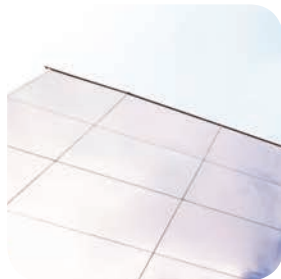


Notice of Annual General Meeting

The Annual General Meeting of APN Property Group Limited will be held at:

Time: 10.00am
Date: Wednesday, 30 November 2016
Venue: Hall & Wilcox
Level 11, Rialto South Tower
525 Collins Street
Melbourne, Victoria 3000





NOTICE OF ANNUAL GENERAL MEETING 2016

Notice is given that the Annual General Meeting of Shareholders of APN Property Group Limited (Company) will be held at the offices of Hall & Wilcox, Level 11, Rialto South Tower, 525 Collins Street, Melbourne, Victoria on 30 November 2016 commencing at 10.00 am.

Capitalised terms used in this notice of meeting and the Explanatory Notes are defined in the body of this document or in the 'Definitions' section at the end of this document.

BUSINESS OF THE ANNUAL GENERAL MEETING

1 Financial Statements and Reports

To receive and consider the Financial Report, the Directors' Report and the Auditor's Report, each for the financial year ended 30 June 2016.

2 Remuneration Report (Resolution 1)

To consider and, if thought fit, pass the following resolution as an **advisory resolution**:

'That the Remuneration Report for the financial year ended 30 June 2016 be adopted.'

3 Re-election of Director (Resolution 2)

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

'That Howard Brenchley, who retires by rotation in accordance with clause 4.3(c) of the Constitution, and being eligible, be re-elected as a Director.'

4 Election of Director (Resolution 3)

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

'That Anthony Young, who retires in accordance with clause 4.2(a)(ii) of the Constitution, and being eligible, be elected as a Director.'

5 Approval of 10% Placement Capacity (Resolution 4)

To consider and, if thought fit, pass the following resolution as a **special resolution**:

'That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the Shares on issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Notes.'

6 Renewal of proportional takeover provision (Resolution 5)

To consider and, if thought fit, pass the following resolution as a **special resolution**:

'That for the purposes of section 648G of the Corporations Act and for all other purposes, the proportional takeover provisions in clause 11.12 of the Company constitution be renewed for a period of three years on the terms and conditions set out in the Explanatory Notes.'

7 Approval of APN Property Group Timothy Slattery Executive Share Plan (Resolution 6)

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

'That:

- (i) the terms of the APN Property Group Timothy Slattery Executive Share Plan, which are described in the Explanatory Notes, be approved for the purposes of sections 257B, 259B and 260C of the Corporations Act and for all other purposes;
- (ii) all issues of securities under the APN Property Group Timothy Slattery Executive Share Plan be approved as an exception to Listing Rule 7.1; and
- (iii) the proposed issue of the securities described in the Explanatory Notes under the APN Property Group Timothy Slattery Executive Share Plan be approved for the purposes of Listing Rule 10.14 and for all other purposes.'

By order of the Board.

Voting entitlement

The Board has determined in accordance with regulation 7.11.37 of the Corporations Regulations that for the purpose of voting at the Annual General Meeting, Shares will be taken to be held by those persons who hold them at 7.00pm (Melbourne time) on 28 November 2016. This means that if you are not the registered holder of a Share at that time you will not be entitled to vote at the Annual General Meeting in respect of that Share.

Voting by proxy

Each Shareholder who is entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on behalf of that Shareholder as an alternative to attending the Annual General Meeting in person. The proxy need not be a Shareholder of the Company.

A Shareholder who is entitled to cast two or more votes may appoint one or two proxies and may specify the proportion or number of votes that each proxy is appointed to exercise. If a Shareholder appoints two proxies and the appointment does not specify the proportion, or number, of Shareholder's votes, each proxy may exercise half the Shareholder's votes (disregarding fractions).

Directed and Undirected Proxies

If you choose to appoint a proxy, the Board encourages you to direct your proxy how to vote on each resolution, particularly Resolution 1 (Remuneration Report), by marking either '**For**', '**Against**' or '**Abstain**' for the item of business on the proxy form.

If you sign the enclosed proxy form and do not appoint the chairperson or specify an individual or body corporate as your proxy, you will have appointed the chairperson as your proxy by default. In that case, your Shares will be voted on the proposed resolutions in accordance with your directions on the proxy form.

If you do not direct the chairperson how to vote your Shares, the chairperson will vote undirected proxies on, and in favour of, all of the proposed resolutions including Resolution 1 (Remuneration Report). Where the chairperson is appointed as your proxy, you will be taken to have expressly authorised the chairperson to cast your votes on Resolution 1.

If you appoint as your proxy any other Director, any other of the Company's Key Management Personnel or any of their closely related parties, they will vote undirected proxies in favour of all of the proposed resolutions except Resolution 1 (Remuneration Report). They will not cast any votes in respect of Resolution 1 (Remuneration Report) that arise from undirected proxies.

'Key management personnel' of the Company for the financial year ended 30 June 2016 are identified in the Remuneration Report, which forms part of the Company's 2016 Annual Report. The 'closely related parties' of the Company's Key Management Personnel are defined in the Corporations Act, and include certain of their family members, dependants and companies they control.

Lodging your Proxy

A proxy appointment form is enclosed in this notice of meeting. For the appointment of a proxy to be effective for the Annual General Meeting, the following documents must be received no later than 48 hours before the scheduled time for the Annual General Meeting; that is by 10.00am on 28 November 2016:

- (a) the proxy's appointment; and
- (b) if the appointment is signed by the appointor's attorney- the authority under which the appointment was signed or a certified copy of the authority.

Documents may be lodged online, by posting, delivery or facsimile to the Company's share registry at:

Link Market Services Limited

Online: www.linkmarketservices.com.au

By Post: Locked Bag A14
Sydney South NSW 1235

Delivery: Level 12, 680 George Street
SYDNEY NSW 2000

Facsimile: (02) 9287 0309

Bodies corporate

A body corporate may appoint an individual as its representative to exercise all or any of the powers the body corporate may exercise at the Annual General Meeting. The appointment may be a standing one. Unless otherwise specified in the appointment, the representative may exercise, on the body corporate's behalf, all of the powers that the body corporate could exercise at the Annual General Meeting or in voting on a resolution.

Voting exclusion statements

Resolution 1

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration is included in the 2016 Remuneration Report; and
- (b) a closely related party (such as close family members and any controlled companies) of such a Key Management Personnel.

However, the Company will not disregard a vote cast on Resolution 1 as a proxy for a person who is entitled to vote and:

- (a) the proxy appointment is in writing and specifies how the proxy is to vote (for, against, abstain); or
- (b) the vote is cast by the chairperson and:
 - (i) the appointment does not specify how the proxy is to vote; and
 - (ii) the appointment expressly authorises the chairperson to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

For the purposes of this voting exclusion, Key Management Personnel are the directors and those other persons who have authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly, as listed in the Remuneration Report for the year ended 30 June 2016. Their 'closely related parties' are defined in the Corporations Act, and include certain of their family members, dependants and companies they control.

Resolution 4

In accordance with the Listing Rules, the Company will disregard any votes cast on Resolution 4 by any person who may participate in the issue of Equity Securities under Resolution 4 and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities in the Company, if Resolution 4 is passed, and any associates of those persons.

However, in relation to Resolution 4, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 6

In accordance with the Listing Rules, the Company will disregard any votes cast on Resolution 6 by Timothy Slattery, being the only Director eligible to participate in the employee incentive scheme in respect of which the approval is being sought under Resolution 6, and his associates.

However, in relation to Resolution 6, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Required Majority

Resolutions 1, 2, 3, and 6 proposed in this notice of meeting are ordinary resolutions and will be passed if, in each case, more than 50% of the votes cast by Shareholders entitled to vote on each resolution are cast in favour of the relevant resolution.

Resolutions 4 and 5 proposed in this notice of meeting are special resolutions and will be passed if 75% or more of the votes cast by Shareholders entitled to vote on the resolutions are cast in favour of the resolutions.

EXPLANATORY NOTES

1 Financial Statements and Reports

The Corporations Act requires the following reports in respect of the financial year ended 30 June 2016 to be laid before the Annual General Meeting:

- (a) Financial Report (which includes financial statements and the Directors' declaration);
- (b) Directors' Report; and
- (c) Auditor's Report.

Shareholders have been provided with all relevant information concerning these reports in the Annual Report of the Company for the year ended 30 June 2016 (**Annual Report**). A copy of the Annual Report has been sent to each Shareholder (other than those Shareholders who have previously elected not to receive the Annual Report, whether in paper form or electronically). Any Shareholder who has made this election and now wishes to receive a paper or electronic copy of the Annual Report should contact the Company to arrange receipt. The Annual Report can also be viewed, printed and downloaded from the Company's website at www.apnpg.com.au.

There is no requirement either in the Corporations Act or the Constitution for Shareholders to approve the Financial Report, the Directors' Report or the Auditor's Report.

However, Shareholders will be given a reasonable opportunity as a whole at the Annual General Meeting to ask questions and make comments on these reports, and on the business, operations and management of the Company.

Further, in accordance with section 250PA of the Corporations Act, a Shareholder who is entitled to cast a vote at the Annual General Meeting may submit a written question to the Company's auditor if the question is relevant to:

- (a) the content of the Auditor's Report; or
- (b) the conduct of the audit of the Financial Report,

by giving the question to the Company by no later than 10.00am on 24 November 2016 (being 5 business days before the day on which the Annual General Meeting is to be held). The auditor will then compile the questions relevant to the content of the Auditor's Report or the conduct of the audit of the Financial Report into a question list. At or before the start of the Annual General Meeting, the Company will make the question list reasonably available to the Shareholders attending the Annual General Meeting.

2 Remuneration Report (Resolution 1)

Section 250R(2) of the Corporations Act requires listed companies to put a resolution to their shareholders that the Remuneration Report be adopted. **The vote on this resolution is advisory only, and does not bind the Board or the Company.**

The Remuneration Report forms part of the Directors' Report and is included in the Annual Report for the financial year ended 30 June 2016.

The Remuneration Report must contain the information required under section 300A of the Corporations Act, including:

- (a) discussion of board policy for determining the nature and amount of remuneration of its Key Management Personnel;
- (b) discussion of the relationship between the Board's policy for determining the remuneration of the Company's Key Management Personnel and the Company's performance;
- (c) if an element of the remuneration of a member of the Company's Key Management Personnel is dependent on satisfaction of a performance condition:
 - (i) a detailed summary of the performance condition;
 - (ii) an explanation of why the performance condition was chosen;
 - (iii) a summary of the methods used in assessing whether the performance condition is satisfied and an explanation of why those methods were chosen; and
 - (iv) if the performance condition involves a comparison with factors external to the Company, a summary of those factors and if any of the factors relate to the performance of another company or companies or a securities index, the identity of that company, companies or index; and

- (d) the remuneration details for each of the Company's Key Management Personnel named in the Remuneration Report for the financial year ended 30 June 2016.

The Board will consider the vote and comments made by Shareholders on the Remuneration Report at the Annual General Meeting when reviewing the Company's remuneration policies. If 25% or more of the votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be given the opportunity to vote at the second of those meetings on a resolution that another meeting be held within 90 days at which all of the Directors (other than the Managing Director) must stand for re-election. At the Company's 2015 annual general meeting, the votes cast by shareholders against the adoption of the Remuneration Report were less than 25%.

Where the chairperson is authorised to do so, undirected proxies held by the chairperson will be voted in favour of Resolution 1 (Remuneration Report) even though the resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel. However, if another Director or any of the Company's Key Management Personnel (or any of their closely related parties) other than the chairperson is appointed as a proxy, they will not cast any votes in respect of Resolution 1 that arise from any undirected proxies they hold.

'Key management personnel' of the Company for the financial year ended 30 June 2015 are identified in the Remuneration Report, which formed part of the Annual Report. The 'closely related parties' of the Company's Key Management Personnel are defined in the Corporations Act, and include certain of their family members, dependants and companies they control.

If you choose to appoint a proxy, the Board encourages you to direct your proxy how to vote on Resolution 1 (**Remuneration Report**) by marking either '**For**', '**Against**' or '**Abstain**' for this item of business on the proxy form.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions about, or make comments on, the Remuneration Report.

No recommendation

The Directors make no recommendation with respect to voting on Resolution 1.

3 Re-election of Director - Howard Brenchley (Resolution 2)

Howard Brenchley will retire by rotation in accordance with clause 4.3(c) of the Constitution and, being eligible, offers himself for re-election.

The following information has been provided by Mr Brenchley in support of his re-election as a Director.

Mr Brenchley has been a Director of the Company since 1998. Mr Brenchley has a long history in the Australian property investment industry with over 30 years' experience analysing and investing in the sector.

Mr Brenchley joined APN in 1998 and was responsible for establishing the APN Funds Management business. In this capacity he developed a suite of new property securities and direct property funds, including the flagship APN Property for Income Fund, one of the largest property securities funds in Australia.

Prior to joining APN, Mr Brenchley was co-founder and research director of Property Investment Research Pty Limited, one of Australia's leading independent research companies, specialising in the property trust sector.

Mr Brenchley is also a director of APN Property Group Limited (since 1998) as well as National Storage Holdings Limited (since 2014) and National Storage Financial Services Limited (since 2015), both listed as National Storage REIT (ASX: NSR).

Recommendation

The Board (with Mr Brenchley abstaining) recommends that Shareholders vote in favour of Resolution 2.

4 Election of non-executive Director - Anthony Young (Resolution 3)

Anthony (Tony) Young is seeking to be re-elected, in accordance with clause 4.2(a)(ii) of the Constitution, as a Director of the Company.

Mr Young is a professional investor with a significant investment in the Company as well as a number of other real estate investments.

Mr Young is also a Director of Morningstar Australia, a leading global provider of independent fund management and equity investment research, the co-owner of Timebase Pty Limited, an Australian online law library/legal database and other services provider, and co-founder of Aspect Huntley (Australia's leading internet equity research company and publisher of Huntleys' Your Money Weekly and IFA), which was sold to Morningstar in 2006.

Mr Young qualified as a Chartered Accountant in 1980 with Price Waterhouse. In the 1980s he qualified as a member of the Securities Institute of Australia and the Australian Institute of Bankers. His early career as an analyst included time at Westpac, Macquarie Bank, James Capel Australia (Head of Equity Capital Markets), First Pacific Stockbrokers (founding shareholder/director) and Credit Suisse First Boston (Head of Research).

He is director of a number of private companies involved in the investment and research industries and is also an active counsellor with Lifeline Australia.

Recommendation

The Board (with Mr Young abstaining) recommends that Shareholders vote in favour of Resolution 3.

5 Approval of 10% Placement Capacity (Resolution 4)

Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek approval by special resolution at its Annual General Meeting to issue Equity Securities up to 10% of its issued capital over a period of up to 12 months after the Annual General Meeting, in addition to those under the 15% annual placement capacity (**10% Placement Capacity**).

An **Eligible Entity** is one that, as at the date of the relevant Annual General Meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300 million.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and had a market capitalisation at the close of business on 7 October 2016 of \$139.7 million, based on a share price of \$0.445.

The effect of Resolution 4 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue during the period up to 12 months after the Annual General Meeting, without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

The Equity Securities must be in the same class as an existing class of quoted Equity Securities. The Company currently has only one class of Equity Securities on issue, being fully paid ordinary shares.

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

(A x D) – E

Where:

A is the number of Shares on issue 12 months before the date of issue or agreement:

- (a) plus the number of Shares issued in the previous 12 months under an exception in Listing Rule 7.2;
- (b) plus the number of partly paid shares that became fully paid in the previous 12 months;
- (c) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4; and
- (d) less the number of Shares cancelled in the previous 12 months.

D is 10%.

- E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Shares under Listing Rule 7.1

Technical information required by ASX Listing Rule 7.1A

In accordance with Listing Rule 7.3A, the information below is provided in relation to Resolution 4:

(a) Minimum price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed (**Agreed Issue Date**); or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the Agreed Issue Date, the date on which the Equity Securities are issued.

(b) Date of issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of this Annual General Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Annual General Meeting; and
- (ii) the date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) or such longer period if allowed by ASX.

(c) Risk of dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the voting interests and may dilute the economic interests of Shareholders who do not receive Equity Securities under the issue.

The table below seeks to demonstrate the potential dilution of existing Shareholders resulting from the issue of Equity Securities under the 10% Placement Capacity calculated in accordance with the formula contained in Listing Rule 7.1A(2). The table does this by setting out the potential number of Shares issued and funds raised on the basis of:

- (i) the current number of Shares on issue;
- (ii) the number of Shares on issue changing (variable 'A' in the formula); and
- (iii) a variation in the issue price of the Shares (noting that Shares may only be issued at up to a 25% discount based on the volume weighted average price of the Shares calculated over the 15 ASX trading days preceding the issue).

VOTING DILUTION				
Number of Shares on Issue (Variable A in formula)	Dilution Variable	\$0.223 (50% decrease in current issue price)	\$0.445 (Current Issue Price)	\$0.668 (50% increase in current issue price)
313,992,812 (Current)	Additional 10% Shares issued	31,399,281	31,399,281	31,399,281
	Funds raised	\$7,002,040	\$13,972,680	\$20,974,720
470,989,218 (50% increase)*	Additional 10% Shares issued	47,098,922	47,098,922	47,098,922
	Funds raised	\$10,503,060	\$20,959,020	\$31,462,080
627,985,624 (100% increase)*	Additional 10% shares issued	62,798,562	62,798,562	62,798,562
	Funds raised	\$14,004,079	\$27,945,360	\$41,949,439

* The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that does not require Shareholder approval (such as under a pro-rata rights issue) or an issue of Shares with Shareholder approval under Listing Rule 7.1.

The table on the previous page uses the following assumptions:

- 1 The current number of Shares on issue is the Shares on issue as at 7 October 2016.
- 2 The current issue price is the closing price of the Shares on the ASX on 7 October 2016.
- 3 The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- 4 The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- 5 This table does not set out any dilution pursuant to approvals under Listing Rule 7.1.

Shareholders should note that there is a risk that:

- (i) the market price for the Shares may be significantly lower on the issue date than on the date of the Annual General Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) Purpose of issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for various purposes including the following:

- (i) to raise cash as consideration for the acquisition of or investment in real estate investment assets and property fund management rights (including expenses associated with such acquisitions), continued expenditure on the Company's current assets and general working capital; or
- (ii) as non-cash consideration for the acquisition of or investment in real estate investment assets and property funds management rights, and in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

(e) Allocation under the 10% Placement Capacity

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and braking advisers (if applicable).

(f) Previous approval under Listing Rule 7.1A

The Company previously obtained approval under Listing Rule 7.1A at its Annual General Meeting on 23 November 2015. The Company has issued 11,790,147 Equity Securities in the 12 months preceding the date of this notice of meeting (being approximately 4% of the total Equity Securities on issue 12 months prior to this Annual General Meeting).

As required under Listing Rule 7.3A.6(b), the details in respect of all issues of Equity Securities by the Company during the previous 12 months are set out over page.

Details	Number of equity securities issued	Class and summary of terms of equity securities	Parties issued equity securities	Price / discount of equity securities issued	Amount of cash or non-cash consideration
DRP (April 2016)	1,790,147	Ordinary fully paid shares	Existing Shareholders (institutional and sophisticated investors) who elected to participate	\$0.3917 (representing no discount to the closing price on the date of issue)	\$701,200.58
Employee Performance Rights Plan (February 2016)	10,000,000	Ordinary fully paid shares	Employees pursuant to the APN Property Group Employee Performance Rights Plan	\$0.26 (representing a 26% discount to the closing price on the date of issue)	\$2,600,000

Recommendation

The Board recommends that Shareholders vote in favour of Resolution 4.

6 Renewal of proportional takeover provisions (Resolution 5)

The Constitution contains provisions dealing with proportional takeover bids for securities in the Company in accordance with the Corporations Act (more specifically, clause 11.12 of the Constitution).

Under the Corporations Act and the Constitution, the provisions must be renewed every three years or they will cease to have effect. The current provisions are due for renewal and, accordingly, it is proposed to renew them as part of this meeting.

If renewed, clause 11.12 of the Constitution will operate on the same basis as the existing constitutional provisions for a period of three years from the date of the meeting.

The Corporations Act requires that the following information be provided to members when they are considering the renewal of proportional takeover provisions in a constitution.

What is a proportional takeover bid, and why do we need the proportional takeover approval provisions?

A proportional takeover bid involves the bidder offering to buy a proportion only of each member's securities in the Company. This means that control of the Company may pass without members having the chance to sell all their securities to the bidder. It also means the bidder may take control of the Company without paying an adequate amount for gaining control. In order to deal with this possibility, a company or listed trust may provide in its constitution that:

- in the event of a proportional takeover bid being made for securities in the Company, members are required to vote by ordinary resolution and collectively decide whether to accept or reject the offer; and
- the majority decision of the Company members will be binding on all individual members.

The Board considers that members should be able to vote on whether a proportional takeover bid ought to proceed given such a bid might otherwise allow control of the Company to change without members being given the opportunity to dispose of all of their securities for a satisfactory control premium. The Board also believes that the right to vote on a proportional takeover bid may avoid members feeling pressure to accept the bid even if they do not want it to succeed.

Importantly, if the proportional takeover approval provisions in the Constitution are not renewed, they will not have effect and members' approval of any proportional takeover bid will not be required. This means that you, as members, will not be able to prevent a proportional takeover bid from proceeding in circumstances where you believe that control of the Company should not be permitted to pass under the bid.

What is the effect of the proportional takeover approval provisions?

If a proportional takeover bid is made, the Board must ensure that members vote on a resolution to approve the bid more than 14 days before the bid period closes. The vote is decided by a simple majority. Each person who, as at the end of the day on which the first offer under the bid was made, held bid class securities is entitled to vote. However, the bidder and their associates are not allowed to vote. If the resolution is not passed, transfers which would have resulted from the acceptance of a bid will not be registered and the bid will be taken to have been withdrawn. If the bid is approved (or taken to have been approved), the transfers must be registered if they comply with the Corporations Act and the Constitution.

The bid will be taken to have been approved if the resolution is not voted on within the deadline specified under the Corporations Act. However, the Directors will breach the Corporations Act if they fail to ensure the approving resolution is voted on. The proportional takeover approval provisions do not apply to full takeover bids, and only apply for three years after the date they are renewed. The provisions may be renewed, or reinserted upon the expiry of the initial three-year period, but only by a special resolution passed by members.

Potential advantages and disadvantages

While the renewal of clause 11.12 of the Constitution will allow the Directors to ascertain members' views on a proportional takeover bid, it does not otherwise offer any advantage or disadvantage to the Directors who remain free to make their own recommendation as to whether the bid should be accepted.

The provisions in the Constitution ensure that all members have an opportunity to study a proportional bid proposal and vote on the bid at a general meeting. This is likely to ensure a potential bidder structures its offer in a way which is attractive to a majority of members, including appropriate pricing. Similarly, knowing the view of the majority of members may help individual members assess the likely outcome of the proportional takeover when determining whether to accept or reject the offer.

However, it is also possible that the inclusion of such provisions in the Constitution may discourage proportional takeover bids, and may reduce any speculative element in the market price of the Company securities arising from the possibility of a proportional takeover offer being made. The inclusion of the provisions may also be considered to constitute an unwarranted additional restriction of the ability of members to freely deal with their shares.

The Directors consider that the potential advantages for members of the proportional takeover approval provisions outweigh the potential disadvantages. As at the date on which this statement was prepared, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Recommendation

The Board recommends that Shareholders vote in favour of Resolution 5.

7 Approval of APN Property Group Timothy Slattery Share Plan (Resolution 6)

7.1 Rationale for equity based incentive schemes

The Company has agreed to issue, Mr Timothy Slattery (an executive Director), additional shares in the Company in order to align Mr Slattery's remuneration with tangible returns to the Company. Accordingly, Mr Slattery will be granted rights to be issued up to 7,500,000 ordinary shares in the Company pursuant to a performance incentive arrangement (detailed below), subject to this member approval.

The Board believes that the use of equity-based incentive schemes encourages employees to focus on creating value for members and links reward with the achievement of long term performance in the Company.

The Board also intends to continue to issue equity in the Company to selected other employees to establish a similar alignment. The Board believes that this approach optimally reflects the incentives and alignment of the Company's employees with the Company's objective of growing the value of its shareholders' investment.

7.2 APN Property Group Timothy Slattery Executive Share Plan

In accordance with these objectives, the Directors have agreed to establish the APN Property Group Timothy Slattery Executive Share Plan (**Tim Slattery Share Plan**).

The trustee of the Tim Slattery Share Plan will be APN Funds Management Limited (**Trustee**).

Subject to the performance hurdles described below and the Board obtaining member approval at this meeting, Mr Slattery will initially be granted the right to acquire up to 7,500,000 Shares. Over time, Mr Slattery may be granted further rights to Shares; however, any such future grant will require member approval, since Mr Slattery is a Director.

Members are provided with the following information to assist with their decision in relation to this resolution, which is also required to be disclosed under Listing Rules 7.2 (Exception 9) and 10.15A:

<p>Summary of the terms of the Tim Slattery Share Plan</p>	<p>The Board may determine the terms of issue of any Equity Security issued or granted under the plan, and may vary the terms for each issue at its discretion. Terms of issue may include vesting conditions (including performance requirements and service tenure) and any other conditions the Board may choose to impose.</p> <p>An Equity Security issued or allocated to an eligible employee under the plan may be held on trust by the Trustee for the employee and may be financed by a loan provided by the Company to the employee.</p> <p>Only Tim Slattery is eligible to participate in the issue of Equity Securities under the plan.</p>
<p>Person to whom the Shares will be issued:</p>	<p>Tim Slattery, an Executive Director of the Company.</p> <p>As the Company will loan the funds required to acquire the Shares, the Shares will be issued to the Trustee, who will hold legal title to the Shares until the loan has been repaid.</p>
<p>Maximum number of Shares that may be issued pursuant to the approval requested:</p>	<p>A maximum of 7,500,000 Shares, issued in up to three tranches.</p> <p>The actual number of Shares that will be issued will be determined according to the formula set out below.</p> <p>The Company's EPS will be assessed every six months, looking back over the prior 12 month reporting period, with the first relevant period ending 30 June 2017. The assessment will be completed within 15 days of the release of the Company's financial statements to the ASX.</p> <p>Tranche 1</p> <p>If the Company's EPS is 2.80 cents or greater, 2,500,000 Shares will be issued under the Tim Slattery Share Plan.</p> <p>Tranche 2</p> <p>In addition to Tranche 1, if the Company's EPS is more than 2.80 cents, the number of Shares to be issued as part of Tranche 2 will be determined in accordance with the following formula:</p> <p>$A = (2,500,000 \times (B - 2.80) / (3.25 - 2.80))$, where:</p> <p>A = the number of Shares to be issued (which cannot be more than 2,500,000 or less than zero); and</p> <p>B = the Company's EPS for the 12 month period ending on the relevant assessment date.</p> <p>If the Company's EPS is 3.25 cents or greater, then notwithstanding the above formula, all 2,500,000 Shares under Tranche 2 will be issued under the Tim Slattery Share Plan.</p>

	<p>Tranche 3</p> <p>In addition to Tranches 1 and 2, if the Company's EPS is more than 3.25 cents, the number of Shares eligible to be issued in Tranche 3 will be determined in accordance with the following formula:</p> <p>$A = (2,500,000 \times (B - 3.25) / (3.70 - 3.25))$, where:</p> <p>A = the number of Shares to be issued (which cannot be more than 2,500,000 or less than zero);</p> <p>B = the Company's EPS for the 12 month period ending on the relevant assessment date; and</p> <p>If the Company's EPS is 3.70 cents or more on any assessment date, 2,500,000 Shares will be issued under the Tim Slattery Share Plan (less the aggregate number of Shares already issued following prior assessment dates if this would result in the 7,500,000 limit of Shares which can be issued as part of this particular offer under the Tim Slattery Share Plan being exceeded).</p> <p>It is possible for more than one (and even all three) tranches of Shares to be issued at the same time if, on the applicable assessment date, more than one of the EPS hurdles described above have been satisfied.</p> <p>Importantly, Mr Slattery must remain an employee of the Company at the date of issue of Shares to be eligible for such issue.</p>
Price or formula for calculating the price at which the Shares will be issued	Subject to the above performance hurdles, the Shares will be issued at a price equal to the volume weighted average price of Shares over a period of 30 days ending on the date of the meeting (rounded to the nearest two decimal places).
Persons who have received Shares under the Tim Slattery Share Plan	No person has received Shares under the Tim Slattery Share Plan, as the plan is new. Accordingly, for the purposes of Listing Rule 7.2 (Exception 9), no Shares have been issued under the Tim Slattery Share Plan as at the date of this meeting.
Persons entitled to participate in the Tim Slattery Share Plan	Tim Slattery is the only person eligible to participate in the Tim Slattery Share Plan.
Terms of any loan in relation to the acquisition of Shares	The Company will provide an interest free, limited recourse loan equal to the price of the Shares described above, which are to be issued under the Tim Slattery Share Plan. Until the loan is repaid in full, the Shares will be held by the Trustee on Mr Slattery's behalf. If the loan is not repaid and Mr Slattery ceases to be an employee of the Company, the Shares will be sold by the Trustee and the proceeds applied to the outstanding loan and the Company's costs. Any remaining proceeds will be distributed to Mr Slattery.
Date by which the Shares will be issued	The Shares will be issued, subject to satisfaction of the relevant performance hurdles, no earlier than 30 June 2017 and no later than the third anniversary of the meeting (being 30 November 2019).
Entitlement to dividends	Once Shares are issued under the Tim Slattery Share Plan, Mr Slattery will be entitled to all dividends paid on such Shares. He may, but is not required to, direct some or all of those dividends towards repayment of his loan from the Company.
Change of control event	Immediately before any change of control event occurs in relation to the Company, all of Mr Slattery's rights to be issued 7,500,000 Shares (less any Shares that have already been issued as at that date) will vest and the Shares will become immediately issuable under the Tim Slattery Share Plan. In these circumstances, Mr Slattery will be deemed to have applied for a loan from the Company in respect of all Shares to be issued unless he notifies the Company otherwise).

Approval for purposes of Listing Rules

Under Listing Rule 7.1, a listed company must not issue or agree to issue equity securities exceeding 15% of its ordinary securities on issue in the previous 12 months unless it obtains the approval of its shareholders. An exception to Listing Rule 7.1 is that any issue under an employee incentive scheme within three years of the scheme being approved by members will not be counted when determining whether the 15% limit has been exceeded (Exception 9 in Listing Rule 7.2).

Accordingly, Members are asked to give the Board approval to operate the Tim Slattery Share Plan under which Mr Slattery, an employee (and an executive Director) of the Company, and the Trustee on Mr Slattery's behalf, may acquire ordinary shares in the Company so that those shares are approved as an exception to Listing Rule 7.1.

Under Listing Rule 10.14, a listed company must not permit a director of the company to acquire securities in the company under an employee incentive scheme without approval of members.

Details of the Shares to be issued under the Tim Slattery Share Plan will be published in each annual report of the Company relating to a period in which some or all of the Shares have been issued and that approval for the issue of those Shares was obtained under Listing Rule 10.14. No additional persons may become entitled to participate in the Tim Slattery Share Plan.

Accordingly, Members are asked to approve of the Tim Slattery Share Plan so that issues of securities are covered by Exception 9 in Listing Rule 7.2. Members are also asked to approve the issue of the Shares described above for the purposes of Listing Rule 10.14.

Approval for purposes of Corporations Act

Employee share scheme buy-back

The terms of the Tim Slattery Share Plan allow the Company to buy-back Shares in certain circumstances.

Section 257B(1) of the Corporations Act sets out the procedure for various forms buy-back, including an 'employee share scheme buy-back'. In order for the Company to undertake a buy-back of shares under the Tim Slattery Share Plan using the employee share scheme buy-back procedure under the Corporations Act, the Tim Slattery Share Plan must be approved by the Members.

Enable the Company to take security over its own shares

Under the Tim Slattery Share Plan, the Company retains security over the Shares that are issued to the Trustee to hold on behalf of Mr Slattery.

Section 259B(1) prohibits a company taking security over shares in itself or in a company that controls it, unless one of the exceptions in subsections 259B(2) or 259B(3) applies. Section 259B(2) provides that a company may take security over shares in itself under an employee share scheme that has been approved by a resolution passed at a general meeting of the company.

Financial assistance

Section 260A of the Corporations Act provides that a company may financially assist a person to acquire shares in the company or a holding company of the company only if:

- (a) giving the assistance does not materially prejudice:
 - (i) the interests of the company or its shareholders; or
 - (ii) the company's ability to pay its creditors; or
- (b) the assistance is approved by shareholders under section 260B; or
- (c) the assistance is exempted under section 260C.

Section 260C of the Corporations Act provides for certain specific instances of exempted financial assistance, including a special exemption for employee share schemes that have been approved by a resolution passed at a general meeting of the company (section 260C(4)).

The Company will provide financial assistance to Mr Slattery in the form of an interest free, limited recourse loan in respect of the issue price of the Shares described above under the Tim Slattery Share Plan.

Whilst the Board does not believe that the provision of financial assistance to Mr Slattery to enable him to participate in the Tim Slattery Share Plan will materially prejudice the interests of the Company or the Shareholders or the Company's ability to pay its creditors, the Board has recommended that the Members approve the Tim Slattery Share Plan for a number of purposes, including to ensure that the Tim Slattery Share Plan qualifies for the special exemption under section 260C(4) of the Corporations Act.

Recommendation

The Directors (with Mr Slattery abstaining) recommend that Members vote in favour of resolution 6 approving the Tim Slattery Share Plan and the issue of the Shares described above for the purposes of the provisions within the Listing Rules and Corporations Act.

8 Definitions

10% Placement Capacity has the meaning given in section 4 of the Explanatory Notes.

ASX means ASX Limited ACN 008 624 691 or the financial market operated by that company (whichever the context requires).

Auditor's Report means the annual auditor's report for the Company prepared under Chapter 2M of the Corporations Act.

Board means the board of Directors.

Company means APN Property Group limited ACN 109 846 068.

Constitution means the Company's constitution as amended from time to time.

Corporations Act means the Corporations Act 2001 (Cth).

Corporations Regulations means the Corporations Regulations 2001 (Cth).

Director means a director of the Company.

Directors' Report means the annual directors' report of the Company prepared under Chapter 2M of the Corporations Act.

Eligible Entity has the meaning set out in section 4 of the Explanatory Notes.

EPS means earnings per Share. For the purposes of determining the Company's EPS, the Board will exclude any 'acquisition fees' and 'disposal fees' paid to the Company, but will include all success and performance fees paid to the Company.

Equity Security has the meaning given to that term in the Listing Rules.

Explanatory Notes means the explanatory notes attached to this notice of meeting.

Financial Report means the annual financial report of the Company prepared under Chapter 2M of the Corporations Act.

Key Management Personnel has the meaning given to that term in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

Listing Rules means the listing rules of the ASX.

Remuneration Report means the remuneration report required to be prepared in accordance with section 300A of the Corporations Act.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.





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LODGE YOUR VOTE

 **ONLINE**
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 **BY HAND**
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Level 12, 680 George Street, Sydney NSW 2000

 **ALL ENQUIRIES TO**
Telephone: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of APN Property Group Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am on Wednesday, 30 November 2016 at the offices of Hall & Wilcox, Level 11, Rialto South Tower, 525 Collins Street, Melbourne, Victoria (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 1 and 6: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1 and 6, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

STEP 1


VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an .

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Renewal of proportional takeover provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director – Mr Howard Brenchley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Approval of Timothy Slattery Executive Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Election of Director – Mr Anthony Young	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

 * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

STEP 3



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Monday, 28 November 2016**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

APN Property Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

or

Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**