make payment of the applicable amount of the Application Money for the number of New Shares you wish to take up using BPAY® (if you use BPAY® you do not need to return the slip attached to the Entitlement and Acceptance Form). <p>Please follow the instructions on the Entitlement and Acceptance Form.</p>
3. Do nothing and let all of your rights lapse	<p>If you take no action you will not be allocated any New Shares and your Entitlement will lapse. Your Entitlement to participate in the Entitlement Offer is non-renounceable and will not be tradeable or otherwise transferable.</p> <p>Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements that they do not take up. Although you will continue to own the same number of Shares, your Shareholding in APN will be diluted.</p>

HOW TO APPLY

4. HOW TO MAKE PAYMENT

To participate in the Retail Offer, your payment must be received by no later than the close of the Retail Offer, at 5.00pm (AEST) on Thursday 21 May 2015.

If your completed personalised Entitlement and Acceptance Form and payment has not been received by the Registry, or alternatively your payment through BPAY has not been received by the Registry by 5.00pm (AEST) on the Retail Offer close date of Thursday 21 May 2015, you will be deemed to have allowed your Entitlement to lapse.

By returning a completed Entitlement and Acceptance Form and attaching payment, or making a payment by BPAY, you will be deemed to have represented that you are an Eligible Shareholder (as defined in the "Important Information" section).

APN reserves the right to reject any application that it believes comes from a person who is not an Eligible Retail Shareholder. APN also reserves the right (in its absolute discretion) to reduce the number of New Shares allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders, if their claims prove to be overstated or otherwise incorrect or if they fail to provide information to substantiate their claims.

(A) PAYMENT BY CHEQUE, BANK DRAFT OR MONEY ORDER

For payment by cheque, bank draft or money order, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque, bank draft or money order in Australian currency for the amount of your application monies, payable to "APN Property Group Limited" and crossed "Not Negotiable".

Your cheque, bank draft or money order must be:

- for an amount equal to \$0.37 multiplied by the number of New Shares that you are applying for; and
- in Australian currency drawn on an Australian branch of a financial institution.

You should ensure that sufficient funds are held in relevant account(s) to cover the application monies. If the amount of your cheque for application monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares as your cleared application monies will pay for (and to have specified that number of New Shares on your Entitlement and Acceptance Form). Alternatively, your application will not be accepted.

Any application monies received for more than your final allocation of New Shares (only where the amount is A\$1.00 or greater) will be refunded as soon as practicable following allotment of New Shares. No interest will be paid to applicants on any application monies received or refunded.

Cash payments will not be accepted. Receipts for payment will not be issued.

Shareholders who make payment via cheque, bank draft or money order should mail their completed personalised Entitlement and Acceptance Form together with application monies to:

Mailing address:

APN Property Group Limited Offer
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

Hand delivery address:

APN Property Group Limited Offer
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

You do not have to pay any brokerage or other transaction costs to subscribe for New Shares.

(B) PAYMENT BY BPAY®

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form (which includes the Biller Code and your unique Customer Reference Number). You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

Please note that should you choose to pay by BPAY®:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to make each of the statements and representations on that form; and
- if you subscribe for less than your Entitlement or do not pay for your full Entitlement, you are taken to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the Registry by no later than 5.00pm (AEST) on Thursday 21 May 2015. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment, and you should therefore take this into consideration when making payment.

HOW TO APPLY

Please make sure to use the specific Biller Code and unique Customer Reference Number on your Entitlement and Acceptance Form. If you received more than one personalised Entitlement and Acceptance Form, you will need to complete individual BPAY® transactions using the Customer Reference Number specific to each individual personalised Entitlement and Acceptance Form that you receive. If you inadvertently use the same Customer Reference Number for more than one of your Entitlements, you will be deemed to have applied for only your Entitlement to which that Customer Reference Number applies and any excess amount will be applied to the purchase or additional shares under the same holding.

Any application monies received for more than your final allocation of New Shares (only where the amount is A\$1.00 or greater) will be refunded as soon as practicable following the allotment of New Shares. No interest will be paid to Applicants on any application monies received or refunded.

5. TERMS OF ACCEPTANCE

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will be deemed to have represented, warranted and agreed on behalf of yourself and each person on whose behalf you are acting for the benefit of as follows:

- you are not in the United States, are not acting on behalf of a person in the United States and are otherwise an Eligible Retail Shareholder;
- you understand that the Entitlements and New Shares have not been, and will not be, registered under the US Securities Act;
- if in the future you decide to sell or otherwise transfer the New Shares, you will only do so by regular transactions on ASX or otherwise where neither you nor any person acting on your behalf know, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or is acting on behalf of a person in the United States; and
- if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand (or other jurisdictions approved by APN) and is not in the United States and is not acting on behalf of a person in the United States, and you have not sent this Retail Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Retail Offer to any such person.

6. WHEN WILL I RECEIVE MY NEW SHARES?

It is currently expected that New Shares issued under the Retail Offer will be issued on Wednesday 27 May 2015 and commence trading on the ASX on Thursday 28 May 2015. Holding statements confirming the issue of the New Shares under the Retail Offer will be despatched to Shareholders on or about Thursday 28 May 2015.

It is the responsibility of each applicant applying for New Shares to confirm their holding before trading in those New Shares. Any person who sells New Shares before receiving confirmation of their holding in the form of their confirmation statement will do so at their own risk.

APN and the Registry disclaim all liability, whether in negligence or otherwise, to any person who trades in New Shares before receiving their confirmation statement.

To avoid postal delay in receiving your confirmation statement we recommend you check your holding online at www.linkmarketservices.com.au. To use this facility you will need internet access and your Holder Identification Number or Securityholder Reference Number to pass the security features on the website.

7. NOMINEES AND CUSTODIANS

Nominees and custodians should note in particular that:

- the Retail Offer is not available to, and they must not purport to accept the Retail Offer in respect of, Eligible Institutional Shareholders who participated in the Institutional Entitlement Offer and Institutional Shareholders who were treated as Ineligible Institutional Shareholders under the Institutional Entitlement Offer; and
- they may not send any material relating to the Entitlement Offer to, nor take up any Entitlements, sell Entitlements or otherwise purchase New Shares on behalf of, any US Person or other jurisdiction outside Australia or New Zealand except to beneficial shareholders who are institutional or professional investors in the countries (excluding the United States) listed in, and to the extent permitted under, the 'Foreign selling restrictions' part of the Investor Presentation.

Failure to comply with these restrictions could result in violations of applicable securities laws.

HOW TO APPLY

Nominees and custodians may not distribute any part of this Retail Offer Booklet in the United States or in any other country outside Australia and New Zealand except:

- Australian and New Zealand nominees may send this Retail Offer Booklet and related offer documents to beneficial shareholders who are professional or institutional shareholders in other countries (other than the United States) listed in, and to the extent permitted under, the 'Foreign selling restrictions' part of the Investor Presentation; and
- to beneficial shareholders in other countries (other than the United States) determined by APN.

APN is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of Shares or Entitlements. Any person acting as a nominee or custodian for a foreign person must, in dealing with its beneficiary, consider the 'Foreign selling restrictions' part of the Investor Presentation and assess whether indirect participation in the Retail Offer by the beneficiary complies with applicable foreign laws.

8. PRIVACY

The information about you included on an Entitlement and Acceptance Form is used for the purposes of processing the Entitlement and Acceptance Form and to administer your holding of New Shares. By submitting an Entitlement and Acceptance Form, you agree that APN may use the information provided on the form for the purposes set out in this privacy statement and may disclose it for those purposes to the Underwriters, the Registry and APN's related bodies corporate, agents and contractors and third party service providers, including mailing houses and professional advisers, and to ASX and other regulatory authorities.

The Corporations Act requires APN to include information about each Shareholder (including name, address and details of the Shares held) in the share register. The information contained in the register must remain there even if that person ceases to be a Shareholder. Information contained in the register is also used to facilitate payments and corporate communications (including APN's financial results, annual reports and other information that APN wishes to communicate to its security holders) and compliance by APN with legal and regulatory requirements.

Under the Privacy Act 1988 (Cth), you may request access to your personal information held by, or on behalf of, APN or the Registry. A fee may be charged for access. Personal information about you is held on the public register in accordance with Chapter 2C of the Corporations Act.

For details about the Registry's personal information handling practices including collection, use and disclosure, how you may access and correct your personal information and raise privacy concerns, visit www.linkmarketservices.com.au for a copy of the Registry's condensed privacy statement, or contact the Registry by phone on 1800 250 297 (free call within Australia) and +61 1800 250 297 (from outside Australia) 8.30am - 5.30pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of the complete privacy policy.

9. ENQUIRIES

If you have any questions, you may call APN Property Group Limited Offer Information Line on 1800 250 297 (within Australia) or +61 1800 250 297 (from outside Australia) between 8:30am and 5:30pm (AEST) Monday to Friday.

As the investment objectives, tax position and financial situation of Shareholders can differ, APN recommends that Shareholders obtain professional financial and tax advice specific to their circumstances prior to deciding whether to take up the Entitlements. APN, its officers and advisers do not accept any responsibility or liability for any taxation implications for Shareholders arising in connection with the completion of the Entitlement Offer.

IMPORTANT INFORMATION

This Retail Offer Booklet and the accompanying information (together the **Information**) has been prepared by APN. No party other than APN has authorised or caused the issue of this Information, or takes responsibility for, or makes any statements, representations or undertakings in this Information. APN, the Underwriters and each of their respective affiliates, officers, employees, agents and advisors, to the maximum extent permitted by law, expressly disclaim all liabilities, including, without limitation, liability for negligence in respect of, make no representations regarding, and take no responsibility for, any part of the Information and make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of information in this document. No person other than APN is authorised to give any information or make any representation in connection with the Entitlement Offer which is not contained in the Information. Any information or representation not so contained may not be relied upon as being authorised by APN or any person associated with it in connection with the Entitlement Offer.

You should read this Information carefully and in its entirety before deciding to invest in New Shares. In particular, you should consider the risk factors outlined in the attached Investor Presentation, any of which could affect the operating and financial performance of APN or the value of an investment in APN.

Past performance information given in this Information is provided for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

The Underwriters have not authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this Retail Offer Booklet, do not make or purport to make any statement in this Retail Offer Booklet and there is no statement in this Retail Offer Booklet which is based on any statement by the Underwriters.

1. NOT INVESTMENT ADVICE AND KEY RISKS

The Entitlement Offer to which this Information relates is being made in reliance on section 708AA of the Corporations Act as notionally modified by ASIC Class Order 08/35.

The Information is not a prospectus, product disclosure statement or disclosure document under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs.

The Information does not purport to contain all the

information that you may require to evaluate a possible application for New Shares and does not take into account the investment objectives, financial situation or needs of you or any particular investor. This Retail Offer Booklet should be read in conjunction with APN's other periodic statements and continuous disclosure announcements lodged with ASX. You should conduct your own independent review, investigation and analysis of the Shares the subject of the Entitlement Offer. You should obtain any professional advice you require to evaluate the merits and risks of an investment in APN before making any investment decision based on your investment objectives.

You should consider the "Key Risks" section of the attached Investor Presentation.

2. YOUR ENTITLEMENT UNDER THE RETAIL OFFER

Your Entitlement is set out in the accompanying personalised Entitlement and Acceptance Form that accompanies this Retail Offer Booklet which has been sent to each Eligible Shareholder. Where fractions arise in the calculation of Entitlements, they will be rounded up to the next whole number of New Shares.

If you have more than one holding of Shares, you will be sent separate personalised Entitlement and Acceptance Forms and will receive a separate Entitlement for each holding.

New Shares issued under the Placement and Entitlement Offer will be fully paid and will rank equally with existing Shares on issue.

3. NON-RENOUNCEABLE

The Entitlement Offer is non-renounceable. Eligible Retail Shareholders are not able to sell or transfer their Entitlements. Any Entitlements not taken up by Eligible Retail Shareholders will lapse and the corresponding New Shares will be taken up by the Underwriters or by sub-underwriters, subject to the terms and conditions of the Underwriting Agreement.

Eligible Retail Shareholders who do not take up their rights for New Shares under the Retail Offer will have their percentage shareholding in APN diluted to the extent they do not take up their Entitlement in full. Each Ineligible Shareholders' percentage shareholding in APN will also be diluted by the Entitlement Offer.

IMPORTANT INFORMATION

4. ELIGIBLE RETAIL SHAREHOLDERS

This Retail Offer Booklet contains an offer of New Shares to Eligible Retail Shareholders.

The restrictions upon eligibility to participate in the Retail Offer arise because APN has determined, pursuant to ASX Listing Rules and the Corporations Act, that it would be unreasonable to extend the Retail Offer to Ineligible Shareholders. This decision has been made after taking into account the relatively small number of Shareholders in the jurisdictions in which the Ineligible Shareholders are located, the relatively small number and value of New Shares to which those Ineligible Shareholders would otherwise be entitled and the potential costs of complying with legal and regulatory requirements in the jurisdictions in which the Ineligible Shareholders are located in relation to the Retail Offer.

APN, in its absolute discretion, may extend the Retail Offer to any Shareholder if it is satisfied that the Retail Offer may be made to the Shareholder in compliance with all applicable laws. APN, in its absolute discretion, reserves the right to determine whether any Shareholder is eligible to participate in the Entitlement Offer. To the maximum extent permitted by law, APN disclaims all liability in respect of such determination.

5. SALE OF INELIGIBLE SHAREHOLDERS' ENTITLEMENTS

The Entitlements are non-renounceable and cannot be sold by any Shareholders.

However, pursuant to section 615 of the Corporations Act and for the purposes of ASX Listing Rule 7.7, APN will, subject to ASIC's consent, appoint Macquarie Securities as the nominee to sell the Shares to which Ineligible Shareholders are entitled (**Nominee**).

Under the arrangement with the Nominee, APN will transfer to the Nominee the New Shares that would otherwise be issued to Ineligible Shareholders who accepted the Entitlement Offer and the Nominee will then sell those New Shares.

It is expected that the Nominee will place such New Shares with third parties at the Offer Price. In such circumstances, no proceeds will be distributed to Ineligible Shareholders.

6. EFFECTS ON CONTROL

The potential effect the Entitlement Offer will have on the control of APN, and the consequences of that effect, will depend on a number of factors, including investor demand

and existing shareholdings. Given the completion of the Placement and Institutional Offer, the structure of the Entitlement Offer as a pro-rata issue, the ratio and terms of the Entitlement Offer, the current level of holdings of substantial holders (based on substantial holding notices that have been given to APN and lodged with ASX on or prior to the date of this Retail Offer Booklet), APN considers that the Entitlement Offer is not expected to have any material effect or consequence on the control of APN.

The Macquarie Group holds a relevant interest in 9.7% of the issued share capital of APN. As a result of members of the Macquarie Group's role as a co-underwriter and nominee, in theory, if no New Shares are subscribed under the Placement or the Entitlement Offer by existing shareholders or new investors, the Macquarie Group's interest in APN could increase to 20.5%. However, as a result of the completion of the Placement and Institutional Offer, APN does not consider this likely. Further, the Underwriters have entered into a number of sub-underwriting agreements in connection with the Placement and Entitlement Offer to defray the risk of any Underwriter acquiring a significant stake in APN as a result of their role as Underwriter.

IMPORTANT INFORMATION

7. UNDERWRITING

The Placement and Entitlement Offer is fully underwritten by the Underwriters, Macquarie Capital and Petra Capital. APN and the Underwriters have entered into an Underwriting Agreement pursuant to which the Underwriters have agreed to fully underwrite the Placement and the Entitlement Offer on the terms and conditions of the Underwriting Agreement.

The Underwriting Agreement contains rights, obligations, representations and warranties, indemnities and termination events which are customary for arrangements of this type. In particular, the Underwriting Agreement provides that:

- the Underwriters have agreed to both manage, and each will underwrite 50% of, the Entitlement Offer and the Placement;
- APN has agreed to indemnify and hold harmless the Underwriter and its associates for any losses, liabilities, claims or damages incurred in connection with the Placement, the Entitlement Offer or the Underwriting Agreement;
- the Underwriters will receive:
 - a management fee of 0.70% of the gross proceeds of the Placement and an underwriting fee of 2.80% of the gross proceeds of the Placement and the Entitlement Offer.
- APN makes a number of customary representations and warranties to the Underwriters including, but not limited to APN's power to enter into the Underwriting Agreement, the solvency of APN, compliance with laws and constituent documents, and the accuracy of the offer documentation;
- APN makes a number of customary undertakings to the Underwriter including but not limited to, compliance with laws, the ASX Listing Rules and the offer documents, lodging ASX disclosures and not making further issues within 180 days after completion (except in certain circumstances outlined in the Underwriting Agreement);
- the Underwriters may terminate the Underwriting Agreement and be released from their obligations on the happening of any of a range of events including but not limited to:
 - where there is a significant fall in the S&P/ASX 300 Index or S&P/ASX 300 A-REIT Index during the offer period;

- where the offer documents are found to be defective or become defective;
- where there is a material adverse change in certain conditions;
- where relevant approvals are not granted by the ASX or where ASIC issues an order prohibiting the offer; or
- where APN becomes insolvent.

Please note that this is not an exhaustive summary of the Underwriting Agreement.

8. MINIMUM SUBSCRIPTION

There is no minimum subscription under the Entitlement Offer. However, as noted elsewhere in this Retail Offer Booklet, the Entitlement Offer is underwritten by the Underwriters, subject to the terms and conditions of the Underwriting Agreement.

9. NO COOLING-OFF RIGHTS

Cooling-off rights do not apply to an investment in New Shares. You cannot, in most circumstances, withdraw your application once it has been accepted.

10. OFFER JURISDICTIONS

This Information is being sent to all Eligible Retail Shareholders as at 7.00pm (AEST) on 1 May 2015 with an address on the share register in Australia and New Zealand.

This Information does not constitute an offer of securities in any jurisdiction in which it would be unlawful. This Information has not been, and will not be, approved by or lodged with ASIC or its equivalent regulatory bodies in New Zealand, the United States of America or any other jurisdiction. It has been made available for information purposes only and does not constitute: (i) in respect of Australia, a prospectus, short form prospectus, profile statement or offer information statement as those terms are defined in the Corporations Act; (ii) in respect of New Zealand, an investment statement or prospectus under New Zealand law; or (iii) in respect of the United States, a prospectus under the United States Securities Act of 1933 (as amended).

IMPORTANT INFORMATION

This Retail Offer Booklet does not form part of any offer, invitation or recommendation in respect of securities, or an offer, invitation or recommendation to sell, or a solicitation of an offer to buy, securities in the United States or in any other jurisdiction in which such an offer would be illegal, or to any person to whom, such an offer would be illegal. The New Shares have not been approved or disapproved by the United States Securities and Exchange Commission or by any state securities commission or regulatory authority in the United States, nor have any of the foregoing authorities or any Australian or New Zealand securities commission or other regulatory authority passed on the accuracy or adequacy of this Retail Offer Booklet. The distribution of this Retail Offer Booklet outside Australia and New Zealand may be restricted by law. Persons who come into possession of information in this Retail Offer Booklet who are not in Australia or New Zealand should seek independent advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

11. GOVERNING LAW

This Information, the Entitlement Offer and the contracts formed on return of the Entitlement and Acceptance Form are governed by the laws applicable in Victoria, Australia. Each Shareholder who applies for New Shares submits to the jurisdiction of the courts of Victoria, Australia.

12. FUTURE PERFORMANCE

This Information may contain certain forward-looking statements. The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of APN that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements.

You should have regard to the "Key Risks" section of the attached Investor Presentation.

13. TAXATION

Taxation implications will vary depending upon the individual circumstances of Eligible Retail Shareholders. You should obtain your own independent professional advice before deciding whether to invest in New Shares.

14. ROUNDING OF ENTITLEMENTS

Where fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of New Shares.

15. FINANCIAL DATA

All dollar values in this Retail Offer Booklet are in Australian dollars (A\$).

16. ENQUIRIES

If you have any questions, you may call APN Property Group Limited Offer Information Line on 1800 250 297 (within Australia) or +61 1800 250 297 (from outside Australia) at any time between 8.30am and 5.30pm (AEST) Monday to Friday.

As the investment objectives, tax position and financial situation of Shareholders can differ, APN recommends that Shareholders obtain professional financial and tax advice specific to their circumstances prior to deciding whether to take up the Entitlements. APN, its officers and advisers do not accept any responsibility or liability for any taxation implications for shareholders arising in connection with the completion of the Retail Offer.

GLOSSARY

The table below sets out definitions of certain terms that are not defined elsewhere in this Retail Offer Booklet.

Term	Meaning
Applicant	A person who has applied to subscribe for New Shares under the Retail Offer.
Application Money	Money paid by Applicants in respect of the New Shares they apply for under the Retail Offer.
APN or Company	APN Property Group Limited ACN 109 846 068.
ASX	ASX Limited ABN 98 008 624 691, or the Australian Securities Exchange, as the context requires.
ASX Listing Rules	The official listing rules of ASX as waived or modified from time to time.
Board	Board of Directors of APN.
Business Day	Has the meaning ascribed to it in Chapter 19 of the ASX Listing Rules.
Corporations Act	Corporations Act 2001 (Cth).
Director	A director of APN.
Eligible Institutional Shareholder	An Institutional Shareholder who was invited by APN to participate in the Institutional Entitlement Offer.
Eligible Retail Shareholder	<p>A Shareholder who:</p> <ul style="list-style-type: none"> ■ is a registered holder of Shares as at the Record Date; ■ has a registered address in Australia or New Zealand; ■ does not hold Shares on behalf of underlying beneficial holders who are a US Person or located in the United States; ■ is eligible under all applicable laws to receive an offer under the Retail Offer; and ■ did not participate in the Institutional Offer, <p>together with any other Shareholder whom is a registered holder of Shares as at the Record Date and to whom APN extends the Retail Offer (provided they did not participate in the Institutional Offer).</p>
Eligible Shareholder	A person who is an Eligible Institutional Shareholder or an Eligible Retail Shareholder.
Entitlement	A Shareholder's entitlement to purchase New Shares pursuant to the Entitlement Offer (on the basis of 1 New Share for every 5 Shares held on the Record Date, subject to rounding).
Entitlement Offer	The 1 for 5 pro rata non-renounceable rights issue offering Eligible Shareholders the opportunity to subscribe for 1 New Share for every 5 Shares held at the Record Date at the Offer Price.
Entitlement and Acceptance Form	The Entitlement and Acceptance Form accompanying this Retail Offer Booklet.
Ineligible Shareholder	A Shareholder who is not an Eligible Shareholder.
Institutional Offer	The offer of New Shares to Eligible Institutional Shareholders under the Entitlement Offer.

GLOSSARY

Term	Meaning
Institutional Shareholder	A Shareholder who is an “exempt investor” for the purposes of section 9A of the Corporations Act (as modified by ASIC CO 08/35).
Investor Presentation	The Investor Presentation accompanying this Retail Offer Booklet.
Macquarie Capital	Macquarie Capital (Australia) Limited ACN 123 199 548.
Macquarie Group	Macquarie Capital, Macquarie Securities and their related bodies corporate.
Macquarie Securities	Macquarie Securities Limited ACN 002 832 126.
New Share	New fully paid ordinary share to be issued under the Offer.
Offer Period	The period when the Entitlement Offer is open.
Offer Price	\$0.37 per New Share.
Petra Capital	Petra Capital Pty Ltd ACN 95 110 952 782
Placement	The placement conducted by APN on 28 April 2015 under which APN seeks to raise approximately \$13.6 million through an offer of 36,866,288 New Shares at the same price as the Offer Price to existing Shareholders and new investors.
Record Date	7.00pm (AEST) on 1 May 2015.
Registry	Link Market Services Limited ACN 083 214 537.
Retail Offer	The offer of New Shares to Eligible Retail Shareholders under the Entitlement Offer.
Retail Offer Booklet	This offer booklet dated 6 May 2015, in relation to the Retail Offer.
Shareholder	Holders of Shares in APN at the Record Date.
Shares	A fully paid ordinary share in the capital of APN Property Group Limited.
Underwriters	Macquarie Capital and Petra Capital, each an Underwriter.
Underwriting Agreement	The underwriting agreement dated 28 April 2015 between APN and the Underwriters.
US Person	Is as defined in Regulation S under the U.S. Securities Act of 1933, as amended.



ASX ANNOUNCEMENT AND INVESTOR PRESENTATION



28 April 2015

APN PROPERTY GROUP LIMITED LAUNCHES FULLY UNDERWRITTEN \$30.0 MILLION CAPITAL RAISE FOR GROWTH INITIATIVES AND UPGRADES EARNINGS GUIDANCE

Highlights

- \$30 million capital raise at \$0.37 cents per share to:
 - increase co-investment in Generation Healthcare REIT, supporting its separately announced capital raise, acquisition of a \$45.8 million portfolio of aged care assets, and commercial in-principle terms for the \$120 million Casey Stage 2 project
 - increase co-investment in Industria REIT to further enhance alignment with fund investors
 - repay the company's \$5.0 million debt facility to enhance APN's balance sheet
 - acquire the first seed asset of a planned new unlisted retail property fund
 - provide funding capacity for further growth initiatives
- Upgrade to FY2015 operating earnings¹ guidance from 2.30 - 2.50 to 2.49 – 2.63 cents per share (after tax), post capital raising, an increase of 6.7%²
- Forecast introduction of 0.25 cents per share fully franked final dividend, taking the full year fully franked dividend to 1.50 cents per share

Mr Tim Slattery, Executive Director said: "We are pleased to support Generation Healthcare REIT in its latest property acquisitions and its entry into the residential aged care sector. Our investments in both Generation Healthcare REIT and Industria REIT offer APN shareholders attractive return profiles as well as comprising a key part of our strategy to align our interests with investors in our listed funds.

APN continues to pursue a number of other growth initiatives. Proceeds from this capital raise will also position APN with increased financial flexibility to secure new property investment opportunities, in particular those where capital can subsequently be recycled to accelerate the growth of our funds management platform.

We're continuing to take a measured approach to acquisitions, with significant amounts of capital continuing to flow into Australian commercial property from domestic and overseas investors. However, we continue to believe we will be able to find opportunities and we expect APN's 'property for income' approach will continue to serve our investors well. Reliable cash income returns from well leased properties continue to be attractive in the current low growth economic environment."

Commenting on the capital raising, Mr Slattery said, "The capital raising provides an attractive opportunity for investors to participate in the growth of APN's business. It has been structured to facilitate the introduction of a number of high quality institutional investors to further broaden APN's share register, whilst ensuring that existing investors are able to participate. We have carefully considered the amount and structure of the

¹ Operating earnings is an unaudited measurement used by management as the key performance measurement of APN underlying performance. It excludes certain items recorded in the income statement including discontinued operations (Europe) and fair value movements on the Group's co-investments. Operating earnings on a pre-tax basis is forecast to be 3.55 – 3.75 cents per share, an increase from previous guidance of 3.30 – 3.60 cents per share.

² Increase calculated with reference to the mid-points of the forecast operating earnings guidance ranges.

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equity raising to ensure that APN remains well placed to capitalise on current opportunities, whilst preserving shareholders' leverage to the future growth potential of the company."

Transactions

Generation Healthcare REIT

Generation Healthcare REIT (ASX Code: GHC) announced today that it has:

- contracted to acquire a portfolio of three aged care properties from RSL Care Limited for \$45.8 million;
- entered a collaboration agreement with RSL Care Limited to work together to source and secure further residential aged care opportunities; and
- agreed commercial in-principle terms with St John of God Health Care to partner in the delivery of a new \$120 million private hospital in Casey, Victoria.

In conjunction with the above transactions, GHC has announced a fully underwritten \$52.0 million equity raise. Combined with previously equity funded acquisitions, this equity raising provides balance sheet capacity to source new debt facilities to deliver GHC's significant committed organic growth pipeline. The APN Group will subscribe for its full pro-rata entitlement.

Please refer to the announcement made to ASX by GHC on 28 April 2015 for further detail.

Industria REIT

APN has today announced its intention to increase its co-investment stake in Industria REIT (ASX code: IDR).

IDR is a listed Australian real estate investment trust (AREIT) that owns a portfolio of 17 established, high quality industrial, technology park and business park assets, which provides tenants with modern, cost-effective and practical spaces to meet their business needs. IDR has total assets of \$406 million, with investments located across Sydney, Melbourne, Brisbane and Adelaide.

Making incremental investments in funds we manage where we see long term value is a core part of our business and demonstrates an important enhanced alignment of interest with investors in our funds. APN's acquisition of further securities in IDR is subject to the availability and pricing of those securities.

Additional capital to accelerate launch of new products

The proceeds from the capital raise will also be applied to repaying the \$5.0 million Macquarie Bank Limited debt facility, enhancing APN's balance sheet and capacity to support future growth initiatives.

Additional capital is also being raised to accelerate APN's pursuit of a number of opportunities to establish new funds for the company's investor base. These opportunities are at various stages of advancement and span a range of property subsectors and risk / return profiles.

APN intends to recycle the capital invested into new funds and opportunities.

Amongst other opportunities, APN has entered a conditional contract to acquire a retail property for \$4.4 million and is in exclusive due diligence on a ~\$33.0 million retail property. In connection with these transactions, APN is currently exploring the establishment of a new unlisted convenience retail fund.

Earnings upgrade and dividend guidance

Forecast operating earnings after tax guidance has been upgraded from 2.30 - 2.50 to 2.49 – 2.63 cents per share for FY2015 (post equity raising) following the continued performance of our funds management platform and the transactions announced today (subject to a continuation of current market conditions).

APN also confirms its intention to introduce a fully franked final dividend of 0.25 cents per share, taking the full year fully franked dividend forecast to 1.50 cents per share.

Equity raising

The transactions announced today will be funded by a fully underwritten \$30 million equity raising at \$0.37 per new share (**Offer Price**). The Offer Price represents a 7.9% discount to 1-month volume weighted average price (**VWAP**) of \$0.4016 over the period up to and including 24 April 2015.

The equity raising comprises:

- a placement to institutional and sophisticated investors to raise approximately \$13.6 million (**Placement**); and
- an accelerated, pro-rata non-renounceable entitlement issue to eligible institutional and retail shareholders (**Shareholders**) of 1 new share for every 5 shares currently held by Shareholders to raise approximately \$16.4 million (**Entitlement Offer**).

The Entitlement Offer has two components:

- an institutional offer, to eligible institutional shareholders to apply for their pro-rata entitlement (**Institutional Offer**); and
- a retail offer, to eligible retail shareholders to apply for their pro-rata entitlement (**Retail Offer**).

The capital raise is being fully underwritten by Macquarie Capital (Australia) Ltd and Petra Capital Pty Ltd.

The Entitlement Offer will be available to eligible shareholders on the register as at 7.00pm (AEST) on Friday 1 May 2015. The entitlements obtained under the Entitlement Offer are non-renounceable and will not be tradeable on the ASX or otherwise transferable.

New shares issued under the Capital Raising will rank equally with other existing shares in APN. Shares issued under the Placement are not entitled to participate in the Entitlement Offer. Eligible shareholders who do not take up their entitlement under the Entitlement Offer in full or in part, will not receive any value in respect of those entitlements not taken up.

Timetable

The anticipated timetable of key events in relation to the Entitlement Offer is as follows:

Event	Date
Announcement of Capital Raising	28 April 2015
Institutional Offer and Placement opens	28 April 2015
Institutional Offer and Placement closes	28 April 2015
Record date for Entitlement Offer (7.00pm AEST)	1 May 2015
Despatch of offer booklet and entitlement and acceptance forms to Eligible Shareholders	6 May 2015
Despatch of letter to ineligible shareholders	6 May 2015
Retail Offer opens	6 May 2015
Quotation of new shares issued under Placement and Institutional Offer	8 May 2015
Retail Offer closes	21 May 2015
Quotation of new shares issued under Retail Offer	28 May 2015

These dates, along with any other dates noted in this announcement, are indicative and subject to change. All dates and times refer to Melbourne, Australia time. APN reserves the right, in consultation with the underwriters, to amend any or all of these events, dates and times subject to the *Corporations Act 2001* (Cth), the ASX Listing Rules and other applicable laws. In particular, APN reserves the right to extend the closing date of the Retail Offer, to accept late applications under the Retail Offer (either generally or in particular cases), and to withdraw the Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of new shares. The commencement of quotation and trading of new shares is subject to confirmation from the ASX.

Shareholder enquiries

APN will notify shareholders as to whether they are eligible to participate in the Retail Offer (**Eligible Shareholders**). An offer booklet, including a personalised entitlement and acceptance form which will provide further details of how to participate in the Retail Offer, will be sent to Eligible Shareholders on or about 6 May 2015 (**Retail Offer Booklet**).

Those shareholders who APN determines to be ineligible shareholders will also be notified by APN.

Further information in relation to the Capital Raising and the matters set out above, including important notices and key risks, are set out in the attached investor presentation (Investor Presentation).

For enquiries, please contact:

Tim Slattery

Executive Director

T +613 8656 1000

E tim.slattery@apngroup.com.au

Important Information

Forward looking statements

*This announcement contains a number of forward looking statements including indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements, opinions and estimates are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of APN that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements and neither APN, nor any of its directors, employees, servants, advisers or agents assume any obligation to update such information. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This announcement contains such statements that are subject to risk factors associated with the industries in which APN operates. **Please refer to the 'Key Risks' section in the attached Investor Presentation for further information regarding these risk factors.***

Disclaimer

The information in this announcement is of general background and does not purport to be complete or comprehensive, nor does it purport to summarise all information that an investor should consider when making an investment decision. It should be read in conjunction with APN's other periodic and continuous disclosure announcements lodged with the ASX, which are available at www.asx.com.au and the Retail Offer Booklet.

The Entitlement Offer does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer, issue or sale. No action has been or will be taken to register or qualify the APN shares or to otherwise permit a public offering of APN shares outside of Australia and New Zealand.

This announcement is for information purposes only and is not financial product or investment advice or a recommendation to acquire APN shares whether under the Entitlement Offer or otherwise. The information provided in this announcement is not advice to investors or potential investors and has been prepared without taking into account the investment objectives, financial circumstances or particular needs of investors. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek appropriate legal, financial and taxation advice.

Cooling-off rights do not apply to an investment in any APN shares.

ENDS

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.
www.apngroup.com.au

APN | Property Group



EQUITY RAISING PRESENTATION

28 APRIL 2015

APN | Property Group

Important Notice and Disclaimer

This investor presentation (**Presentation**) has been prepared by APN Property Group Limited (ACN 109 846 068) (**APN**) in relation to an accelerated pro rata non-renounceable entitlement issue (**Rights Issue**) and placement to institutional investors (**Placement**), (collectively, the **Offer**). The Rights Issue and the Placement will take place under sections 708AA and 708 (respectively) of the Corporations Act 2001 (Cth) (**Corporations Act**) as modified by Australian Securities and Investments Commission (ASIC) Class Order 08/35 (CO 08/35).

In accepting this Presentation, you acknowledge and agree to be bound by the following terms and conditions.

Summary information

This Presentation contains summary information about APN and is dated 28 April 2015. The information in this Presentation is of general background and does not purport to summarise all information that an investor should consider when making an investment decision. It should be read in conjunction with APN's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (**ASX**), which are available at www.asx.com.au or www.apngroup.com.au.

Not investment advice

This Presentation is for information purposes only and is not financial product or investment advice or a recommendation to acquire entitlements or shares.

This Presentation is not a prospectus or a product disclosure statement under the Corporations Act nor is it an offering document under any other law, and has not been lodged with ASIC.

The information in this Presentation has been prepared without taking into account the investment objectives, financial circumstances, taxation position or particular needs of investors. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek appropriate legal, financial and taxation advice appropriate to their jurisdiction. Cooling-off rights do not apply to the acquisition of shares in APN.

Investment Risk

An investment in APN shares is subject to known and unknown risks, some of which are beyond the control of APN. APN does not guarantee any particular rate of return or the performance of APN. Investors should read the 'Key Risks' section in the Presentation for a non-exhaustive summary of the key issues that may affect APN and its financial and operating performance.

Foreign jurisdictions and selling restrictions

This Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The information in this Presentation has been prepared to comply with the requirements of the securities laws of Australia. The shares referred to in this Presentation are also being offered to eligible shareholders with a registered address in New Zealand and in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand) and to certain other shareholders to whom APN decides to make offer.

The information in this Presentation is not an investment statement or prospectus under New Zealand law, and may not include all the information than an investment statement or prospectus under New Zealand law is to contain. No action has been taken to register or qualify the Rights Issue, the entitlements or the shares, or otherwise permit the public offering of the shares, in any jurisdiction outside of Australia or New Zealand. Any non-compliance with these restrictions may contravene applicable securities laws.

Not for distribution in the United States

This Presentation may not be released or distributed in the United States. This Presentation does not constitute an offer, invitation or recommendation to sell, or a solicitation of an offer to buy, any securities in the United States or to any person that is, or is acting for the account or benefit of a U.S. person (as defined in Regulation S under the United States Securities Act of 1933 (Securities Act)) (U.S. Person), or in any other jurisdiction in which such an offer would be illegal. The shares referred to in this presentation may not be offered in the United States, or to or for the account or benefit of any U.S. Person (or to any person acting for the account or benefit of a U.S. Person).

Disclaimer

No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this Presentation. To the maximum extent permitted by law, none of APN, Macquarie Capital (Australia) Limited (**Macquarie**), Petra Capital Pty Limited (**Petra**), or any of their respective related bodies corporate, shareholders or respective directors, officers, employees, agents or advisors (collectively, **Related Parties**), nor any other person accepts any liability, including, without limitation, any liability arising out of fault or negligence for any loss arising from the use of information contained in this Presentation.

To the fullest extent permitted by law, APN, Macquarie, Petra, and each of their respective Related Parties:

- do not accept any responsibility for any interpretation that any recipient or any other person may place on this Presentation or for any opinion or conclusion that any recipient or any other person may form as a result of examining the information contained in this Presentation; and
 - do not accept any liability, whether direct or indirect or consequential, for any loss, damage, cost, expense, outgoing, interest, loss of profits or loss of any kind (**Losses**) suffered or incurred by any person (whether foreseeable or not) as a result of or by reason of or in connection with the provision or use of information contained (or not contained) in this Presentation, or of any recipient or its representatives or advisers acting on or relying on any information provided or referred to in or omitted from this Presentation or any other written or oral opinions, whether the Losses arise in connection with any negligence, default or lack of care on the part of APN, Macquarie, Petra and each of their respective Related Parties or any other cause.
- Any recipient of this presentation acknowledges and agrees that:
- they will rely entirely upon their own assessment and advice in relation to the business, assets, financial position and affairs of APN, including conducting independent inquiries, due diligence or analysis with appropriate legal, financial, taxation and other advice, as required;
 - any opinions expressed in this presentation are based on the knowledge and approach of the persons forming the opinion at the date that the opinion was formed and may have ceased or may in the future cease to be appropriate in the light of subsequent knowledge or attitudes; and
 - neither Macquarie, nor Petra, nor any of their affiliates, nor any of their respective related bodies corporate, directors, officers, partners, employees and agents:
 - have caused or authorised the issue, submission, dispatch or provision of this Presentation, nor do they make any recommendation as to whether any potential investor should participate in the Offer
 - makes or purports to make any statement in this Presentation;
 - accepts any fiduciary obligation to or relationship with any investor or potential investor in connection with the proposed Offer or otherwise.

Forward looking statements

This Presentation contains 'forward-looking' statements. Forward looking words such as, "expect", "anticipate", "should", "could", "may", "predict", "plan", "will", "believe", "forecast", "estimate", "target" and other similar expressions are intended to identify forward-looking statements.

Forward-looking statements, opinions and estimates provided in this Presentation are based on estimates and assumptions related to future business, economic, market, political, social and other conditions that, while considered reasonable by APN, are inherently subject to significant uncertainties and contingencies. Many known and unknown factors could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements. Such factors include, but are not limited to: operating and development risks, economic risks and a number of other risks and also include unanticipated and unusual events, many of which are beyond APN's ability to control or predict. The forward-looking statements only speak as at the date of this Presentation and, other than as required by laws, APN, Macquarie, Petra and their respective Related Parties disclaim any duty to update forward looking statements to reflect new developments.

To the maximum extent permitted by applicable laws, APN, Macquarie, Petra and their respective Related Parties make no representation and can give no assurance, guarantee or warranty, express or implied, as to, and take no responsibility and assume no liability for, the authenticity, validity, accuracy, suitability or completeness of, or any errors in or omission, from any information, statement or opinion contained in this Presentation.

Executive Summary

- APN Property Group Limited (ASX Code: APD) (**APN**) is undertaking a \$30.0 million equity raising to fund a range of initiatives
 - Issue price of \$0.37
 - 7.9% discount to 1-month VWAP of \$0.4016
- The equity raising comprises:
 - \$13.6 million placement to institutional and sophisticated investors (**Placement**); and
 - \$16.4 million accelerated, pro-rata non-renounceable entitlement offer of 1 new share for every 5 existing shares to eligible institutional and retail shareholders (**Entitlement Offer**)
- The proceeds will be used to:
 - Support Generation Healthcare REIT's equity raising via participation in its entitlement offer (announced today)
 - Increase co-investment in Industria REIT (subject to pricing and availability)
 - Repay the existing \$5.0 million debt facility, enhancing the balance sheet
 - Secure new managed fund initiatives
 - Fund the offer costs and other working capital requirements
- Upgrade to FY2015 operating earnings **after tax** guidance from 2.30 – 2.50 to 2.49 – 2.63¹ cents per share (cps) (pre-tax 3.55 – 3.75 cps), up 6.7%² (post equity raising and subject to a continuation of current market conditions)
- Forecast introduction of 0.25 cps fully franked final dividend (1.50 cps for the full year)

1: Operating earnings is unaudited and used by management as a key performance measurement of the Groups underlying performance. It excludes results from discontinued operations (Europe) and fair value changes on the Group's co-investments.
2: Increase calculated with reference to the mid points of the forecast operating earnings guidance ranges.



Coburg Hill Shopping Centre, Coburg North VIC



Rhodes A, Rhodes Business Park, Rhodes NSW



55 Little Edward St, Spring Hill QLD

3

AGENDA

- Company overview
- New initiatives and application of funds
- Equity raising
- Key risks
- Appendix



Chris Aylward
Executive Chairman



Tim Slattery
Executive Director



Michael Groth
Chief Financial Officer

4

COMPANY OVERVIEW



APN | Property Group

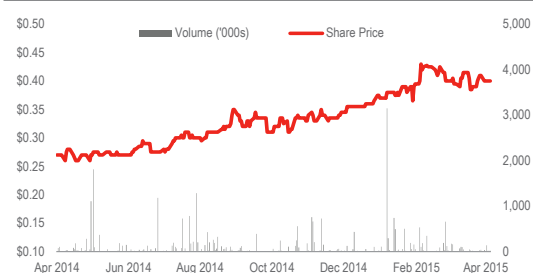
5

Company Overview

Board of Directors

Chris Aylward	Executive Chairman
Howard Branchley	Non-Executive Director
Clive Appleton	Non-Executive Director
Tim Slattery	Executive Director
John Freemantle	Company Secretary

Share Price and Volume (last 12 months)



Senior Management Team

Chris Aylward Executive Chairman	Tim Slattery Executive Director	Michael Groth Chief Financial Officer	John Freemantle Company Secretary and Compliance Officer	Miles Wentworth CEO – Generation Healthcare REIT	Chris Adams Director – Generation Healthcare Management P/L
Michael Doble CEO – Real Estate Securities	Laurence Parisi Fund Manager – Industria REIT	Michael Suckling Head of Direct Property Funds	Simone Newman Head of Distribution and Marketing	Peter Mill Head of Channel Development	

Joint Venture Partners

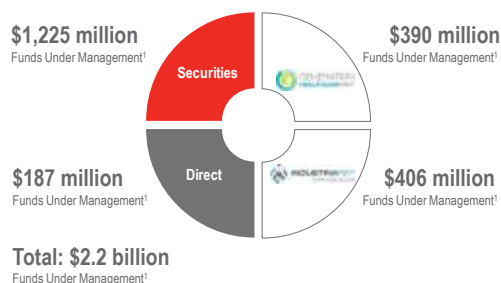
¹ IRESS, ASX Trading data as at 24 April 2015.

APN | Property Group

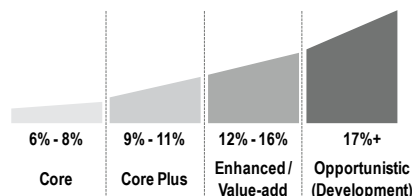
6

APN's platform offers...

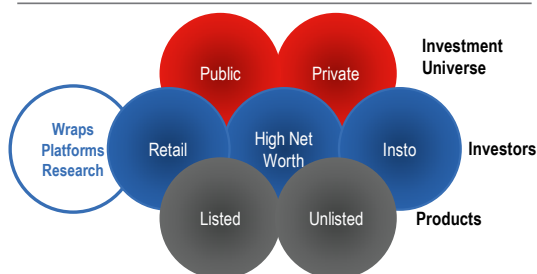
Specialist commercial real estate expertise...



... Across multiple risk / return profiles



To a diverse investor base...



... Applying a proven philosophy and process

Property for **income**

- ✓ Adherence to investment process
- ✓ Focus on risk
- ✓ Market leading governance
- ✓ Significant co-investment
- ✓ Track record from 1996
- ✓ Excellent investor service

APN | Property Group

1: As at 31 March 2015 from continuing operations, including pro-forma adjustments for the Generation Healthcare REIT acquisitions announced on 28 April 2015 (managed by a joint venture 32.5% owned by management) and the forecast settlement of the 'The Marketplace, Auburn' sale as announced on 20 February 2015.

7

A solid start to 2015...

Securities

- AREIT Fund monthly net inflows of ~\$17.5 million average
- Asian operations transitioning to Melbourne

Generation Healthcare REIT

- \$45.8 million expansion into aged care sector
- Organic growth pipeline enhanced with commercial in-principle terms for Casey Stage 2

Direct

- APN Coburg North Retail Fund successfully launched
- Sale of 'The Marketplace, Auburn' announced

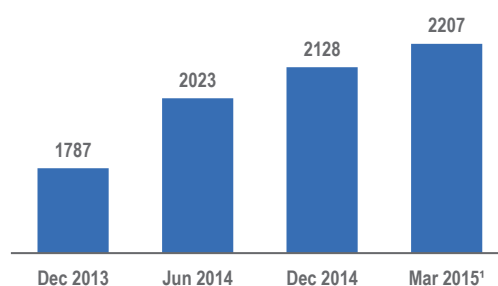
Industria REIT

- Solid leasing progress achieved
- Asset recycling underway

Financial performance

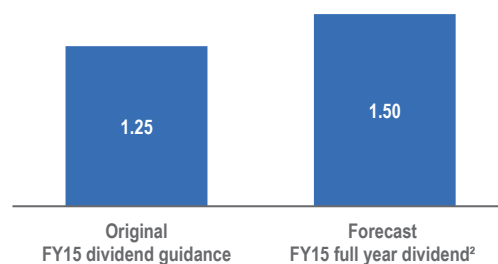
- FY2015 Earnings guidance upgraded to: Operating earnings **after** tax to 2.49 – 2.63 cps (pre tax: 3.55 – 3.75 cps), **post equity raising**
- Full year final dividend forecast of 0.25 cps (fully franked), bringing the full year fully franked dividend to 1.50 cps

FUM Growth (\$ million)



1: From continuing operations at 31 March 2015 (pro-forma: GHC transactions (+\$47.2 million) & Auburn sale (-\$73 million))

Dividend increased (cents per share)



2: Including interim dividend paid of 1.25 cents per share

APN | Property Group

8

NEW INITIATIVES AND APPLICATION OF FUNDS



Overview of new initiatives

Investment opportunity

Generation Healthcare REIT

Industria REIT

New business initiatives

Development Capital Partnerships

Convenience Retail Fund

Other opportunities

Commentary / rationale

- Participate in the announced growth of the fund into aged care subsector
- Attractive investment opportunity
- Creates capacity to support delivery of committed organic growth pipeline

- Attractive investment opportunity
- Further increases alignment with investors

- Six assets in exclusive due diligence with fund completed end value of ~\$100 million+
- Other opportunities under consideration

- Conditional contract agreed / exclusive due diligence for two assets with completed end value ~\$37 million
- Multiple additional opportunities under consideration

- Multiple additional opportunities under consideration
- Range of property asset classes
- Range of risk / return profiles



The Marketplace, Auburn NSW



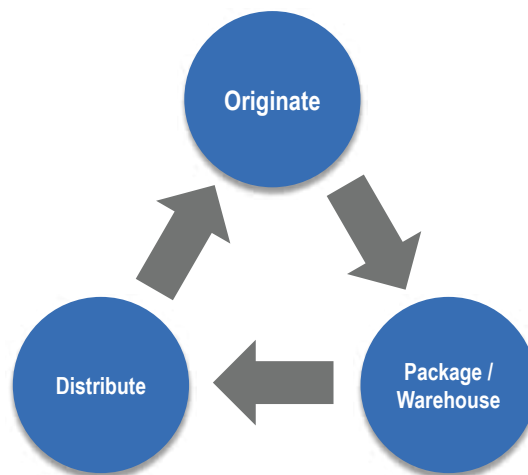
Coburg Hill Shopping Centre, Coburg North VIC



APN Property Plus Portfolio

Investment rationale

- 1 Deploy capital to take advantage of attractive new and existing growth opportunities**
 - Establish future core recurring funds management income
 - Drive sustainable long term growth in underlying operating income
- 2 Continue to co-invest with investors to ensure and enhance ongoing alignment**
- 3 Enhance ability to opportunistically acquire assets**
 - Enhance ability to secure optimal acquisition terms
 - Superior acquisition terms enhance attractiveness of new investment products
- 4 Maximise balance sheet efficiency**
 - Recycle capital once assets have been sold into new funds
 - Debt repaid to restore balance sheet flexibility and capacity
 - Maintain 'capital light' model
 - Preserve shareholders' leverage to APN's growth potential



Healthcare

Portfolio acquisition and equity raising

- \$52.0 million of new equity raised and announcement of:
 - Acquisition of a \$45.8 million portfolio of three high quality residential aged care properties from RSL Care
 - Collaboration agreement with RSL Care to source and secure further residential aged care opportunities
 - Commercial in-principle terms with St John of God Health Care to partner in the \$120 million Casey Stage 2 project
- Balance sheet capacity further enhanced to support delivery of significant committed organic growth pipeline

APN¹ to support the GHC equity raising

- Approximately \$5.9 million additional investment via full participation in the entitlement offer
- Continued strong alignment and support for the Fund's value adding growth initiatives

Attractive investment proposition

- Participation in future underlying value growth
- Defensive sector with strong growth outlook



99 Doolong Road, Pinalba QLD

Key metrics (pro-forma)

Market Capitalisation	\$343 million
Total Funds Under Management	\$390 million
Forecast FY16 Distribution Yield on Offer Price ²	5.90%
Occupancy	98.7%
WALE	12.6 years
Gearing	30%

¹: APN and Generation Healthcare Management Pty Ltd (67.5% subsidiary of APN)
²: Based on FY2016 distribution guidance divided by the entitlement offer price of \$1.50

Industria

Investment rationale

- Attractive value proposition
- Further increase alignment with investors through additional co-investment¹

Industria REIT Dec 2014 results highlights

- Half year distribution of 8.36 cents per Security delivered
- WALE increased over the period to 5.1 years
- NTA increased to \$2.01
- 16,400+ sqm of leasing completed in the period
- Asset recycling opportunities progressed: sale of 53 Brandl Street \$1 million over book value

1: Subject to availability and price acceptable to APN
2: At \$2.05 per Security trading price



Key metrics

Market Capitalisation ¹	\$256 million
Total Funds Under Management	\$406 million
Forecast FY15 Distribution Yield ¹	~8%
Occupancy	93%
WALE	5.1 years
Gearing	33%



Rhodes Business Park

EQUITY RAISING



Offer Overview

Offer Overview	<ul style="list-style-type: none"> ▪ \$30.0 million equity raising comprising a placement and entitlement offer ▪ Fully underwritten by Macquarie Capital and Petra Capital
Placement	<ul style="list-style-type: none"> ▪ Placement to raise \$13.6 million offered to new and existing institutional investors ▪ Shares issued under the Placement will not give rise to entitlements under the Entitlement Offer
Entitlement Offer	<ul style="list-style-type: none"> ▪ 1 for 5 pro-rata non-renounceable entitlement offer to raise \$16.4 million ▪ Holus Nominees Pty Ltd (being an entity associated with Chris Aylward) has indicated its intention to support the Entitlement Offer
Offer Price	<ul style="list-style-type: none"> ▪ Offer price of \$0.37 per New Share: <ul style="list-style-type: none"> □ 7.5% discount to last closing price of \$0.40 □ 7.9% discount to the 1-month VWAP of \$0.4016 □ 5.6% discount to TERP
Ranking	<ul style="list-style-type: none"> ▪ New shares rank equally in all respects including to future dividend entitlements

Sources and uses of funds

The proceeds will be applied to:

- Support and participate in the growth of Generation Healthcare REIT
- Increase Industria REIT co-investment stake, creating further investor alignment
- Provide balance sheet flexibility and capacity to accelerate funds management platform growth

Source of funds		Uses of funds	
	\$m		\$m
Entitlement offer	16.4	Generation Healthcare REIT co-investment	5.9
Placement	13.6	Industria REIT co-investment	8.8
		Repay Macquarie Bank debt facility	5.0
		New fund initiatives, seed asset acquisition and working capital	9.0
		Transaction costs	1.3
TOTAL	30.0	TOTAL	30.0

Equity raising indicative timetable¹

Event	Date
Announcement of Capital Raising	28 April 2015
Institutional Offer and Placement opens	28 April 2015
Institutional Offer and Placement closes	28 April 2015
Record date for Entitlement Offer (7.00pm AEST)	1 May 2015
Despatch of offer booklet and entitlement and acceptance forms to Eligible Shareholders	6 May 2015
Despatch of letter to ineligible shareholders	6 May 2015
Retail Offer opens	6 May 2015
Quotation of new shares issued under Placement and Institutional Offer	8 May 2015
Retail Offer closes	21 May 2015
Quotation of new shares issued under Retail Offer	28 May 2015

1. All dates are indicative only and subject to change at the discretion of APN Property Group Limited in conjunction with the underwriters.

Financial information – Pro-forma balance sheet

(\$'000)	Actual 31 Dec 2014	Adjustments		Pro-forma Post Offer
		Trading ¹	Equity raise	
Cash	20,012	(14,739)	9,002	14,275
Co-Investments	48,555	6,245	14,678	69,478
Other Assets	13,979	(2,794)	396	11,581
Intangible Assets	4,073	-	-	4,073
Total Assets	86,619	(11,288)	24,076	99,407
Interest bearing liabilities	5,000	-	(5,000)	-
Payables, tax & provisions	16,774	(8,525)	-	8,249
Net Assets	64,845	(2,763)	29,076	91,158
Issued capital	72,703	-	29,076	101,779
Reserves	997	-	-	997
Retained profits/(losses)	(13,654)	(2,763)	-	(16,417)
Minority interests	4,799	-	-	4,799
Total Equity	64,845	(2,763)	29,076	91,158
 Shares on issue ('000)	 221,074	 -	 81,081	 302,155
NTA (excluding deferred tax) per share	25.3 cents	(1.2 cents)	2.9 cents	27.0 cents
Market capitalisation	\$88.4 million²	-	+\$30.0 million	\$118.4 million²

1: Trading adjustments include the settlement and issue of units in the APN Coburg North Retail Fund, payment of the interim dividend of 1.25cps and the acquisition of additional co-investment stakes in listed funds
2: Calculated based on market capitalisation on 24 April 2015 adjusted for the additional \$30.0 million equity raised

Conclusion

- This equity raising provides an **attractive opportunity** for investors to participate in the **growth** of APN's listed and unlisted managed funds business
- The capital raising will:
 - **Support and participate** in the value adding growth of Generation Healthcare REIT
 - Increase Industria REIT co-investment stake, creating **further investor alignment**
 - Provide balance sheet **flexibility and capacity to accelerate** funds management platform growth
 - Drive **sustainable long term growth** in underlying operating income
- **Upgraded** FY2015 operating earnings after tax guidance from 2.30 – 2.50 to 2.49 – 2.63 cents per share (cps), an increase of 6.7%¹ (post equity raising and subject to a continuation of current market conditions)
- Forecast **introduction** of 0.25 cps fully franked **final dividend** (1.50 cps for the full year)
- Offer price of \$0.37 represents a 7.9% discount to the 1-month VWAP of \$0.4016 and 5.6% discount to TERP
- APN is a funds management business with access to a range of attractive investment opportunities to **grow the scale of our platform**

1: Increase calculated with reference to the mid points of the forecast operating earnings guidance ranges.

KEY RISKS

Key Risks

Outline

- This section summarises some of the key risks that may affect the future performance of an investment in APN. This is not an exhaustive list of the relevant risks. If any of the following risks materialise APN's business, financial condition and operational results are likely to suffer. You should also consider consulting your financial or legal adviser so as to ensure you understand fully the terms of this Offer and the inherent risks.

General investment risks affecting APN

- **Economic environment:** General economic factors such as interest rates, inflation, business and consumer confidence and general market factors may have an adverse impact on APN's earnings. Aspects of the business that could be affected include reduced management and performance fees; funds under management, reduced distribution income or other adverse consequences.
- **ASX market volatility:** The ASX price of APN securities will fluctuate due to various factors including general movements in interest rates, the Australian and international investment markets, international economic conditions, global geo-political events and hostilities, investor perceptions and other factors that may affect APN's financial performance and position. APN securities may trade at or below the price at which they commence trading on ASX including as a result of any of the factors that have been mentioned and factors such as those mentioned may also affect the income, expenses and liquidity of APN. Additionally, the stock market can experience price and volume fluctuations that may be unrelated or disproportionate to the operating performance of APN.
- **Liquidity and realisation risk:** There can be no guarantee that there will be an active market in the New Shares or that the price of the New Shares will increase. There may be relatively few or many buyers or sellers of the New Shares on the ASX at any one time which may lead to increased price volatility and affect the price at which shareholders are able to sell their New Shares.
- **Interest rates:** Adverse fluctuations in interest rates, to the extent that they are not hedged or forecast, may impact APN's earnings. APN's asset values and the asset value of funds managed by APN may also be affected by any impact that rising interest rates may have on property markets in which APN operates.
- **Changes in law:** APN is subject to the usual business risk that there may be changes in laws or government legislation, regulation and policy that reduce income or increase costs. APN is also subject to the usual risks around changes in taxation regimes and Accounting Standards. These changes may adversely affect the future earnings, asset values and the market value of APN securities quoted on ASX.
- **Taxation implications:** Future changes in taxation laws, including changes in interpretation or application of those laws by the court or taxation authorities may affect taxation treatment of an investment in APN's securities, or the holdings and disposal of those securities. Tax considerations may differ between security holders, therefore, prospective investors are encouraged to seek professional tax advice in connection with any investment in securities. Further, changes in tax law, or changes in the way tax law is, or is expected to be, interpreted in the various jurisdictions in which APN operates, may impact the future tax liabilities of APN. Those laws may also adversely affect the taxation treatment of entities in APN and that may in turn adversely affect the value of APN's securities or distributions on those securities.

Key Risks

Industry specific risks

- **Property sector performance:** APN is subject to the prevailing property market conditions in the sectors in which each of the funds under the control of APN operates. A deterioration in investment market conditions in the property sector due to a sustained downturn in the domestic and/or global economic climate could adversely impact APN's earnings through directly reducing the value of existing funds under management by APN and through reducing the attractiveness of the property sector to retail investors.
- **Property liquidity:** The property assets to which APN and the funds managed by APN Funds Management Limited (APN FM) (APN Funds) are exposed are, by their nature, illiquid investments. There is a risk that realisation of any of these assets may not be able to be completed in a timely manner and at a value expected by APN.
- **Regulatory risk and changes in legislation:** APN operates in a highly regulated environment and it, and the APN Funds, are subject to a range of industry specific and general legal and other regulatory controls (including Australian Financial Services Licensing and Anti Money Laundering / Counter Terrorism Funding requirements). Regulatory breaches may affect APN's operational and financial performance, through penalties, liabilities, restrictions on activities and compliance and other costs. In addition, changes in government legislation and policy in those jurisdictions in which APN and the APN Funds operate may affect future earnings. This may include changes in stamp duty and tenancy legislation, policies in relation to land development and zoning and delays in the granting of approvals or registration of subdivision plans.
- **Changes in stock market rating of the Shares:** There is the risk that the stock market rating of securities in APN may change relative to other quoted securities, especially as a result of changes in market sentiment toward the funds management and property sectors. Market sentiment may be influenced by media commentary and observation by industry analysts (which may not be accurate or reliable).

Key Risks

Specific Risks for APN

- **Funds Management:** APN manages a number of funds on behalf of third party investors. The majority of APN's income is derived as fees calculated with reference to the value of funds under the control of APN FM. APN's financial performance may be adversely affected if it was not able to appropriately respond to the following risks:
 - Significant or prolonged underperformance of the APN Funds that may affect the ability of APN to retain existing and attract new funds under management.
 - Unitholder or competitor actions initiated to remove funds from the control of APN FM.
 - A number of funds under the control of APN FM are fixed term funds or funds where strategic review dates fall due in the short to medium term. Unitholder approval and/or endorsement is required for extensions to the term of these funds.
 - The direct property funds that APN FM manages have exposure to a variety of entities that lease or otherwise occupy the properties owned by these funds. Insolvency or financial distress leading to a default by a major lessee or lessees across a number of leases, or failure to secure new leases on acceptable terms, could give rise to earnings volatility and breach of financial covenants within these funds.
 - To the extent that property values or income levels in a particular fund fall, there is a risk that the management fee income derived from that fund may be adversely impacted.
- **Reliance on third party equity:** As a fund manager, growth in APN's earnings may be impacted by the ability of APN to establish new listed or unlisted funds. Specifically such income growth is dependent on the ability of APN to continue to source and maintain equity from new and existing investors for current and future funds
- **Co-investment:** APN holds co-investment positions in a number of the funds it manages. Such investments are subject to the general investment risks outlined above. Factors influencing the financial performance of these managed funds may adversely impact the value of APN's assets or quantum of its earnings which may in turn impact the price of listed APN securities.
- **Gearing:** The use of leverage may enhance returns and increase the number of assets that can be acquired, but it may also substantially increase the risk of loss. Use of leverage may adversely affect APN when economic factors such as rising interest rates and/or margins, severe economic downturns, availability of credit, reduction in asset values or further deterioration in the condition of debt and equity markets occur. If an investment is unable to generate sufficient cash flow to meet the principal and interest payments on its indebtedness, the value of APN's equity component could be significantly reduced.

Key Risks

Specific Risks for APN (continued)

- **Property related risks:** An investment in APN is essentially a leveraged investment in real estate and therefore may be adversely affected by changes to the underlying property within its managed fund portfolio, including: tenancy default or failure or delays in letting up premises and falls in rental and occupancy levels; capital expenditure requirements and increasing costs of plant equipment and labour and development and refurbishment risk; unforeseen structural deterioration or failure; unforeseen litigation with tenants; claims under legislation relating to indigenous occupants of land; native title claims; claims under environmental legislation; and changes in local, state and territory and federal legislation and regulations, particularly relating to planning
- **Reliance on key personnel:** The success of APN is highly dependent on the abilities and performance of the Directors, senior management and the APN FM investment team. The ability of APN to retain and attract high quality executives, fund managers and employees is important to the operations of APN. Loss of key personnel may adversely affect the business performance of APN, the valuation of APN's business and assets or the price of the New Shares.
- **Opportunity risk:** The performance of APN is dependent on the senior executives and senior management team identifying and executing suitable investment opportunities. Such opportunities are subject to market conditions and other factors which may be outside the control of the senior executives and senior management team.
- **Change in control:** The Board has followed strict protocols and taken all possible steps to minimize the potential for a change in control as a result of the Offer. However, investors should refer to the retail offer booklet for further information in relation to potential control implications for APN due to Macquarie Group's existing shareholding of approximately 21.5 million shares in APN and Macquarie Capital (Australia) Limited's appointment as an underwrite to the Offer.
- **Unit Pricing:** APN has comprehensive procedures and controls that govern the calculation of the price at which units are issued or redeemed for a number of unlisted funds. The incorrect calculation of unit prices may give rise to significant compensation claims, correctional costs, re-allocation of management time and resource, loss of investor confidence and damage to public reputation.
- **Technical failure:** APN relies on its information technology and telecommunication systems for its businesses to operate efficiently. Failure in these systems, lack of system capacity, inappropriate or unauthorised access and unsuccessful systems integration are all risks to APN's business operations.
- **Litigation and legal action:** APN and other members of the APN Property Group, including the APN Funds, may be exposed to potential litigation from investors, regulators, employees, business associates and companies. To the extent that these risks are not covered by insurance policies, litigation or the cost of responding to actual or potential litigation could have a material adverse impact on APN's financial position and earnings and the price of APN securities.
- **Dividends:** The payment of dividends, if any, is determined by the Board from time to time at its discretion and is dependent on the profitability and cashflow of APN's business at the time.

APPENDIX

International Selling Restrictions

This Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Hong Kong

- **WARNING:** This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (SFO). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, APN shares under the Rights Issue have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).
- No advertisement, invitation or document relating to APN shares under the Rights Issue have been or will be issued, or have been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to APN shares issued under the Rights Issue that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted APN shares under the Rights Issue may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.
- The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Guernsey:

- Except where the POI Law (as defined below) does not apply, APN shares may only be offered or sold in or from within the Bailiwick of Guernsey either (i) by persons licensed to do so under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) (the "POI Law"); or (ii) to persons licensed under the POI Law, the Insurance Business (Bailiwick of Guernsey) Law, 2002, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000.

Contact details



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APN | Property Group
ABN 30 109 846 068

APN Property Group Limited

Level 30, 101 Collins Street,
Melbourne, Victoria 3000

Telephone (03) 8656 1000

Email apnpg@apngroup.com.au

Website apngroup.com.au

SRN/HIN:

Entitlement Number:

**Number of Eligible Shares held as
 at the Record Date, 7:00pm (AEST)
 on 1 May 2015:**

**Entitlement to New Shares
 (on a 1 New Share for 5 basis):**

**Amount payable on full acceptance
 at A\$0.37 per Share:**

Offer Closes 5:00pm (AEST):	21 May 2015
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ENTITLEMENT AND ACCEPTANCE FORM

As an Eligible Shareholder you are entitled to acquire 1 New Share for every 5 Shares that you hold on the Record Date, at an Offer Price of A\$0.37 per New Share. This is an important document and requires your immediate attention. If you do not understand it or you are in doubt as how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

IMPORTANT: The Offer is being made under the Retail Offer Booklet dated 28 April 2015. The Retail Offer Booklet contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Retail Offer Booklet. This Entitlement and Acceptance Form should be read in conjunction with the Retail Offer Booklet.

If you do not have a paper copy of the Retail Offer Booklet, you can obtain a paper copy at no charge, by calling the APN Property Group Limited Offer Information Line on 1800 250 297 (within Australia) or +61 1800 250 297 (from outside Australia).

PAYMENT OPTIONS

If you wish to take up all or part of your entitlement, you have two payment options detailed below.

OPTION 1: PAYING BY BPAY®

If paying by BPAY®, refer to the instructions overleaf. **You do NOT need to return the acceptance slip below if you elect to make payment by BPAY®.** Payment must be received via BPAY® before 5:00pm (AEST) on 21 May 2015. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry in time. By paying by BPAY® you will be deemed to have completed an Application Form for the number of Shares subject of your application payment.

OPTION 2: PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

If paying by cheque, bank draft or money order, complete and return the acceptance slip below with your Application Monies. No signature is required on the acceptance slip. The acceptance slip with your Application Monies must be received by the Registry before 5:00pm (AEST) on 21 May 2015.



Billers Code: 585505
 Ref:

Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: www.bpay.com.au

© Registered to BPAY Pty Ltd ABN 69 079 137 518

See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance Form.

THIS IS A PERSONALISED FORM FOR THE SOLE USE OF THE SHAREHOLDER AND HOLDING RECORDED ABOVE.

APN | Property Group Limited

ACN 109 846 068

Please detach and enclose with payment

SRN/HIN:

Entitlement Number:



A Number of New Shares accepted (being not more than your Entitlement shown above)

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B Payment amount
 (Multiply the number in section A by A\$0.37)

A\$

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C PLEASE INSERT CHEQUE, BANK DRAFT OR MONEY ORDER DETAILS – Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to “APN Property Group Limited” and crossed “Not Negotiable”.

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
				A\$

D CONTACT DETAILS – Telephone number

Telephone number – after hours

Contact name

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APN PROPERTY GROUP LIMITED

The Retail Entitlement Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia and New Zealand. In particular the Retail Entitlement Offer is not being made to any person in the U.S. or to a U.S. person.

The Retail Offer Booklet and Entitlement and Acceptance Form do not constitute an offer of or invitation to acquire Shares in any jurisdiction outside of Australia and New Zealand or to any person to whom it would not be lawful to issue the Retail Offer Booklet. By applying for New Shares under this Entitlement and Acceptance Form or by accepting the Retail Entitlement Offer, you represent and warrant that applying for New Shares does not breach any law in any relevant overseas jurisdiction.

ACCEPTANCE OF ENTITLEMENT OFFER

By either returning the Entitlement and Acceptance Form with payment to the Registry, or making payment received by BPAY®:

- you represent and warrant that you have read and understood the Retail Offer Booklet;
- you acknowledge and agree to the matters, and make the warranties and representations, contained in the Retail Offer Booklet (including section 5 "Terms of Acceptance" and section 8 "Privacy" under "How to Apply"); and
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of APN Property Group Limited.

HOW TO APPLY FOR NEW SHARES

1. IF PAYING BY BPAY® (AVAILABLE TO SHAREHOLDERS WITH AN AUSTRALIAN BANK ACCOUNT ONLY)

If you elect to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY®: www.bpay.com.au

Work out the total amount payable by you. To calculate the total amount, multiply the number of New Shares you wish to apply for by A\$0.37.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

2. IF PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

Complete all relevant sections of the Entitlement and Acceptance Form

USING BLOCK LETTERS. These instructions are cross referenced to each section of the Entitlement and Acceptance Form.

A. Acceptance of New Shares

Enter into section A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

B. Payment Amount

Enter into section B the total amount payable by you. To calculate the total amount multiply the number in Section A by A\$0.37.

C. Cheque, bank draft or money order details

Enter your cheque, bank draft or money order details in section C. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "APN Property Group Limited" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. If you provide a cheque or money order for the incorrect amount, APN Property Group Limited may treat you as applying for as many New Shares as your cheque, bank draft or money order will pay for.

D. Contact details

Enter your contact telephone number where we may contact you regarding your acceptance of New Shares, if necessary.

3. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

A reply paid envelope is enclosed for your use. No postage stamp is required if it is posted in Australia. Alternatively, if you have lost the reply paid envelope, or you have obtained the Retail Offer Booklet electronically, your completed Entitlement and Acceptance Form with the payment for New Shares may be mailed to the postal address, or delivered by hand to the delivery address, set out below. **If paying by BPAY® you do not need to complete or return the Entitlement and Acceptance Form.** You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.

Mailing Address

APN Property Group Limited
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

Hand Delivery

APN Property Group Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138 **(Please do not use this address for mailing purposes)**

Make sure you send your Acceptance Slip and application payment allowing enough time for mail delivery, so Link Market Services Limited receives them no later than 5:00pm (AEST) on 21 May 2015. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. APN Property Group Limited reserves the right not to process any Acceptance Slips and cheques received after the Closing Date.

If you require further information on how to complete this Entitlement and Acceptance Form, please contact the APN Property Group Limited Offer Information Line on 1800 250 297 (within Australia) or +61 1800 250 297 (from outside Australia) between 8:30am and 5:30pm (AEST) Monday to Friday.



6 May 2015

<contact name>
<company>
<Address 1>
<Address 2>
<Suburb> <State> <Postcode>
<Country>

Dear Sir/Madam

NOTICE TO INELIGIBLE SHAREHOLDERS OF ACCELERATED PRO-RATA NON-RENOUNCEABLE ENTITLEMENT OFFER

We write to you as the registered holder of shares in APN Property Group Limited ACN 109 846 068 (ASX: APN) (**APN**) as at 7.00pm on 1 May 2015 whose registered address is outside of Australia or New Zealand.

On Tuesday 28 April 2015, APN announced a fully underwritten capital raise of \$30 million at \$0.37 per share (**Offer Price**), comprising of:

- a placement to institutional and sophisticated investors to raise approximately \$13.6 million (**Placement**); and
- an accelerated, pro-rata non-renounceable entitlement issue to eligible institutional and retail shareholders of 1 new share for every 5 shares currently held by shareholders to raise approximately \$16.4 million (**Entitlement Offer**),

(together, the **Offer**).

The Placement and Entitlement Offer are being implemented under sections 708 and 708AA (respectively) of the Corporations Act 2001 (Cth), as modified by Australian Securities and Investment Commission (**ASIC**) Class Order 08/35.

The Entitlement Offer will not be extended to shareholders in APN with a registered address outside of Australia or New Zealand (**Ineligible Shareholders**) unless APN specifically elects to extend the offer to any such shareholder. APN has determined that it would be unreasonable, on this occasion, to extend the Entitlement Offer to shareholders with a registered address outside of Australia or New Zealand having regard to the small number of such shareholders, and the cost of complying with regulatory requirements outside of the abovementioned jurisdictions.

In accordance with Australian regulatory requirements, the shares that you would otherwise be entitled to apply for (**Ineligible Shareholder Shares**) will be transferred to a nominee approved by ASIC. The nominee will seek to sell the Ineligible Shareholder Shares to institutional investors at the Offer Price, and the proceeds of the sale will be paid to APN. As this is a non-renounceable offer, no proceeds of the sale will be payable to you.

Neither APN nor the nominee will be held responsible for the sale of the Ineligible Shareholder Shares at any particular price or the timing of such sale.

You are not required to do anything in response to this letter. We look forward to your continued support.

Yours sincerely

Chris Aylward
Executive Chairman
APN Property Group Limited