



THE CEO SESSIONS

INVESTOR PRESENTATION

19 APRIL 2016

www.apngroup.com.au
ASX Code: APD

APN | Property Group

20 YEAR ANNIVERSARY 2016

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What does APN Property Group do?

Overview

APN PROPERTY GROUP IS A SPECIALIST
REAL ESTATE INVESTMENT MANAGER

Philosophy

PROPERTY FOR INCOME

Approach

INVESTMENT
PERFORMANCE



OUTSTANDING
SERVICE



Rhodes A, Rhodes NSW



Casey Stage 2, Casey VIC (Artist's impression)



Shell Service Centre, South Nowra NSW

Why do we like commercial property as an investment?

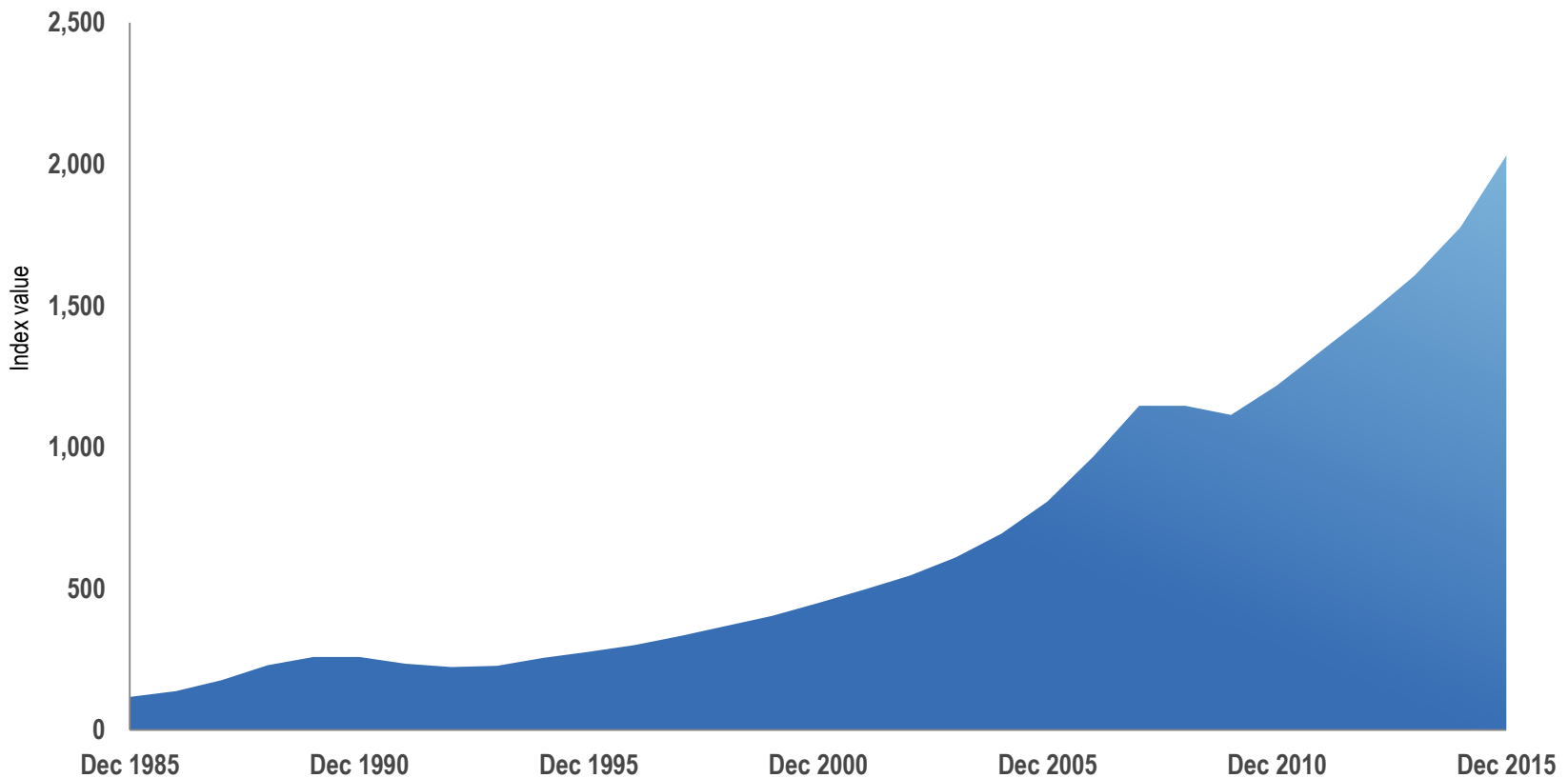
- ✓ High **cash** income yields
- ✓ Long term leases: **certainty** of income streams
- ✓ Quality tenants: **reliability** of rental payments
- ✓ Underpinned by **real, physical assets**



150 Collins Street (Sold to GPT)

... Which has delivered excellent long term performance

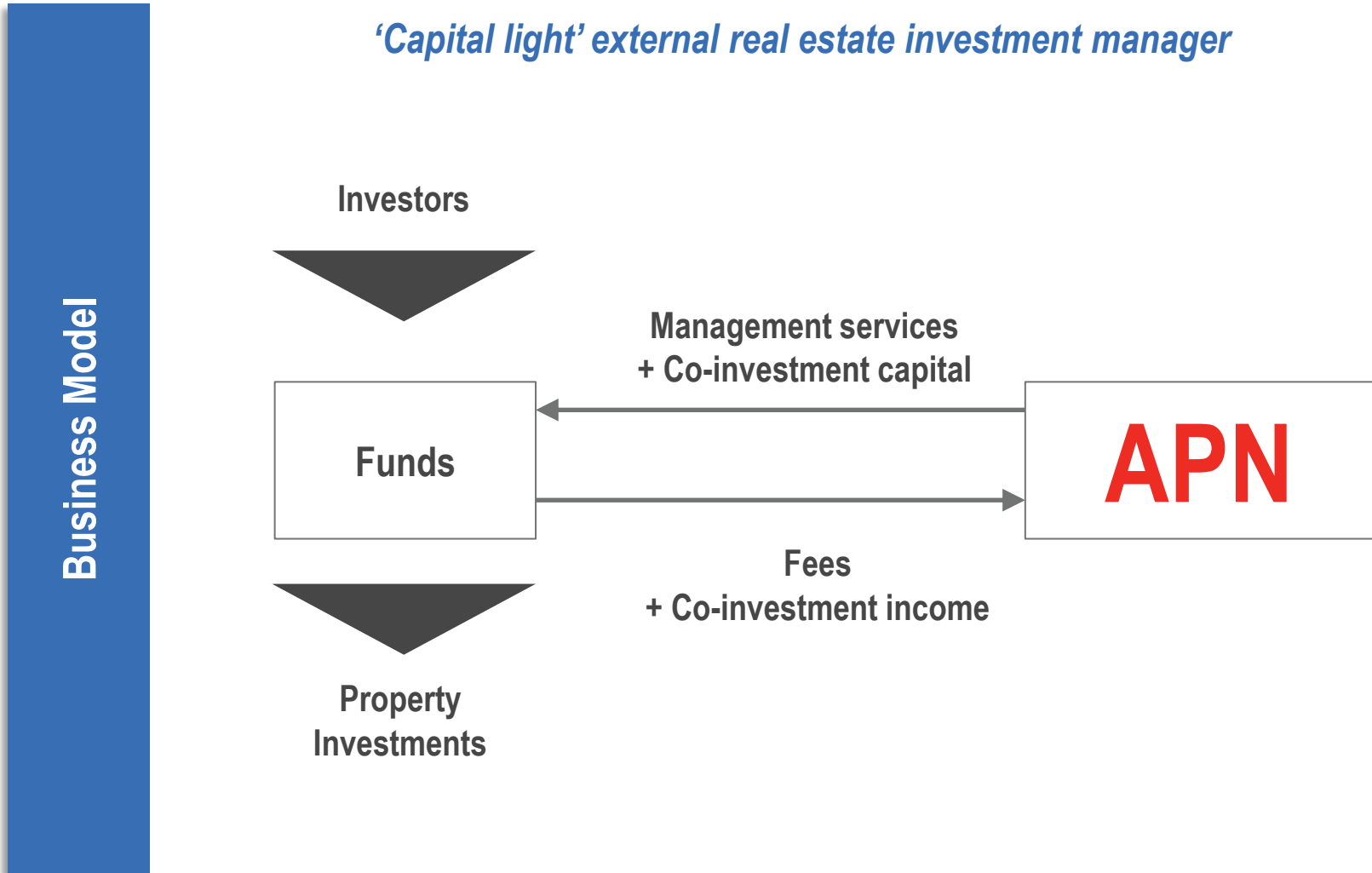
Australian commercial property has delivered a total return of 10.0% pa since December 1985 (30 years)



Source: The Property Council / IPD Australia All Property Index

What's our strategy?

'Capital light' external real estate investment manager



What's our advantage?

COMPETITIVE
ADVANTAGE

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

What's our advantage?



› Specialist expertise

› Track record

› Governance

› Co-investment

- Specialists in their chosen areas
- 100s of years of relevant experience
- Experience across multiple property cycles
- Team of 46



Chris Aylward
Executive Chairman



Tim Slattery
Executive Director



Michael Groth
Chief Financial Officer



Michael Doble
CEO Real Estate
Securities



Miles Wentworth
CEO - Generation
Healthcare REIT



Simone Newman
Head of Distribution
and Marketing



Alex Abell
Fund Manager –
Industria REIT



Chris Brockett
Head of Direct Property
and Fund Manager

What's our advantage?

COMPETITIVE ADVANTAGE

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



- Investment performance track record
- Outstanding support for key products - long term relationships
- 2016: APN's 20 year anniversary
- Multiple industry awards

Industry awards

- Money magazine's 2015 Best of the Best award – APN AREIT Fund
- Zenith Fund Awards 2013 – AREIT Fund Manager of the Year Finalist
- Money magazine's 2013 Best of the Best award for Best – APN AREIT Fund
- Zenith Fund Awards 2012 – AREIT Fund Manager of the Year
- Money magazine's 2012 Best of the Best award for Best – APN AREIT Fund
- Australian Fund Manager Awards 2011 – Australian Listed Property Securities
- Finalist Money Management/Lonsec Fund Manager of the Year Award 2011 – Property Securities, Australia

What's our advantage?



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

- Separate manager and trustee boards
- Independent responsible entity
- Majority independent / non-exec manager board
- Substantial investment in risk management tools and processes

Board of Directors (APN Property Group Limited)



Chris Aylward
Executive
Chairman



**Howard
Branchley**
Non-Executive
Director



Clive Appleton
Independent
Director



Tony Young
Independent
Director



Tim Slattery
Executive Director

Independent Responsible Entity – APN Funds Management Limited



**Geoff
Brunson**
Independent
Chairman



**Michael
Johnstone**
Independent
Director



**Jennifer
Horrigan**
Independent
Director



**Howard
Branchley**
Non-Executive
Director



**Michael
Groth**
Alternate for
Howard Branchley

What's our advantage?



COMPETITIVE
ADVANTAGE

› **Specialist expertise**

› **Track record**

› **Governance**

› **Co-investment**

- \$85 million of net tangible assets (net of MI)
- Balance sheet capacity to 'warehouse' assets for new funds
- Investment alongside our investors
- Excellent returns to date from these co-investments



What's driving our business?

Attractive Industry Dynamics and Market Position

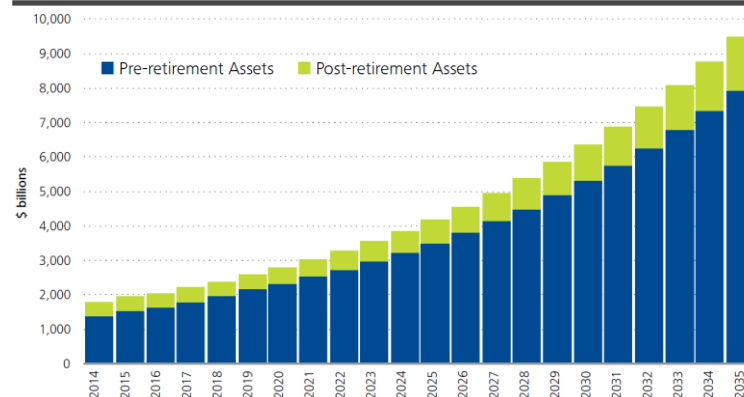
- 1 Australian superannuation assets \$2.0 trillion¹; forecast to grow to \$3 trillion by 2020²
- 2 Income-orientated investment products attractive: low rate environment
- 3 APN's 'property for income' commercial property investments well positioned
- 4 Performance, experience and trust as a manager continues to provide an advantage

1 Source: ASFA Superannuation Statistics December 2015

2 Source: Deloitte Dynamics of the Australian Superannuation System November 2015

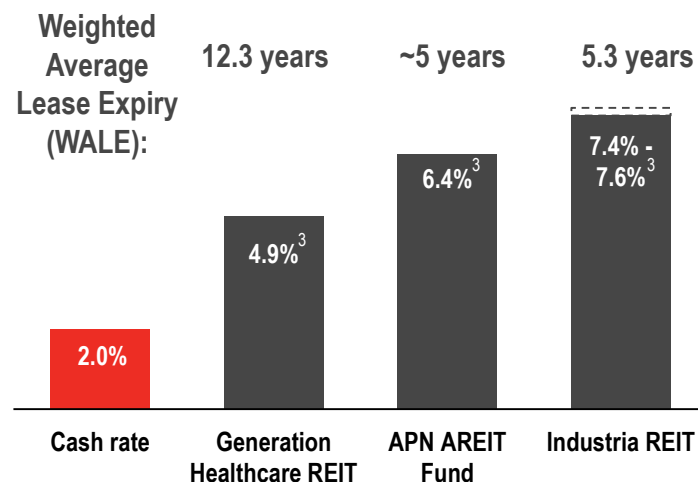
3 Different risk / return profiles. Forecast distribution yields based on 31 December 2015 closing prices. Refer to respective funds (www.apngroup.com.au) for further details. Past performance is not necessarily and indicator of future performance.

Projected superannuation assets 2015 - 2035



Source: Deloitte Actuaries & Consultants, November 2015

Approximate investment yield comparisons³



Business overview

As at 31 December 2015 APN's Funds Under Management was \$2.4 billion

\$1,311 million

Funds Under Management

5

Funds

Securities

\$204 million

Funds Under Management

6

Funds

Direct

\$439 million

Funds Under Management

1

Fund



\$425 million

Funds Under Management

1

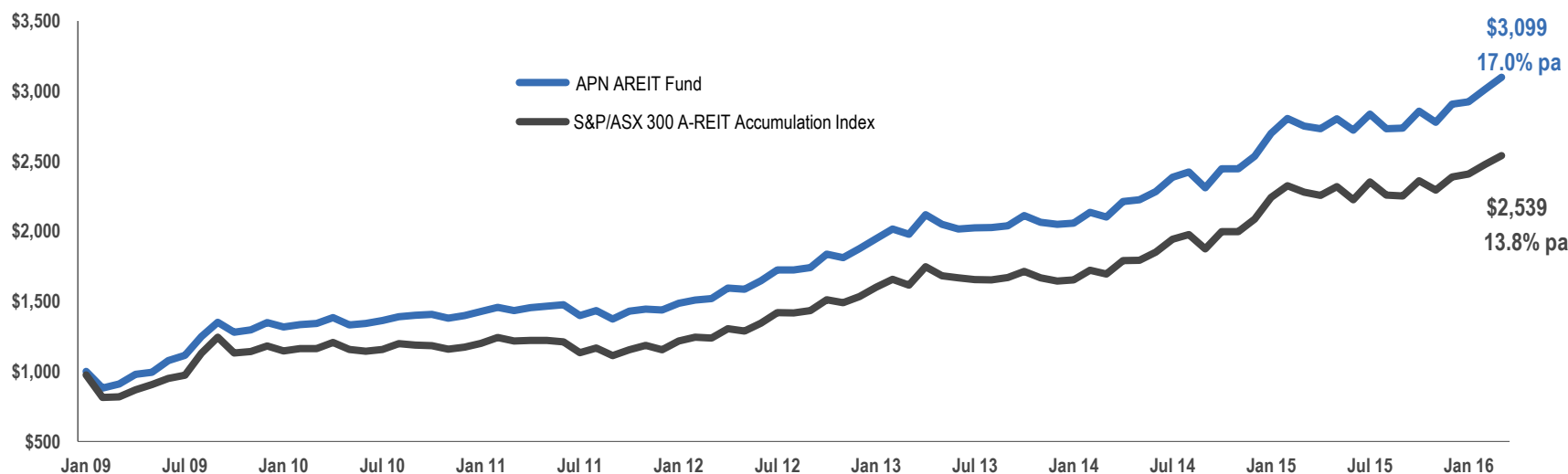
Fund



Product example: APN AREIT Fund

- Strong performance, outperformed benchmark over 1, 3 and 5 year time (and inception) periods
- 320 bps outperformance vs. index since inception
- Lower than market volatility
- Distribution yield of ~6.4%¹ pa paid monthly
- Now exceeds \$1 billion in size
- Excellent market support

APN AREIT Fund total return since inception²



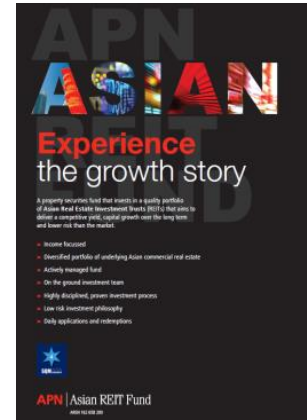
Source: APN/Bloomberg

1. As at 31 December 2015 assuming entry price of \$1.6267 and monthly distributions of 0.8694 cents

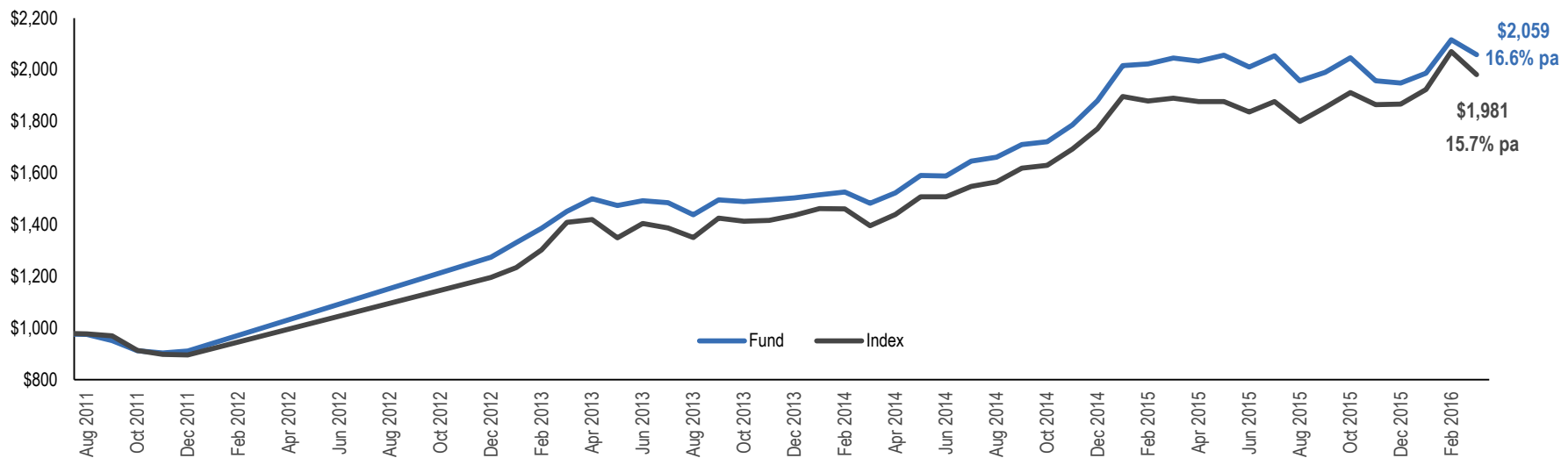
2. APN AREIT Fund performance versus S&P/ASX 300 A-REIT Accumulation Index. Net of fees. Assumes reinvestment of distributions since inception (19 January 2009 to 31 March 2016). Distributions assumed reinvested.

Product example: APN Asian REIT Fund

- Asian listed property trusts
- Focus on Hong Kong, Singapore and Japan
- 16.6% pa total return since inception (2011)
- ~6.3% pa current distribution yield
- Distributions paid monthly
- Daily liquidity



APN Asian REIT Fund - \$1,000 invested since inception¹



Source: APN / Bloomberg

1. APN Asian REIT Fund performance versus Bloomberg Asian REIT Index. Net of fees. Assumes reinvestment of distributions since inception. Past performance is not necessarily an indicator of future performance. Refer www.apngroup.com.au for further details and disclosure document. This is a summary only. Inception 19 July 2011 to 31 March 2016.

Product example: APN Convenience Retail Property Fund

- Long term (10-15 year) leases
- Non-discretionary 'convenience' retail properties
- Multi-asset portfolio
- 'Property for income' product
- 7.00% pa+ income yield
- Monthly distributions

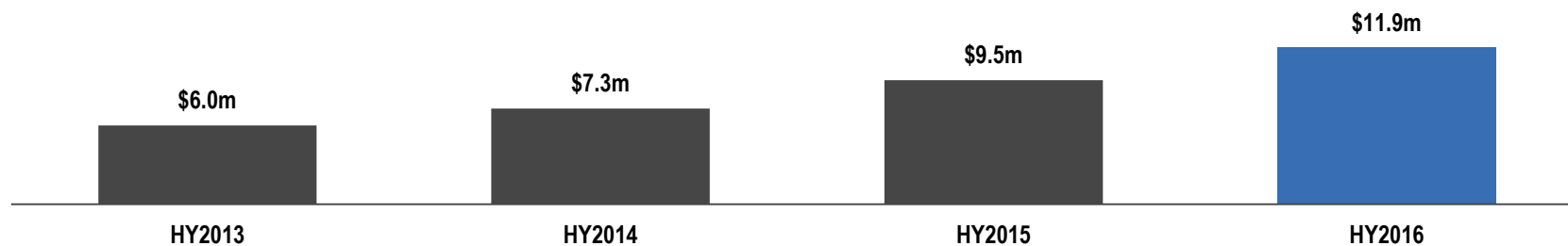
APN Convenience Retail Property Fund

Investment type	Multi asset, unlisted property fund
Investment objective	Stable income and capital growth
Investment strategy	Convenience retail with non-discretionary focus
Target tenants	Major Australian and International retailers (i.e. Coles, Woolworths, Shell, 7-Eleven)
WALE	~15 years
Investment Term	8 years
Forecast Distributions	7.00%+ approx
Target Fund Size	Up to \$250 million in assets

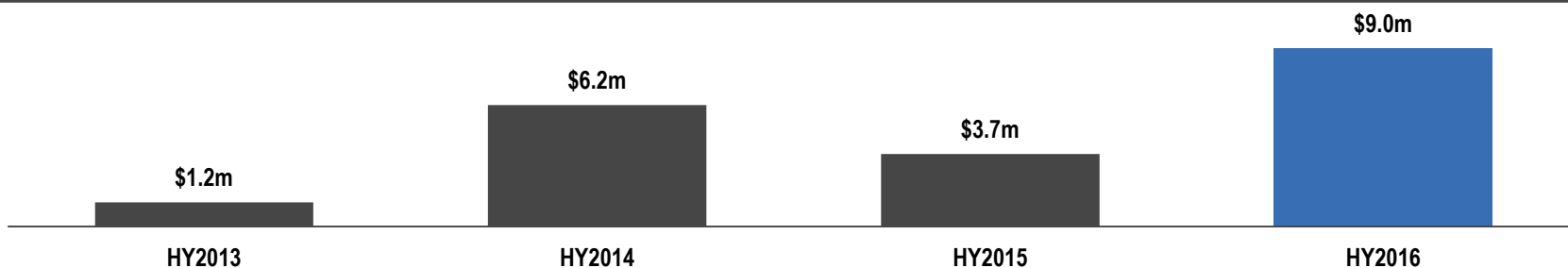


How are we performing?

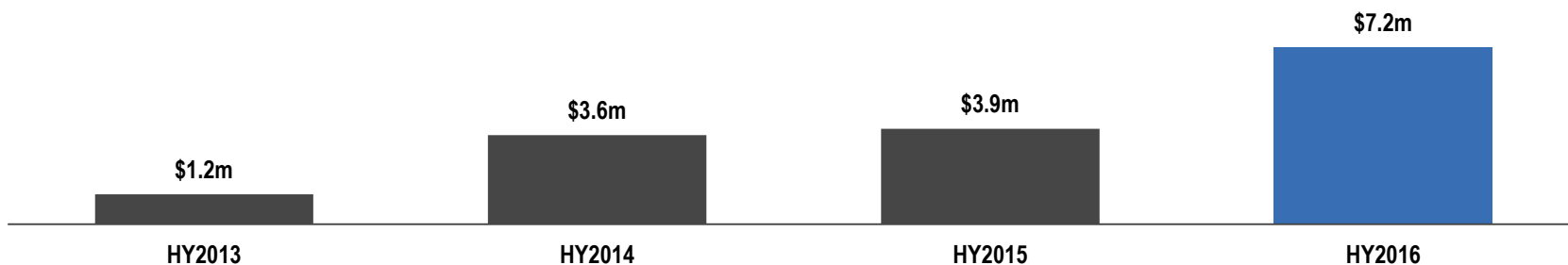
Growth in net income excluding performance and transaction fees¹



Track record of earning transaction and performance based income¹



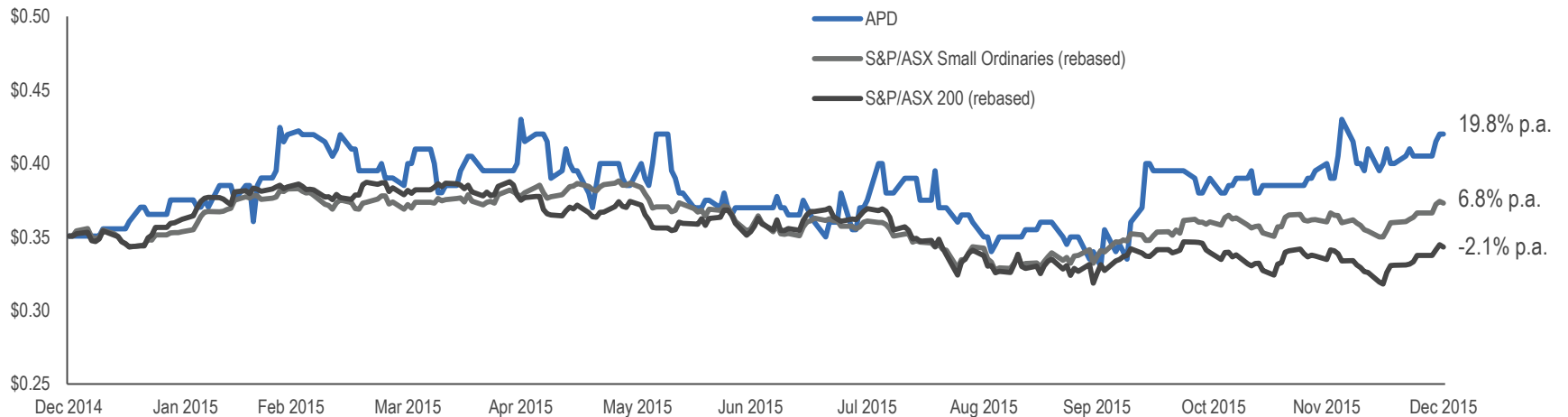
Delivering growth in operating earnings after tax¹



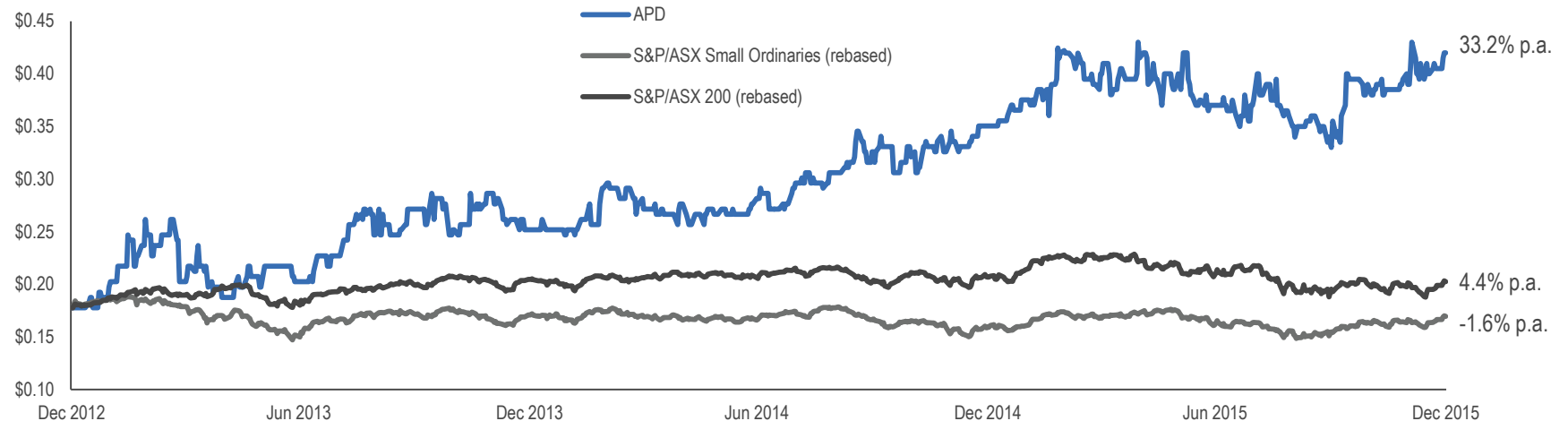
1. On a statutory basis excludes discontinued operations

How is our share price performing?

12 month share price performance

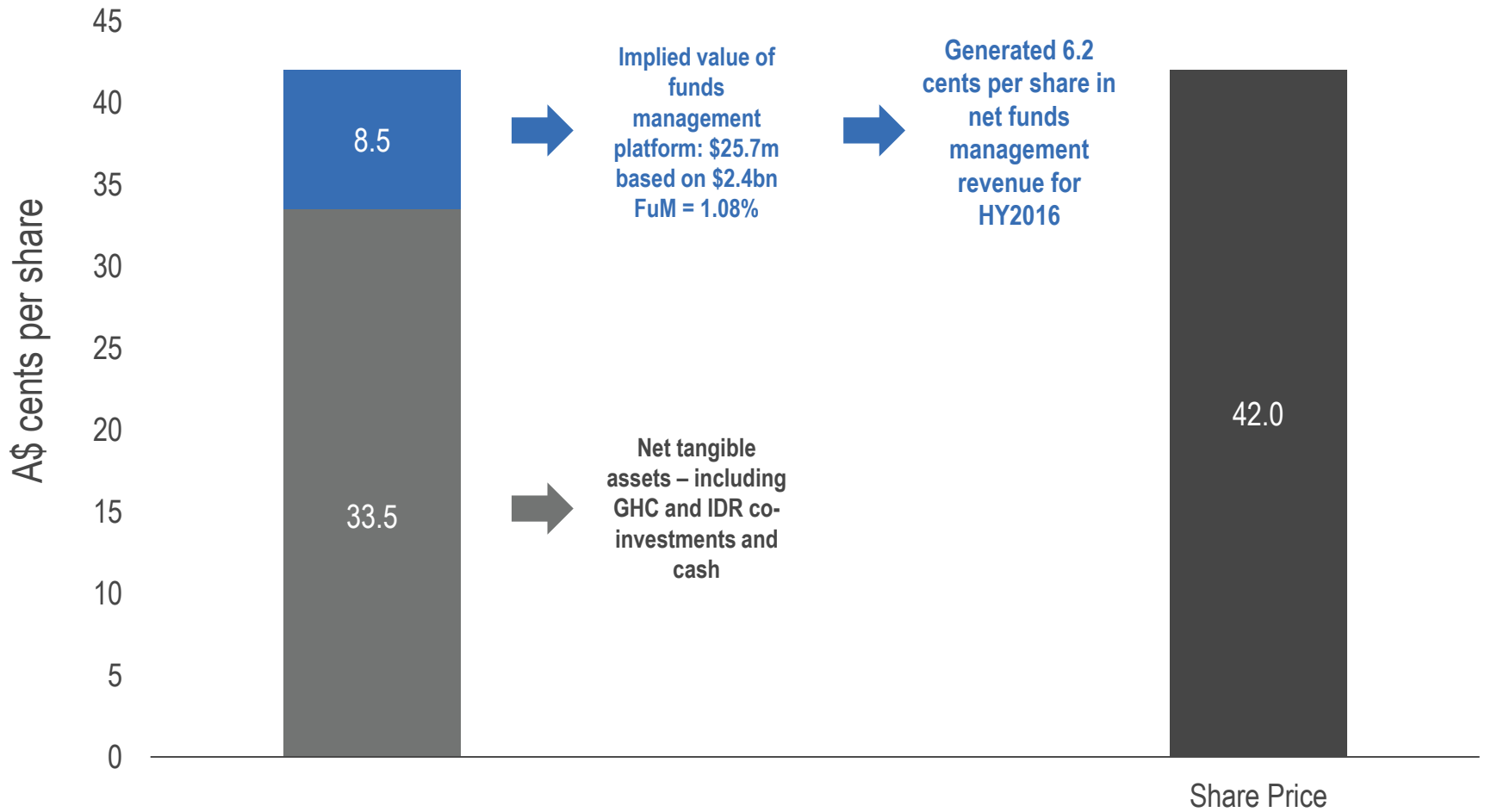


3 year share price performance



Source: IRESS, to 31 December 2015

Market valuation¹



1. Analysis and APN share price as at market close 31 December 2015, net of MI

2. Net Funds Management Revenue excluding co-investment income on a per share basis as at 31 December 2015

Overview and key financial information

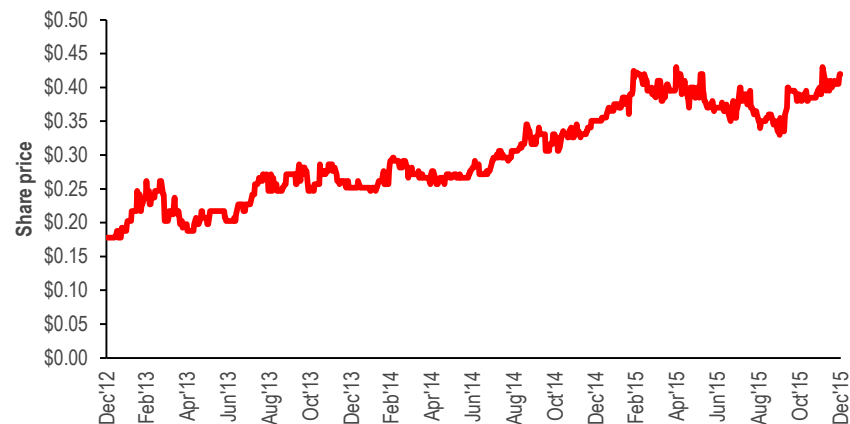
Overview

- Listed on ASX (Code: APD)
- Melbourne-based specialist real estate investment manager
- Established 1996, listed 2005
- Over \$2.4 billion in Funds Under Management¹
- Actively manage 15 funds
- Over 100,000 investors

Major Shareholders²

C. Aylward (Director)	25.0%
Phoenix Portfolios	13.4%
Grollo Family	9.6%
Macquarie	6.6%
T. Young (Director)	3.4%
H. Brenchley (Director)	3.0%
T. Slattery (Director)	2.5%
M. Groth (CFO)	2.4%
C. Appleton (Director)	1.6%
Total	67.5%

Share Price History



Key Financial Information

Closing share price ³	\$0.42
Market capitalisation ³	\$131 million
Net tangible assets (net of MI)	\$85 million
Dividend Guidance (FY2016)	1.50 cents per share
Franking (FY2016)	100%
Operating earnings after tax guidance (FY2016)	3.20 to 3.50 cents per share
Dec 2015 Half Year EPS (operating earnings after tax & MI)	2.41 cents per share

¹ From continuing operations and includes Generation Healthcare REIT (managed by a joint venture 32.5% owned by management)

² Based on substantial and directors shareholder notices lodged on the ASX as at 18 April 2016

³ IRESS, data as at 18 April 2016

Thanks and contact details



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