



MICROEQUITIES RISING STARS CONFERENCE INVESTOR PRESENTATION

5 JULY 2016

www.apngroup.com.au
ASX Code: APD

APN | Property Group
20 YEAR ANNIVERSARY 2016

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What APN Property Group does...



Overview

Overview

APN PROPERTY GROUP IS A SPECIALIST
REAL ESTATE INVESTMENT MANAGER:
COMMERCIAL PROPERTY



Philosophy

PROPERTY FOR INCOME



Approach

INVESTMENT
PERFORMANCE

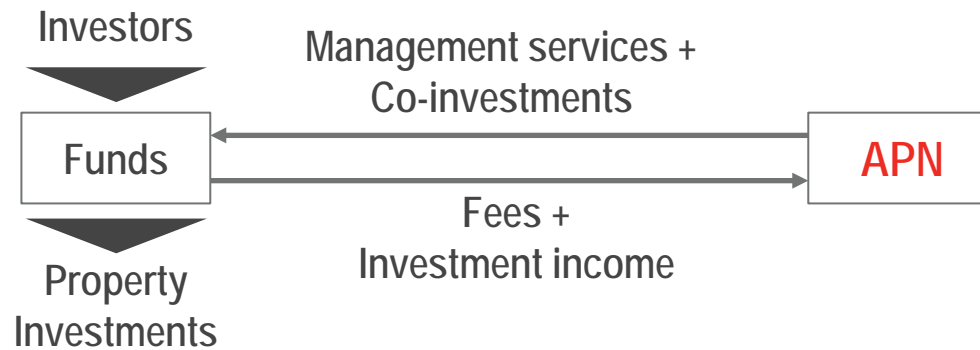


OUTSTANDING
SERVICE



Strategy

Business Model



Strategy

COMPETITIVE ADVANTAGE

- › Specialist expertise
- › Track record
- › Governance
- › Co-investment

Objective: building shareholder value...

Increase scale

- Grow FUM through delivering for our clients
- Larger / more profitable funds
- Leverage efficiencies (e.g. sales team)

Manage costs

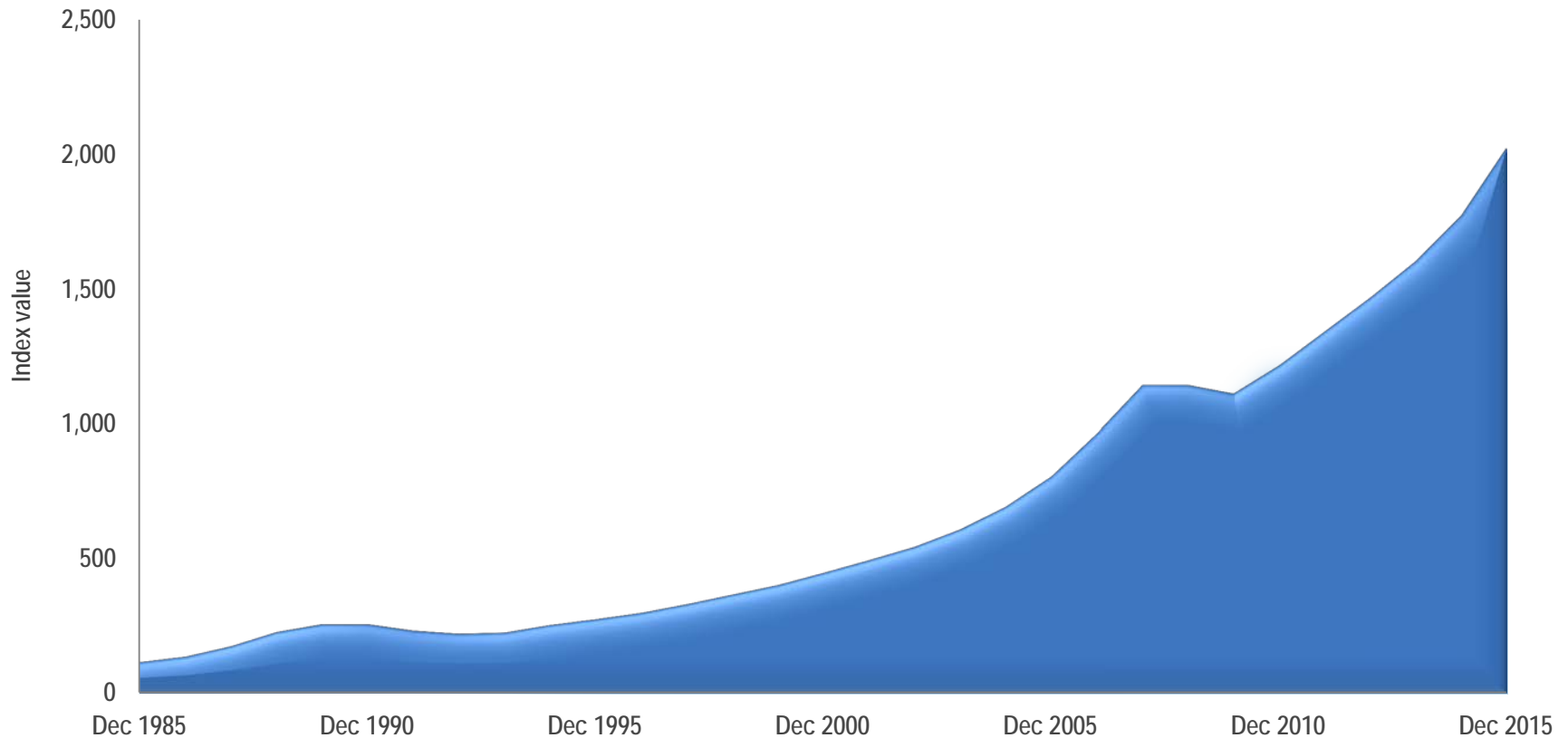
- Measured investment in growth (e.g. Asia)
- Discipline on overheads

Outcome

- Revenue growth translates to bottom line
- Higher profit margins, EPS growth

Commercial property in Australia – long term performance

Australian commercial property (excludes residential) has delivered a total return of 11.3 % pa since December 1984 to June 2015 (over 30 years)



Source: The Property Council Australia / IPD Australia All Property Index

Commercial property investment – fundamental attributes we look for

- ✓ Location
- ✓ Tenant strength
- ✓ Lease length
- ✓ Real assets – replacement value and alternate use
- ✓ Real cash yields – leasing incentives, capital expenditure, purchase price
- ✓ Appropriate borrowing levels



Not shooting the lights out



Example: Industria REIT

Overview

- 16 Industrial, Business and Technology Park properties
- Located Sydney, Melbourne, Adelaide, Brisbane
- Relatively new portfolio
- Conservative capital structure: gearing 30-40%
- Attractive distribution yield
- Minimum investment: ASX listed



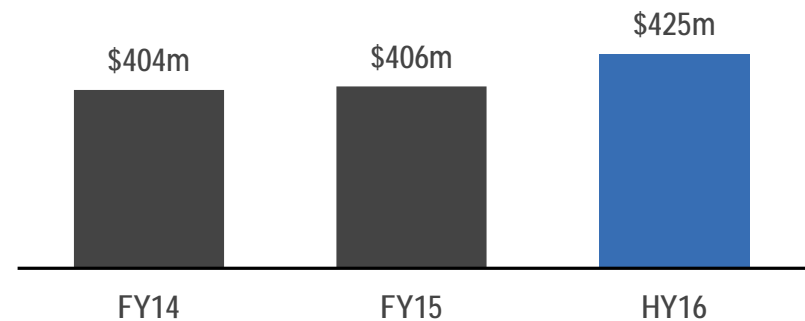
Key metrics¹

Market Capitalisation	\$263m
Total Funds Under Management	\$425m
FY16 Distribution Yield ²	7.24%
Occupancy	94.5%
WALE	5.3 years
Gearing	33.1%

1. As at 31 December 2015 unless otherwise indicated

2. Based on price of \$2.15 per Security

FuM Growth



Example: APN AREIT Fund

- Diversified portfolio of AREITs
- Highly rated by leading independent researchers
- **Distribution yield of ~5.7%¹ pa paid monthly**
- Achieved \$1.2bn in FuM as at 30 June 2016
- Outperformed benchmark over 1, 3 and 5 year time periods
- 306 bps outperformance vs. AREIT index since inception
- No Fund level gearing (AREIT sector gearing level ~30%)
- Minimum investment: A\$1000

APN AREIT Fund

Current monthly yield: 5.7%¹ pa

Performance (1 Sep 2011)	1 Year	3 Years	5 Years	1 Year	3 Years	5 Years	Benchmark
APN AREIT Fund	17.7%	17.1%	15.5%	14.0%	15.3%	15.3%	14.5%
Benchmark	12.0%	11.0%	10.5%	10.0%	11.0%	11.0%	10.0%
Outperformance	5.7%	6.1%	5.0%	4.0%	4.3%	4.3%	4.5%

Headline
The APN AREIT Fund is a property investment fund that provides a diversified portfolio of high quality, income generating property assets.

Headline objectives
The fund is designed to deliver a competitive yield with lower risk than the sector. It is designed to provide an attractive return on capital over the long term.

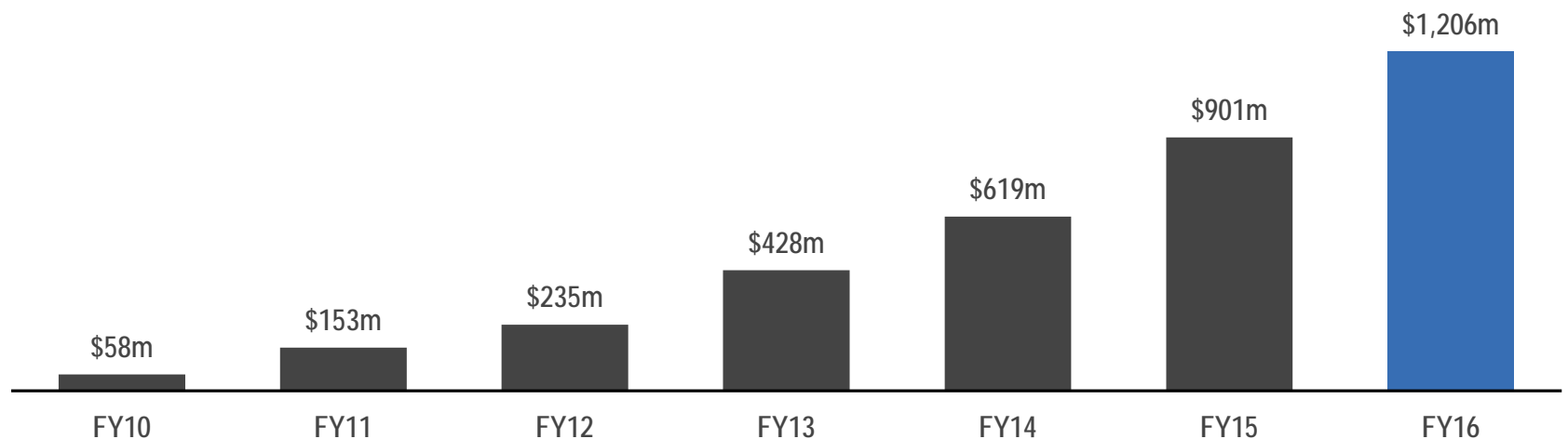
Headline risks
The fund is subject to the risks of the real estate market, including changes in property prices, rental income and occupancy rates.

Maximus Income. De minimus Risk. Activus Management.

Why our active approach lowers risk and maximises your client's income throughout the ages.

APN | Property Group

APN AREIT Fund growth since inception



Source: APN

1. As at 30 June 2016 assuming entry price of \$1.8440 and monthly distributions of 0.8694 cents

What's driving our business?

Attractive Industry Dynamics and Market Position

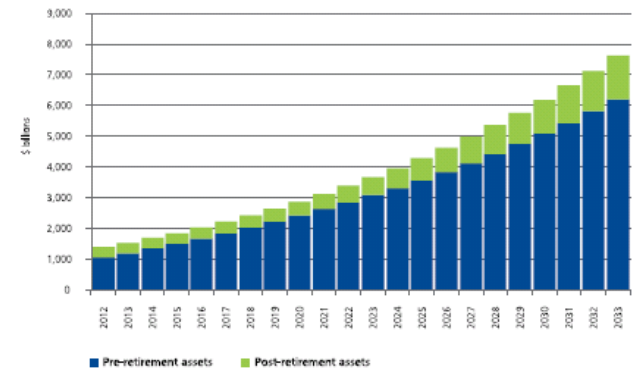
- 1 Australian superannuation assets \$2.0 trillion¹; forecast to grow to \$3 trillion by 2020²

- 2 Income-orientated investment products attractive: low rate environment

- 3 APN's 'property for income' commercial property investments well positioned

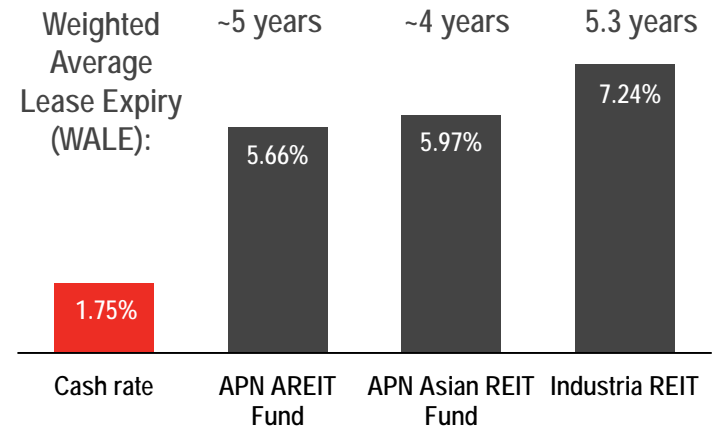
1 Source: ASFA Superannuation Statistics December 2015
 2 Source: Deloitte Dynamics of the Australian Superannuation System November 2015
 3 Different risk / return profiles. Distribution yields based on 30 June 2016 closing prices. Refer to respective funds (www.apngroup.com.au) for further details. Past performance is not necessarily and indicator of future performance.

Projected superannuation assets to 2033



Source: Deloitte Actuaries & Consultants, 2013

Approximate investment yield comparisons³



Boards and Management team

Experienced real estate team, Independent Boards

Board of Directors (APN Property Group Limited)



Chris Aylward
Executive Chairman

- Over 30 years experience in property and construction industry
- Founding director of Grocon Pty Limited
- Responsible for construction of commercial properties over \$2 billion



Howard Brechley
Non-Executive Director

- Over 30 years' experience analysing and investing in the sector
- Founded property research firm PIR
- Established APN's Funds Management business
- Non-Executive Director of National Storage REIT



Clive Appleton
Independent Director

- Over 30 years experience in property and funds management
- Former CEO of Centro, AV Jennings and Gandel Group
- Non-Executive Director Gandel Group, Aspen Group, Arrow International and Perth Airports Corporation



Tony Young
Independent Director

- Over 30 years' experience analysing and investing in the sector
- Director of Morningstar Australia
- Co-founder of Aspect Huntley
- Co-owner of Timebase Pty Ltd



Tim Slattery
Executive Director

- Over 12 years of experience across real estate, funds management, investment banking and law
- Previous roles at Herbert Smith Freehills and Goldman Sachs
- Real estate transactions of over \$2 billion

Independent / Non-Executive Majority

Management Team



Chris Aylward
Executive Chairman



Tim Slattery
Executive Director



Michael Groth
Chief Financial Officer

Independent Responsible Entity – APN Funds Management Limited



Geoff Brunson
Independent Chairman



Michael Johnstone
Independent Director



Jennifer Horrigan
Independent Director

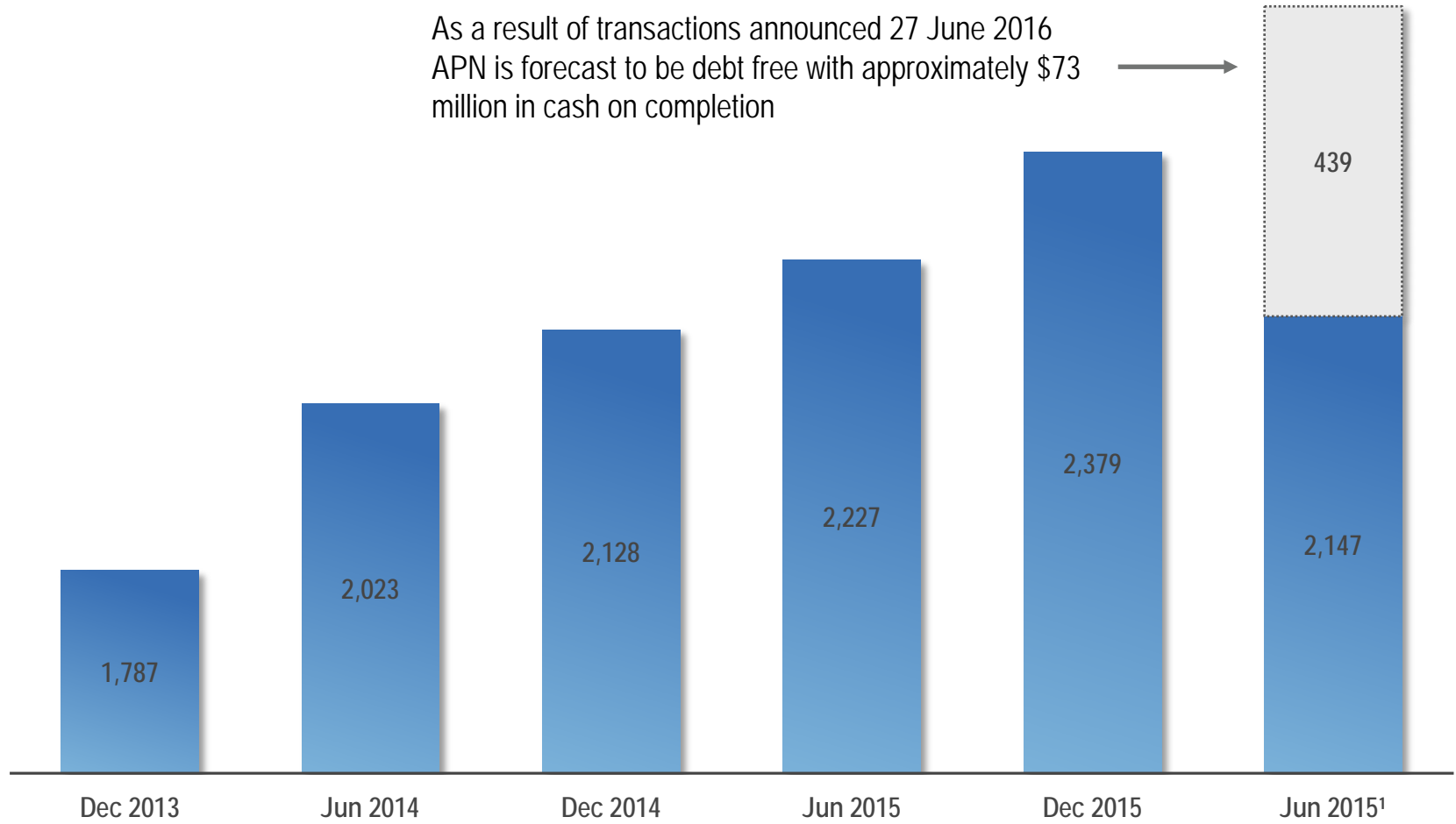


Howard Brechley
Non-Executive Director



Michael Groth
Alternate for Howard Brechley

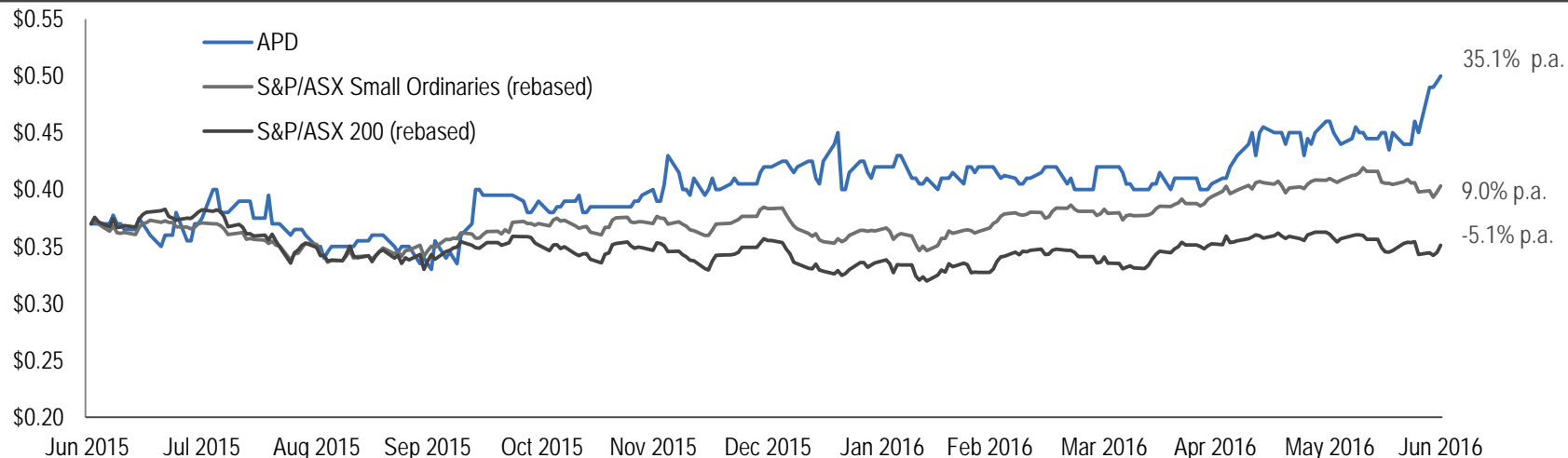
Funds Under Management (\$ million)



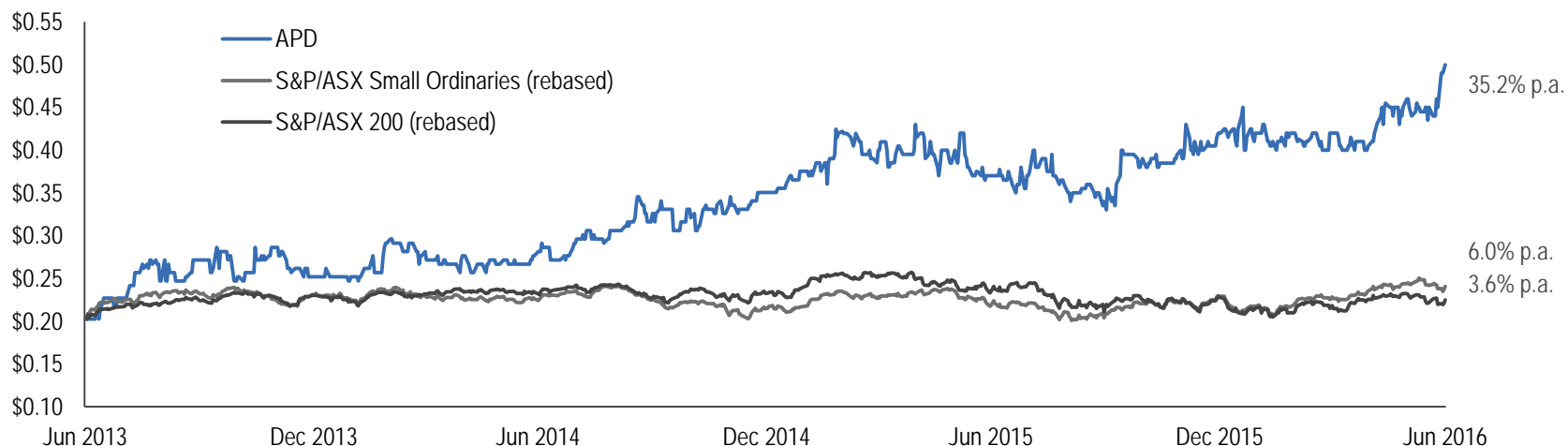
1: Proforma FuM from continuing operations and excludes Generation Healthcare REIT FuM of \$439 million (sold via transactions announced on 27 June 2016)

Share price performance

12 month share price performance



3 year share price performance



Source: IRESS

Financial Summary

Overview

- Listed on ASX (Code: APD)
- Melbourne-based specialist real estate investment manager
- Established 1996, listed 2005
- Over \$2.1 billion in Funds Under Management (FUM)¹
- Actively manage 12 funds
- Responsible entity: APN Funds Management Limited, a wholly owned subsidiary of APN (Independent board)

Major Shareholders²

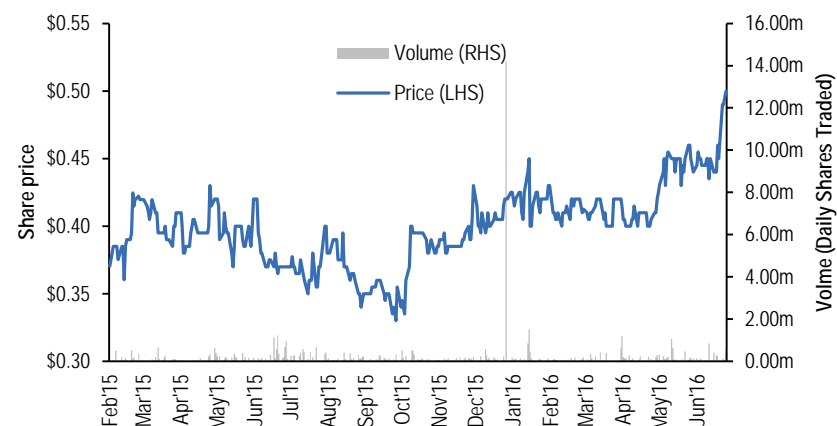
Shareholder	
C. Aylward (Director)	24.3%
Phoenix Portfolios	12.9%
Grollo Family	9.2%
Macquarie Capital	6.4%
T. Young (Director)	3.4%
H. Brenchley (Director)	3.0%
T. Slattery (Director)	2.5%
M. Groth (CFO)	2.4%
C. Appleton (Director)	1.5%
TOTAL	65.6%

¹ Proforma FUM from continuing operations and excludes Generation Healthcare REIT (sold on 27 June 2016) – refer ASX announcement of that date

² Based on substantial shareholder notices lodged on the ASX as at 30 June 2016

³ IRESS, ASX Trading data as at 30 June 2016

Share Price and Volume



Key Information

Metric	
Closing share price ³	\$0.50
Shares outstanding ³	313,992,812
Market capitalisation ³	\$157 million
FUM ¹	\$2.1 billion
Net tangible assets per share ¹	\$0.43
Operating earnings after tax guidance (FY2016)	3.20 – 3.50 cents per share
Dividend guidance (FY2016)	1.50 cents per share (fully franked)
Total shareholder return ³	35.1% (1 Year)

Contact details



APN Property Group Limited



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