

## APN | Property Group

24 August 2009

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

Dear Sir/Madam,

### APN Property Group Limited (APD)

#### Financial Results for the year ended June 2009

APN Property Group recorded an underlying profit after tax (from operations) of \$5.5 million for the year ended 30 June 2009. However, after adjustments for impairment of assets and other fair value corrections in response to current market conditions, the consolidated result was a loss after tax of \$22.0 million. This compares with a profit after tax of \$10.1 million for the equivalent period, last year.

	2009	2008	Change
	\$ million	\$ million	\$ million
Underlying Profit before tax (from Operations)	8.6	20.2	(11.6)
Tax	(3.1)	(6.8)	3.7
<b>Underlying Profit after tax (from Operations)</b>	<b>5.5</b>	<b>13.4</b>	<b>(7.9)</b>
(Loss)/Profit from Impairment & Fair Value			
Adjustments before tax	(31.6)	(4.7)	(26.9)
Tax	4.1	1.4	2.7
<b>(Loss)/Profit from Impairment &amp; Fair Value</b>			
<b>Adjustments after tax</b>	<b>(27.5)</b>	<b>(3.3)</b>	<b>(24.2)</b>
Statutory Profit / (Loss) before tax	(23.0)	15.5	(38.5)
Tax	1.0	(5.4)	6.4
<b>Statutory Profit / (Loss) before tax</b>	<b>(22.0)</b>	<b>10.1</b>	<b>(32.1)</b>

- Results presented in accordance with the principles outlined in the "Guidelines on Reporting Underlying Profits" issued by the Australian Institute of Company Directors (AICD) and Financial Services Institute of Australia (Finsia)

## Significant factors in this result include:

The result reflects the economic climate and the current state of the real estate funds management industry. Key aspects of the results are as follows: (all figures quoted are before tax):

- Fund Management Fees – down 33% to \$19.4 million

Funds under management declined to \$2.8 billion at balance date, compared with \$3.9 billion at 30 June 2008. As the majority of the Group's income is derived from the value of funds under management, which has fallen substantially in line with market valuations of direct property and property securities, revenues have been significantly affected.

- Transaction Fee Income – down 70% to \$1.1 million

In addition to fund management fees, the Group also earns fees, in connection with property acquisitions and sales, and debt arrangement services. In the current reporting period, there have been only minimal transactions and hence limited transaction fees earned. Directors do not expect significant future revenue from transaction fees until there is a recovery in the market.

- Project Management Fee Income – up 97% to \$3.1 million

APD has continued to progress the development projects currently underway in its two development funds. During the year, current projects generated project management fees as milestones were reached and services rendered.

- Investment Income – down 89% to \$0.1 million

APD holds investments in some of its managed funds. Reduced distributions have affected this revenue stream significantly.

- Overheads – down 17% to \$15.8 million

Overheads have decreased by 17% compared with the prior year. This reflects initiatives taken to reduce overheads in preparation for the current economic downturn.

- Foreign Currency gain - \$1.1 million

APD benefited, during the year, from periods of weakness in the AUD, as fees from its European activities are denominated in Euros.

- Fringe Benefits Tax (FBT) – back-payment \$0.8 million

During the year APD identified a fringe benefit provided to an employee in connection with a loan to finance shares in the company. A "one off" FBT payment was made covering the four years over which the fringe benefit applied. APD expects to recover some or all of this cost and has taken steps to terminate the fringe benefit and thus avoid further FBT liabilities.

- Impairment and other fair value adjustments – \$31.6 million write down

A detailed assessment of the carrying value of assets at balance date resulted in write-downs totaling \$31.6 million. These include impairment adjustments to intangible assets, fair value adjustment to the carrying value of investments and other fixed assets, and increased provision for the non-recovery of receivables.

## **Summary**

The economic and financial market conditions of FY2009 have had a significant impact on the performance of the Group. APD's revenues are largely determined by the value of the funds it manages. As a property sector specialist, all its funds have recorded substantial declines in value. In addition, transaction fees from property acquisitions and debt arrangement were minimal and returns from investments in managed funds slowed considerably. As a result, profit after tax from operations declined to \$5.5 million, compared with \$13.4 million last year.

APD also wrote down the carrying value of several assets based on an assessment of the current market and the future outlook.

Importantly, however, despite difficult conditions prevailing for most of the year, the company remains in a healthy condition. It has no debt and cash in excess of \$13 million at balance date. It has retained its platform for managing current business levels and the capacity for substantial growth. APD has retained all of its key staff and was further strengthened by the appointment of David Blight, the former global Chairman and CEO of ING Real Estate Investment Management and Vice Chairman of ING Real Estate, as its new Managing Director in November 2008.

Directors believe the company is well positioned to benefit from a recovery and well placed to accommodate growth, both organically, and through acquisition.

A number of significant events occurred during the year. These are set out below.

### **New Fund Established**

APD launched its new APN AREIT fund in January 2009. It is a property securities fund investing predominantly in Australian Real Estate Investment Trusts (AREITs) and has attracted investments totaling \$6.6 million at balance date (\$11.2 million as at 20 August 2009). Since its launch it has been awarded strong investment ratings from industry specialist researchers, including a "4 Star Rating" by Adviser Edge (endorsed by Van Eyk) and a "Recommended" rating from Lonsec and Zenith.

### **Suspension of Flagship Securities Funds**

During the year there was a sharp decline in the AREIT sector and an increase in redemptions following the government initiative to guarantee certain bank deposits. This caused the APN property securities funds to become illiquid under their constitutions and the corporations law, which required that they be closed for redemptions. The resultant price uncertainty, in turn, necessitated that they also be closed for applications.

It is expected that these funds will reopen and/or restructure in the near term as greater clarity is provided on the market and asset pricing.

### **Review of Balance Sheet**

Determination of the financial results for the period included a rigorous assessment of the assets of the Group for impairment. Intangible assets represent a considerable component of total assets and their value is based upon an assessment of the future cash flows expected to be generated by the business activity represented by the respective intangible assets. The current uncertain economic climate demands careful scrutiny of cash flow forecasts and the applicable discount rates for determining present value.

As a result of this review assets were written down by \$17.9 million at 30 June 2009.

## **No Dividend**

No dividend will be paid in respect of the financial year ended 30 June 2009.

## **Outlook**

As a boutique specialist real estate funds management business, APD's prospects for the future are linked to the prospects of the broader economy and real estate markets. With its Management platform strengthened, significant cash reserves, no debt and respected brand, APD is well positioned to benefit from the economic recovery.

The recent launch of the new APN AREIT Fund, which provides investors with the opportunity to participate in the recovery of the AREIT market, demonstrates APD's ability to listen to the demand from the market and design and implement products and strategies quickly and efficiently.

Further funds and strategies are being explored and will be brought to market as and when appropriate.

## **Enquiries**

For further information, please contact:

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Chief Financial Officer  
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Yours sincerely



John Freemantle  
Company Secretary

APN Property Group Limited and its controlled entities (“APD”)  
Appendix 4E - Preliminary final report for the year ended 30 June 2009

Results for announcement to the market

	Financial year ended 30 June 2009 \$'000	Financial year ended 30 June 2008 \$'000	Movement \$'000	Movement %
Revenue from ordinary activities	26,179	44,193	(18,014)	(40.8%)
(Loss)/Profit from ordinary activities after tax attributable to members	(22,037)	10,101	(32,138)	(318.2%)
Net (loss)/profit attributable to members	(22,037)	10,101	(32,138)	(318.2%)
Basic earnings per share	(18.08) cents	7.74 cents		
Diluted earnings per share	(18.08) cents	7.74 cents		
Net tangible assets backing	19.75 cents	26.80 cents		
	<b>Amount per security</b>	<b>Franked amount</b>		
Dividend				
<b>Ordinary Shares</b>				
Final Dividend	Nil	N/A		
Interim Dividends	Nil	N/A		
Previous corresponding period	3.0 cents	100%		
<b>Payment of Final Dividend</b>				
Record date for determining entitlement		N/A		
Payment date		N/A		

The results detailed in this Appendix 4E represent the consolidated financial results for APN Property Group Limited and its controlled entities for the year ended 30 June 2009. The consolidated net loss after income tax for APN Property Group Limited for the year ended 30 June 2009 was \$22,037,000.

**Trends in Performance**

Please refer to the media release and investor presentation

**Commentary on results**

Please refer to the media release and investor presentation

APN Property Group Limited and its controlled entities  
Income statement  
for the financial year ended 30 June 2009

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue	26,179	44,193
Cost of sales	(2,196)	(6,310)
<b>Gross profit</b>	<b>23,983</b>	<b>37,883</b>
Finance income	794	1,244
Share of profits of associates and jointly controlled entities accounted for using the equity method	-	(29)
Administration expenses	(16,073)	(18,753)
Impairment and fair value adjustments	(31,668)	(4,682)
Finance costs	(79)	(145)
<b>(Loss)/Profit before tax</b>	<b>(23,043)</b>	<b>15,518</b>
Income tax (expense) / income	1,006	(5,417)
<b>(Loss)/Profit for the year</b>	<b>(22,037)</b>	<b>10,101</b>
<b>Attributable to:</b>		
Equity holders of the parent	(22,037)	10,101
<b>Earnings per share</b>		
Basic (cents per share)	(18.08)	7.74
Diluted (cents per share)	(18.08)	7.74

APN Property Group Limited and its controlled entities  
 Statements of changes in equity  
 As at 30 June 2009

Consolidated

	Fully paid ordinary shares \$'000	Retained earnings \$'000	Equity- settled employee benefits reserve \$'000	Investment revaluation reserve \$'000	Foreign currency translation reserve \$'000	Total Attributable to equity holders of the parent \$'000
Balance at 1 July 2008	52,190	13,197	1,497	-	(978)	65,906
Exchange differences arising on translation of foreign subsidiary company	-	-	-	-	66	66
<b>Net income recognised directly in equity</b>	-	-	-	-	66	66
(Loss)/Profit for the period	-	(22,037)	-	-	-	(22,037)
<b>Total recognised income and expense</b>	-	(22,037)	-	-	66	(21,971)
Payment of dividends	-	(4,010)	-	-	-	(4,010)
Share options exercised by employees	17	-	-	-	-	17
Recognition of share based payments	-	-	1,338	-	-	1,338
<b>Balance at 30 June 2009</b>	<b>52,207</b>	<b>(12,850)</b>	<b>2,835</b>	<b>-</b>	<b>(912)</b>	<b>41,280</b>
Balance at 1 July 2007	50,636	16,123	341	-	(67)	67,033
Exchange differences arising on translation of foreign subsidiary company	-	-	-	-	(911)	(911)
<b>Net income recognised directly in equity</b>	-	-	-	-	(911)	(911)
Profit for the period	-	10,101	-	-	-	10,101
<b>Total recognised income and expense</b>	-	10,101	-	-	(911)	9,190
Payment of dividends	-	(13,027)	-	-	-	(13,027)
Share options exercised by employees	1,503	-	-	-	-	1,503
Employee gift shares issued	51	-	-	-	-	51
Recognition of share based payments	-	-	1,156	-	-	1,156
<b>Balance at 30 June 2008</b>	<b>52,190</b>	<b>13,197</b>	<b>1,497</b>	<b>-</b>	<b>(978)</b>	<b>65,906</b>

APN Property Group Limited and its controlled entities  
 Balance sheets  
 As at 30 June 2009

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current assets</b>		
Cash and cash equivalents	13,325	12,558
Trade and other receivables	7,606	18,192
Other financial assets	8,150	12,892
Other asset	622	588
<b>Total current assets</b>	<b>29,703</b>	<b>44,230</b>
<b>Non-current assets</b>		
Investments accounted for using the equity method	-	-
Property, plant and equipment	311	477
Intangible assets	10,688	16,587
Deferred tax assets	6,133	2,110
Goodwill	2,531	13,503
<b>Total non-current assets</b>	<b>19,663</b>	<b>32,677</b>
<b>Total assets</b>	<b>49,366</b>	<b>76,907</b>
<b>Current liabilities</b>		
Trade and other payables	4,264	8,947
Borrowings	-	374
Current tax liabilities	2,605	777
Provisions	585	471
<b>Total current liabilities</b>	<b>7,454</b>	<b>10,569</b>
<b>Non-current liabilities</b>		
Provisions	197	114
Other liabilities	435	318
<b>Total non-current liabilities</b>	<b>632</b>	<b>432</b>
<b>Total liabilities</b>	<b>8,086</b>	<b>11,001</b>
<b>Net assets</b>	<b>41,280</b>	<b>65,906</b>
<b>Equity</b>		
Issued capital	52,207	52,190
Reserves	1,923	519
Retained earnings	(12,850)	13,197
Equity attributable to equity holders of the parent	41,280	65,906
<b>Total equity</b>	<b>41,280</b>	<b>65,906</b>



APN Property Group Limited and its controlled entities  
 Statements of cash flows  
 For the year ended 30 June 2009

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	31,468	41,362
Payments to suppliers and employees	(22,226)	(21,373)
Interest received	794	1,244
Dividends and distribution received	105	973
Interest and other costs of finance paid	(79)	(145)
Income taxes paid	(1,230)	(7,362)
<b>Net cash provided by/(used in) operating activities</b>	<b>8,832</b>	<b>14,699</b>
<b>Cash flows from investing activities</b>		
Payment for investment securities	(2,544)	(2,258)
Proceeds on sale of investment	-	3,325
Payments for property, plant and equipment	(166)	(156)
Payment for intangible asset	(984)	(3,024)
Payment for business combination	(70)	(14,181)
<b>Net cash (used in)/provided by investing activities</b>	<b>(3,764)</b>	<b>(16,294)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(374)	-
(Payments) / Proceeds from related party borrowings	-	4,912
Proceeds from issues of equity securities	17	1,503
Dividends paid to equity holders of the parent	(4,010)	(13,027)
<b>Net cash provided by/(used in) financing activities</b>	<b>(4,367)</b>	<b>(6,612)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>701</b>	<b>(8,207)</b>
Net effect of foreign exchange translations	66	(911)
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>12,558</b>	<b>21,676</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>13,325</b>	<b>12,558</b>

## APN Property Group Limited and its controlled entities

### Notes to the consolidated financial statements

#### 1. Segment Reporting

##### Segment revenues

	External sales		Total	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
On-going management fees – Funds management	25,060	33,248	25,060	33,248
Transaction fee – Funds management	1,051	10,510	1,051	10,510
	26,111	43,758	26,111	43,758
Total of all segments			26,111	43,758
Eliminations			(37)	(538)
Unallocated			105	973
Consolidated revenue			26,179	44,193

##### Segment result

	2009 \$'000	2008 \$'000
On-going management fees – Funds management	5,447	16,386
Transaction fee – Funds management	840	7,645
	6,287	24,031
Eliminations	-	-
Unallocated	(29,330)	(8,513)
Profit before tax	(23,043)	15,518
Income tax expense	1,006	(5,417)
Profit for the year	(22,037)	10,101

##### Segment assets and liabilities

	Assets		Liabilities	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Funds management	32,319	60,528	4,360	4,501
Eliminations	-	-	-	-
Unallocated	17,047	16,379	3,726	6,500
Consolidated	49,366	76,907	8,086	11,001

## APN Property Group Limited and its controlled entities

### Notes to the consolidated financial statements

#### 1. Segment Reporting (cont'd)

##### Other segment information

	Funds management		Unallocated		Consolidated	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Share of net profit/(loss) of associates and jointly controlled entities accounted for under the equity method	-	(29)	-	-	-	(29)
Acquisition of segment net assets (note 29)	173	16,423	-	-	173	16,423
Change in fair value of financial assets designated as at fair value through profit or loss	6,420	601	-	-	6,420	601
Impairment losses:						
Recognised in profit or loss for investments	880	4,081	-	-	880	4,081
Impairment of goodwill	10,972	-	-	-	10,972	-
Impairment of management rights	6,882	-	-	-	6,882	-
Share based payments	1,338	1,156	-	-	1,338	1,156
Doubtful debts allowance	5,678	-	-	-	5,678	-
Bad debts expense	836	-	-	-	836	-
Capital expenditure	1,150	3,180	-	-	1,150	3,180
Depreciation and amortisation of segment assets	500	413	-	-	500	413

##### **Information on geographical segments**

The Consolidated entity operates its funds management business primarily in two principal geographical areas – Australia and Europe.

The Consolidated entity's revenue from external customers and information about its segment assets by geographical location is detailed below:

	Revenue from external customers		Segment assets		Acquisition of segment assets	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Australia	24,879	35,606	43,340	67,517	1,058	3,075
Europe	1,300	8,587	6,026	9,390	92	105
	26,179	44,193	49,366	76,907	1,150	3,180

## APN Property Group Limited and its controlled entities

### Notes to the consolidated financial statements

#### 2. Revenue

##### Revenue

An analysis of the Consolidated entity's revenue for the year is as follows:

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
On-going management fee – Funds management	24,755	33,248
Transaction fee – Funds management	1,051	3,447
Sundry income	268	6,525
	<b>26,074</b>	<b>43,220</b>
Dividend income – subsidiaries	–	–
Distribution income – related parties	105	973
	<b>26,179</b>	<b>44,193</b>

#### 3. (Loss)/Profit for the year before tax

##### (a) Gains and losses and other expenses

Profit/(loss) for the year has been arrived after crediting/(charging) the following gains and losses and other expenses:

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Depreciation and amortisation	500	413
Employee benefits expenses:		
Salaries and wages	7,334	8,381
Superannuation contributions	388	413
Share based payments	1,338	1,156
Provision for long service and annual leave	197	163
Termination benefits	56	505
Operating lease expense	1,262	1,236
Loss on disposal of property, plant and equipment	–	1
Write-down of property, plant and equipment	1	–
(Gain)/loss on disposal of investments	(1)	(3)
Net foreign exchange (gain)/losses	(1,069)	(707)
Settlement of litigation	(50)	(455)
Fringe benefit tax – back payment	801	–

##### (b) Impairment and fair value adjustments

(Loss)/Profit for the year includes the followings impairment and fair value adjustments:

Change in fair value of financial assets designated as at fair value through profit or loss	6,420	601
Impairment from investment classified as available for sale	823	4,036
Impairment from investment carried at amortised cost	57	45
Impairment of goodwill	10,972	–
Impairment of management rights	6,882	–
Doubtful debts allowance	5,678	–
Bad debts expense	836	–

## APN Property Group Limited and its controlled entities

### Notes to the consolidated financial statements

#### 4. Earnings per share

	<b>Consolidated</b>	
	<b>2009</b> <b>Cents</b> <b>per share</b>	<b>2008</b> <b>Cents</b> <b>per share</b>
<b>Basic (loss)/earnings per share</b>	(18.08)	7.74
<b>Diluted (loss)/earnings per share</b>	(18.08)	7.74

#### Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	<b>2009</b> <b>\$'000</b>	<b>2008</b> <b>\$'000</b>
Net profit/(loss)	(22,037)	10,101
Adjustments to exclude dividends paid on treasury shares where the dividends are paid in cash and the person can retain the dividends irrespective of whether the option vests	-	(916)
Earnings used in the calculation of basic EPS	(22,037)	9,185

	<b>2009</b> <b>No.'000</b>	<b>2008</b> <b>No.'000</b>
Weighted average number of ordinary shares for the purposes of basic earnings per share	121,864	118,622

#### Diluted earnings per share

The earnings used in the calculation of diluted earnings per share is as follows:

	<b>2009</b> <b>\$'000</b>	<b>2008</b> <b>\$'000</b>
Net profit/(loss)	(22,037)	10,101
Adjustments to exclude dividends paid on treasury shares that are dilutive where the dividends are paid in cash and the person can retain the dividends irrespective of whether the option vests	-	(363)
Earnings used in the calculation of diluted EPS	(22,037)	9,738

	<b>2009</b> <b>No.'000</b>	<b>2008</b> <b>No.'000</b>
Weighted average number of ordinary shares used in the calculation of basic EPS	121,864	118,622
Shares deemed to be issued for no consideration in respect of:		
Employee options	-	7,110
Weighted average number of ordinary shares used in the calculation of diluted EPS	121,864	125,732

## APN Property Group Limited and its controlled entities

### Notes to the consolidated financial statements

#### 5. Cash and cash equivalents

##### (a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents	13,325	12,558

##### (b) Reconciliation of (loss)/profit for the period to net cash flows from operating activities

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Profit / (loss) for the year	(22,037)	10,101
<i>Add / (less) non-cash items:</i>		
Depreciation and amortisation	500	413
Property, plant equipment written off	1	17
Loss on disposal of property, plant and equipment	(9)	1
Provision for employee benefits	197	163
Provision for bonus	-	350
Provision for leases	117	145
Doubtful debts allowance	6,215	-
Bad debts expense	836	-
Employee share option expense	1,338	1,156
(Gain)/Loss on revaluation of fair value of investment	6,420	609
Impairment from investment classified as available for sale	823	4,036
Impairment from investment carried at amortised cost	57	45
Impairment of goodwill	10,972	-
Impairment of management rights	6,882	-
Gift shares issued during the year	-	51
Share of profits from jointly controlled entity	-	29
<b>Operating cash flows before changes in working capital and provisions</b>	<b>12,312</b>	<b>17,116</b>
(Increase) / decrease in trade receivables	4,506	4,918
(Increase) / decrease in other debtors	(307)	1,385
(Increase) / decrease in accrued income and prepayments	(34)	(307)
(Decrease) / increase in provisions	(350)	(1,007)
(Decrease) / increase in payables	(5,100)	(5,303)
(Increase) / decrease in deferred tax assets	(4,023)	1,498
Increase / (decrease) in provision for income tax	1,828	(3,601)
<b>Net cash from operating activities</b>	<b>8,832</b>	<b>14,699</b>

##### (c) Financing facilities

At 30 June 2009, the Consolidated entity's banking facilities are disclosed in note 6 to the financial statements.

##### (d) Cash balances not available for use

Included in the cash and cash equivalents is an amount of \$439,000 (2008: \$438,000) money held in trust by the Consolidated entity for the funds it manages and an amount of \$600,000 (2008: Nil) held as security for the bank guarantee facility as disclosed in note 6 to the financial statements.

## APN Property Group Limited and its controlled entities

### Notes to the consolidated financial statements

#### 6. Borrowings

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Unsecured interest bearing loan</b>		
<u>Non-Current</u>		
Loan from a related party (i)	-	374
<b>Financing arrangements</b>		
The Consolidated entity has access to the following lines of credit:		
Total facilities available:		
Bank overdraft	-	2,000
Bank guarantee (ii)	600	6,000
Project funding facilities	-	7,000
	<u>600</u>	<u>15,000</u>
Facilities utilised at balance date:		
Bank overdraft	-	-
Bank guarantee (ii)	539	5,220
Project funding facilities	-	-
	<u>539</u>	<u>5,220</u>
Facilities not utilised at balance date:		
Bank overdraft	-	2,000
Bank guarantee	61	780
Project funding facilities	-	7,000
	<u>61</u>	<u>9,780</u>

- (i) The loan from related party was acquired through a business combination in the prior year. Refer to acquisition of businesses in note 12 to the financial statements. Interest is 2% over Eurobor and is repayable at call or at maturity on 16 February 2011. At 30 June 2009, the loan and interest payable have been paid in full.
- (ii) Secured by cash deposit placed with the bank as disclosed in note 5 to the financial statements.

## APN Property Group Limited and its controlled entities

### Notes to the consolidated financial statements

#### 7. Investment accounted for using equity method

			<b>Consolidated</b>	
			<b>2009</b>	<b>2008</b>
			<b>\$'000</b>	<b>\$'000</b>
Investments in jointly controlled entities			-	-
			<b>Ownership interest</b>	
<b>Name of entity</b>	<b>Principal activity</b>	<b>Country of incorporation</b>	<b>2009</b>	<b>2008</b>
			<b>%</b>	<b>%</b>
<b>Jointly controlled entities</b>				
APN Management Limited (formerly known as APN UKA Management (No. 2) Limited) (IoM2) (i)	Funds management	The Isle of Man	100	50

(i) On 26 September 2008, IoM2 became wholly-owned subsidiary on acquisition as disclosed in note 12 to the financial statements.

		<b>Consolidated</b>	
		<b>2009</b>	<b>2008</b>
		<b>\$'000</b>	<b>\$'000</b>
Summarised financial information in respect of the Consolidated entity's jointly controlled entities is set out below:			
<b>Financial position:</b>			
Current assets		-	797
Current liabilities		-	(821)
Net assets		-	(24)
Consolidated entity's share of jointly controlled entities' net assets		-	(12)
<b>Financial performance:</b>			
Income		-	34
Expenses		-	(46)
Consolidated entity's share of jointly controlled entities' profit/(loss)		-	(12)

#### **Contingent liabilities and capital commitments**

At 30 June 2009, there are no contingent liabilities, capital commitments and other expenditure commitments of jointly controlled entities.



## APN Property Group Limited and its controlled entities

### Notes to the consolidated financial statements

#### 8. Share capital

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
142,087,287 ordinary shares (2008: 133,663,974)	52,207	52,190

Changes to the then Corporations Law abolished the authorized capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

<b>Consolidated</b>	<b>2009</b>		<b>2008</b>	
	<b>No.</b>	<b>\$'000</b>	<b>No.</b>	<b>\$'000</b>
	<b>'000</b>	<b>\$'000</b>	<b>'000</b>	<b>\$'000</b>
<b>Fully paid ordinary shares</b>				
Balance at beginning of financial year	133,664	52,190	129,268	50,636
Share options exercised by employees	-	17	-	1,503
Share options issued under the APN Property Group Employee Share Purchase Plan	10,000	-	4,355	-
Share options buy-back under the APN Property Group Employee Share Purchase Plan	(1,577)	-	(20)	-
Employee gift shares issued	-	-	61	51
Balance at end of financial year	<u>142,087</u>	<u>52,207</u>	<u>133,664</u>	<u>52,190</u>

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

During 30 June 2009, share options were issued to eligible employees under the APN Property Group Employee Share Purchase Plan. These share options had a fair value at grant date ranging from \$0.06 to \$0.36 per share option.

At 30 June 2009, the fair value of the share options issued under this arrangement included in equity-settled employee benefits reserve was \$1,338,085 (2008: \$1,156,693).

During the reporting period year, \$12,031 (2008: \$1,502,659) of share options issued under the Plan and the Clive Appleton Share Trust have been exercised as a result of the partial repayment of the outstanding loan as well as through dividend payments.

At 30 June 2009, included in the fully paid ordinary shares of 142,087,287(2008: 133,663,974) are 19,910,861 (2008: 10,364,958) treasury shares relating to the employee share option plan.

## APN Property Group Limited and its controlled entities

### Notes to the consolidated financial statements

#### 9. Reserves

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Equity-settled employee benefits	2,835	1,497
Foreign currency translation	(912)	(978)
Investment revaluation	-	-
	<b>1,923</b>	<b>519</b>

#### **Equity-settled employee benefits reserve**

Balance at beginning of financial year	1,497	341
Share-based payment	1,338	1,156
Balance at end of financial year	<b>2,835</b>	<b>1,497</b>

The equity-settled employee benefits reserve arises on the grant of share options to executives and senior employees under the employee share option plan. Amounts are transferred out of the reserve and into issued capital when all the options are fully exercised and all loans outstanding are fully repaid.

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Foreign currency translation reserve</b>		
Balance at beginning of financial year	(978)	(67)
Translation of foreign operations	66	(911)
Balance at end of financial year	<b>(912)</b>	<b>(978)</b>

Exchange differences relating to the translation from the functional currencies of the Consolidated entity's foreign controlled entities into Australian dollars are brought to account by entries made directly to the foreign currency translation reserve.

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Investment revaluation reserve</b>		
Balance at beginning of financial year	-	-
Valuation gain/(loss) recognised	-	-
Cumulative (gain)/loss transferred to income statement on impairment of financial assets	-	-
Balance at end of financial year	<b>-</b>	<b>-</b>

The investment revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold that portion of the reserve which relates to that financial asset, and is effectively realised, is recognised in profit or loss. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in profit or loss.

#### 10. Retained earnings

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at beginning of financial year	13,197	16,123
Net profit attributable to members of the parent entity	(22,037)	10,101
Dividends provided for or paid	(4,010)	(13,027)
Balance at end of financial year	<b>(12,850)</b>	<b>13,197</b>

## APN Property Group Limited and its controlled entities

### Notes to the consolidated financial statements

#### 11. Dividends

	2009		2008	
	Cents per share	Total \$'000	Cents per share	Total \$'000
<b>Recognised amounts</b>				
<u>Fully paid ordinary shares</u>				
2008 Interim dividend:				
Fully franked at a 30% tax rate	-	-	4.5	5,917
2007 Final dividend:				
Fully franked at a 30% tax rate	-	-	5.5	7,110
2008 Final dividend:				
Fully franked at a 30% tax rate	3.0	4,010	-	-
	<u>3.0</u>	<u>4,010</u>	<u>10.0</u>	<u>13,027</u>
<b>Unrecognised amounts</b>				
<u>Fully paid ordinary shares</u>				
Final dividend:				
Fully franked at a 30% tax rate	-	-	3.0	4,010

No dividend will be paid in respect of the financial year ended 30 June 2009.

	Company	
	2009 \$'000	2008 \$'000
Adjusted franking account balance	7,072	6,248
Impact on franking account balance of dividends not recognised	-	(1,719)
Income tax consequences of unrecognised dividends	-	-

#### 12. Acquisition of business and management rights

On 26 September 2008, the Group acquired the remaining 50% of the issued share capital of APN Management No.2 Limited (formerly known as APN/UKA Management No.2 Limited) ("IoM2") for cash consideration of \$173,000 to bring its ownership to 100%. IoM2's principal activity is property consultancy and management. The acquisition of the entity is not regarded as a business combination as no business has been identified. The transaction has been done in order to acquire the management rights of APN Vienna Retail Fund and APN Poland Retail Fund. Net assets of \$1,000 and management rights of \$172,000 have been acquired. (2008: On 17 August 2007, the Consolidated entity acquired 100% of the issued share capital of UKA for cash consideration of \$16,423,000. The UKA's principal activity is property consultancy and management. The acquisition of UKA will result in the Consolidated entity owning all the shares in APN|UKA, the asset manager of APN European Retail Trust).

#### Net cash flow on acquisitions

	Consolidated	
	2009 \$'000	2008 \$'000
Total purchase consideration, satisfied by cash	173	16,423
Less: cash and cash equivalent balances acquired	(103)	(2,242)
Net cash flow on acquisitions	<u>70</u>	<u>14,181</u>

## APN Property Group Limited and its controlled entities

### Notes to the consolidated financial statements

#### 13. Subsidiaries

Name of entity	Country of incorporation	Ownership interest	
		2009 %	2008 %
<b>Parent entity</b>			
APN Property Group Limited (i)	Australia		
<b>Subsidiaries</b>			
APN Funds Management Limited (APN FM) (ii), (iii)	Australia	100%	100%
APN Funds Management (UK) Limited (APN FM(UK))	United Kingdom	100%	100%
APN Development and Delivery Pty Limited (APN DD) (iii)	Australia	100%	100%
FM Management Services Pty Limited (iii) (v)	Australia	N/A	100%
APN Group Pty Limited (iii) (v)	Australia	N/A	100%
APN Property Group Nominees Pty Limited (iii)	Australia	100%	100%
Australian Property Network (Vic) Pty Limited (iii)	Australia	100%	100%
APN Euro Property Fund (iv)	N/A	100%	100%
APN No 1 Pty Limited (iii) (v)	Australia	N/A	100%
APN No 3 Pty Limited (iii) (v)	Australia	N/A	100%
APN No 4 Pty Limited (iii) (v)	Australia	N/A	100%
APN No 5 Pty Limited (iii) (v)	Australia	N/A	100%
APN No 6 Pty Limited (iii)	Australia	100%	100%
APN No 7 Pty Limited (iii)	Australia	100%	100%
APN No 8 Pty Limited (iii)	Australia	100%	100%
APN No 9 Pty Limited (iii) (v)	Australia	N/A	100%
APN No 10 Pty Limited (iii)	Australia	100%	100%
APN No 11 Pty Limited (iii)	Australia	100%	100%
APN No 12 Pty Limited (iii)	Australia	100%	100%
APN No 13 Pty Limited (iii) (v)	Australia	N/A	100%
APN No 14 Pty Limited (iii) (v)	Australia	N/A	100%
APN No 15 Pty Limited (iii) (v)	Australia	N/A	100%
APN Funds Management (UK No.2) Limited (APN FM(UKNo.2))	United Kingdom	100%	100%
APN European Management Limited (formerly known as APN UKA Management Limited) (IoM)	Isle of Man	100%	100%
APN Management No.2 Limited (formerly known as APN UKA Management No.2 Limited) (IoM2) (vi)	Isle of Man	100%	50%

- (i) APN Property Group Limited is the head entity within the tax-consolidated group.
- (ii) APN Property Group Limited was incorporated on 1 July 2004. On 10 September 2004, APN Property Group Limited acquired APN DD and APN FM. Due to the reverse acquisition accounting treatment, APN FM is deemed to be the accounting parent.
- (iii) These companies are members of the tax-consolidated group.
- (iv) The Fund is an open-ended managed investment scheme registered with ASIC in Australia.
- (v) On 13 July 2008, these companies were deregistered under section 601AA(4) of the Corporation Act 2001.
- (vi) On 26 September 2008, IoM2 became wholly owned subsidiary of the Consolidated entity on acquisition as disclosed in note 12 to the financial statements.

## APN Property Group Limited and its controlled entities

### Notes to the consolidated financial statements

#### 14. Adoption of new and revised Accounting Standards

In the current year, the Consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

At the date of authorisation of the financial report, the following Standards and Interpretations were in issue but not yet effective.

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the Consolidated entity and the Company's financial report:

<u>Standard</u>	<u>Effective for annual reporting periods beginning on or after</u>	<u>Expected to be initially applied in the financial year ending</u>
• AASB 8 'Operating Segments' and consequential amendments to other accounting standards	1 January 2009	30 June 2010
• AASB 2009-2 'Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments'	1 January 2009 (and that ends on or after 30 April 2009)	30 June 2010
• AASB 101 'Presentation of Financial Statements' (revised September 2007), AASB 2007-8 'Amendments to Australian Accounting Standards arising from AASB 101', AASB 2007-10 'Further Amendments to Australian Accounting Standards arising from AASB 101'	1 January 2009	30 June 2010

Initial application of the following Standards and Interpretations is not expected to have any material impact on the financial report of the Consolidated entity and the Company:

<u>Standard</u>	<u>Effective for annual reporting periods beginning on or after</u>	<u>Expected to be initially applied in the financial year ending</u>
• AASB 3 'Business Combinations' (2008), AASB 127 'Consolidated and Separate Financial Statements' and AASB 2008-3 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127'	Business combinations occurring after the beginning of annual reporting periods beginning 1 July 2009	30 June 2010
• AASB 2008-1 'Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations'	1 January 2009	30 June 2010
• AASB 2008-5 'Amendments to Australian Accounting Standards arising from the Annual Improvement Process', AASB 2009-4 'Amendments to Australian Accounting Standards arising from the Annual Improvements Process'	1 January 2009	30 June 2010
• AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process'	1 January 2010	30 June 2011
• AASB 2008-6 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process'	1 July 2009	30 June 2010
• AASB 2008-7 'Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'	1 January 2009	30 June 2010
• AASB 2009-7 'Amendments to Australian Accounting Standards'	1 July 2009	30 June 2010

## Compliance Statement

1. This report has been prepared in accordance with AASB Standards, the Corporations Act 2001 and Corporations Regulations 2001 and other standards acceptable to ASX.
2. This report and the accounts upon which the report is based use the same accounting policies.
3. This report does give a true and fair view of the matters disclosed.
4. The report is based on accounts that are in the process of being audited.



Sign here:

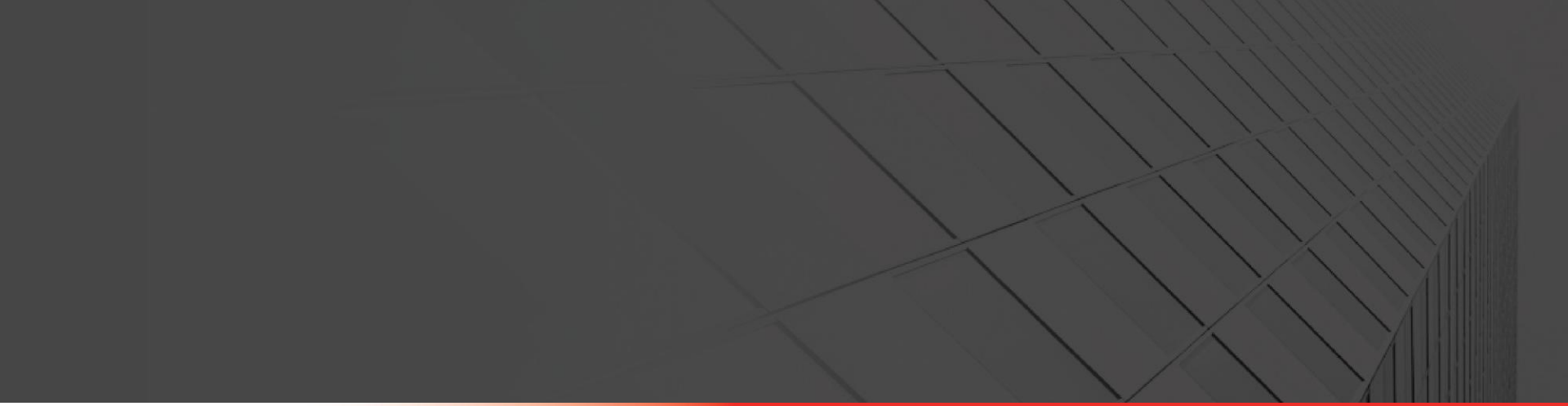
Date: 24 August 2009

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David Blight  
Director

## Commentary on results for the period and trends in performance

**Refer to accompanying documents**



# APN | Property Group

## Full year results - 30 June 2009

David Blight | Group Managing Director

John Freemantle | CFO

24 August 2009

# Contents

- Highlights – APN Property Group full year results
- Key financial results 30 June 2009
- FUM analysis and performance
- APN Property Group – summary and outlook
- Appendix 1 – APN Managed Funds



# Highlights – APN Property Group full year results

- Underlying Profit after tax (from operations) \$5.5 m
- Loss after tax from impairment and other FV adjustments \$27.5 m
- Statutory loss after tax \$22.0 m
- Net Assets \$41.3m, including \$13.3m cash at bank – no debt
- FUM: \$2.8b – impacted by market movement of AREITs and property valuations
- AEZ resolution remains the priority for the Group
- Wholesale funds have significant cash reserves and existing development pipeline
- Internal operations strengthened
- Building cash reserves for future opportunities
- No dividend for FY09

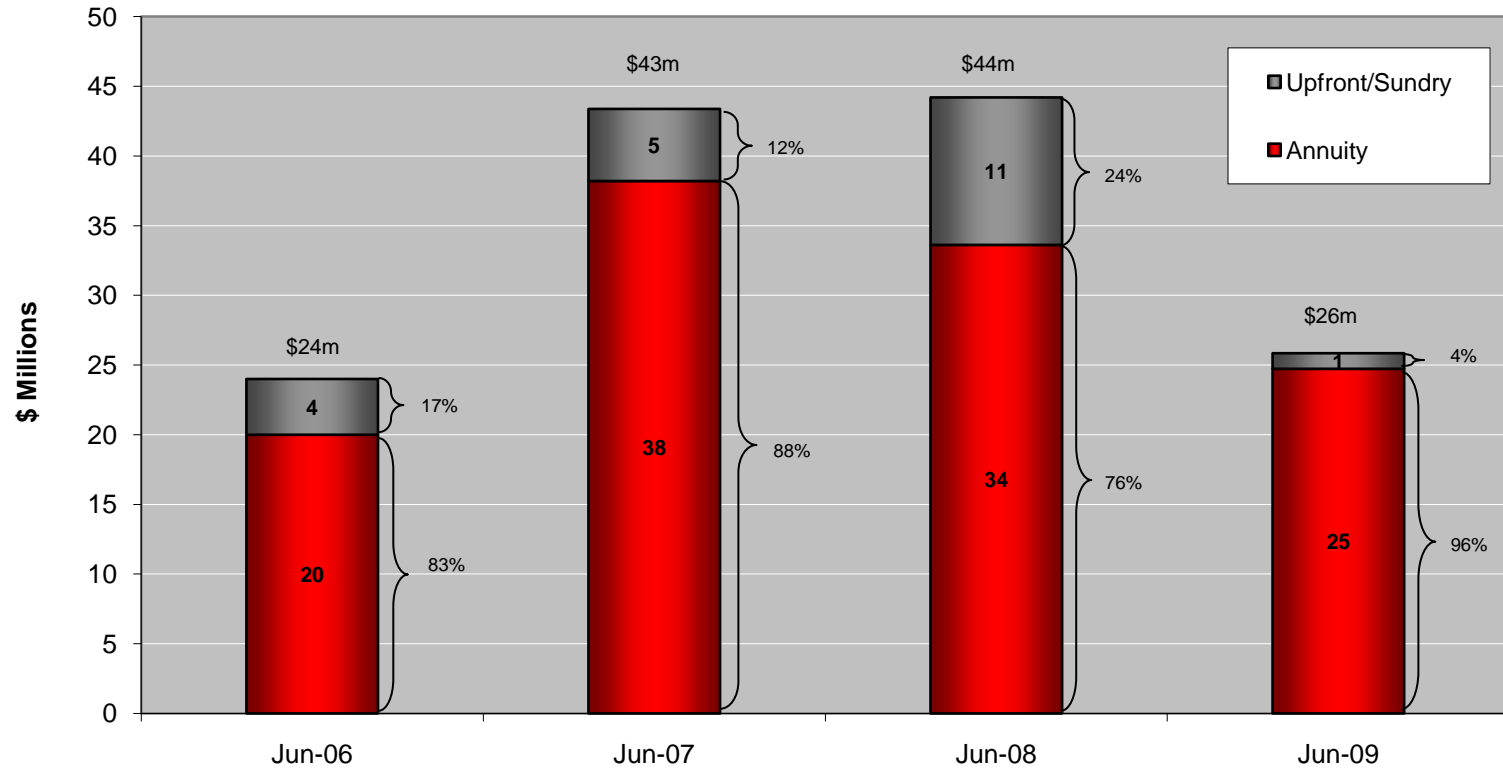
# Key financial results FY09

\$'000	1 <sup>st</sup> Half Year FY09	2 <sup>nd</sup> Half Year FY09	Full Year FY09	Full Year FY08
Revenue	15,848	10,331	26,179	44,193
Underlying profit after tax (from operations)	4,812	694	5,506	13,379
Add impairment and fair value adjustments (net of tax)				
- impairment of intangibles	-	(17,855)	(17,855)	-
- impairment of receivables	-	(4,578)	(4,578)	-
- write down of investments	(3,512)	(1,598)	(5,110)	(3,278)
Net profit after tax (NPAT)	1,300	(23,337)	(22,037)	10,101
Basic earnings per share (EPS) cents	1.07	(19.15)	(18.08)	7.74

# Detailed Profit and Loss Statement

\$'000	1 <sup>st</sup> half FY 09	2 <sup>nd</sup> half FY 09	Full year FY 09	Full year FY 08
Management fees	11,044	8,343	19,387	28,885
Transaction fees	1,118	(67)	1,051	3,447
Project management fees	2,192	901	3,093	1,573
Registry & accounting fees	1,234	1,040	2,274	2,790
Investment income	72	33	105	973
Sundry income	188	81	269	6,525
<b>Total Revenue</b>	<b>15,848</b>	<b>10,331</b>	<b>26,179</b>	<b>44,193</b>
Direct costs – recurring	(1,340)	(645)	(1,985)	(3,835)
Direct costs – non-recurring	(36)	(175)	(211)	(2,475)
Administrative expenses	(7,706)	(6,795)	(14,501)	(17,887)
Administrative expenses - non-recurring	(1,054)	(1,085)	(2,139)	(1,157)
FX gains – realised/unrealised	1,539	(470)	1,069	705
<b>EBITDA before impairment and fair value adjustments</b>	<b>7,251</b>	<b>1,161</b>	<b>8,412</b>	<b>19,544</b>
Impairment of intangibles and receivables	-	(24,369)	(24,369)	-
Fair value adjustments	(5,017)	(2,283)	(7,300)	(4,683)
<b>EBITDA</b>	<b>2,234</b>	<b>(25,491)</b>	<b>(23,257)</b>	<b>14,861</b>

# Revenue analysis – Full Year Results FY09



96% of FY09 revenue is annuity style

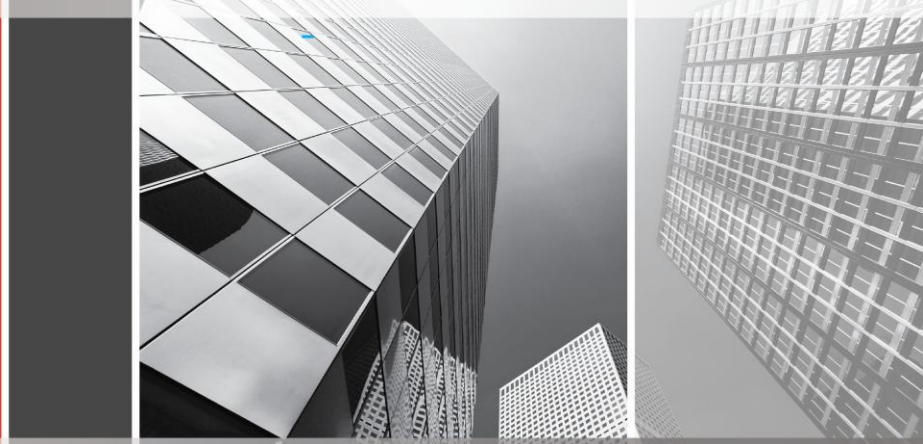
# Balance sheet review

- Balance sheet is strong with \$13.3m cash and no debt
- Ability to develop new funds, grow existing funds

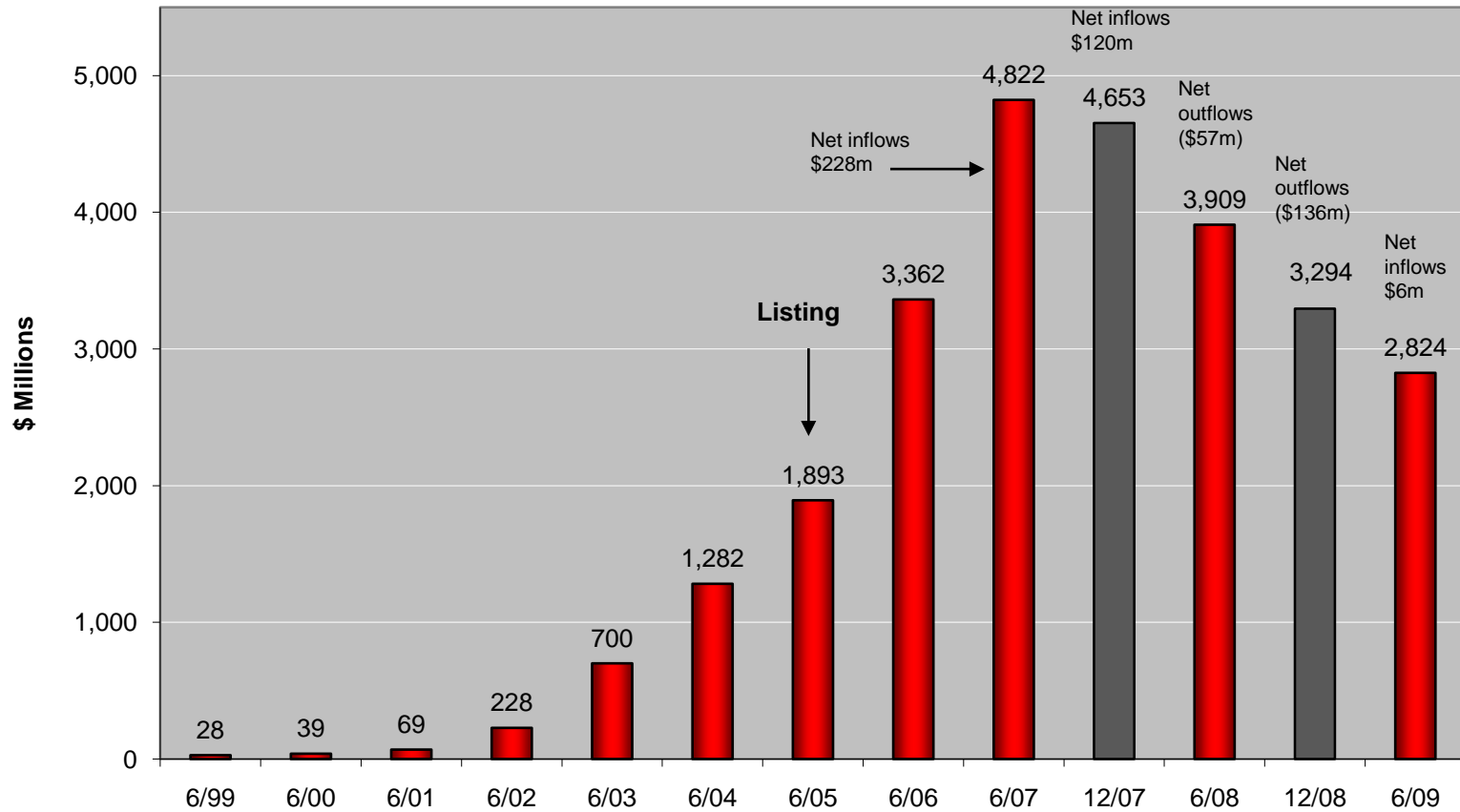
Balance Sheet	June 09	June 08
Tangible Assets	\$36.2m	\$46.8m
Intangible Assets	\$13.2m	\$30.1m
<b>Total Assets</b>	<b>\$49.4m</b>	<b>\$76.9m</b>
Liabilities <sup>1</sup>	\$8.1m	\$11.0m
Tangible Net Assets	\$28.1m	\$35.8m
Total Net Assets	\$41.3m	\$65.9m

<sup>1</sup> Trade and other payables, tax liability payable and provisions

# FuM analysis and fund performance

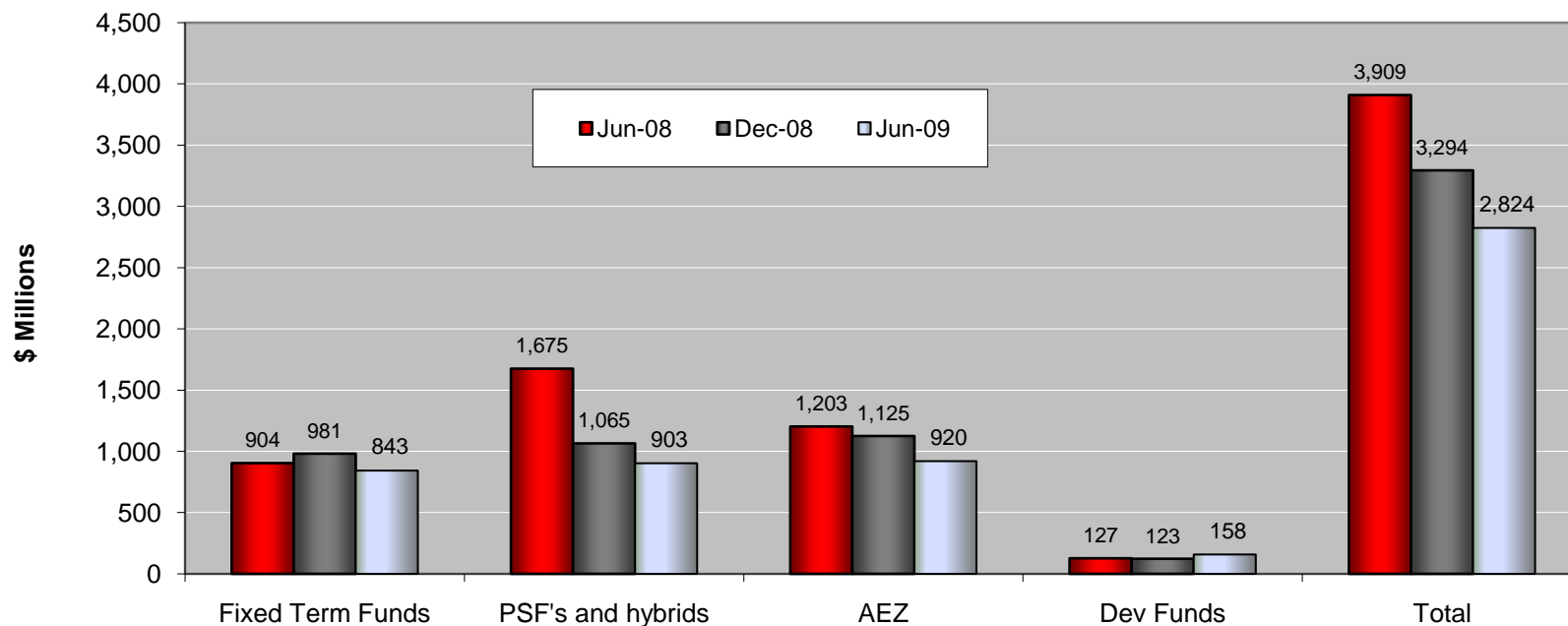


# Growth in Funds under Management (FuM)



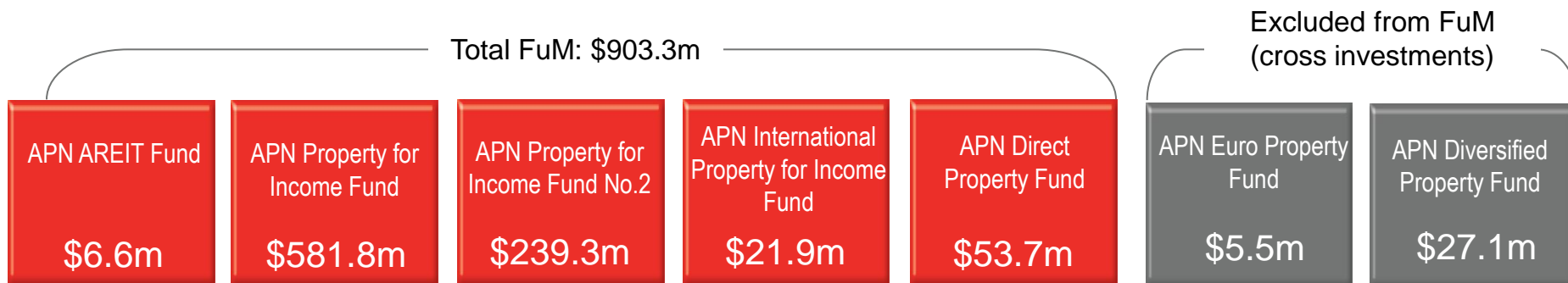
# FuM breakdown by product type

- FuM reduced by \$1.1b for 12 months to June 2009
- Property Securities Funds (PSFs) closed to applications and redemptions for most of the period
- Declines reflect movement in REIT market and property valuations





# Retail platform – open ended property securities funds



- Net reduction in FuM of \$772m
- Funds temporarily closed to applications and redemptions. Significant decline in the value of AREITs resulted in the proportion of illiquid assets in the funds reaching unacceptable levels
- Limited negative sentiment from investors/advisers to date
- New APN AREIT Fund launched 19 Jan 2009
  - An AREIT only fund with equivalent composition to the APN Property for Income Fund (ex unlisted property)
  - Created in response to feedback from advisers keen to exploit current buying opportunities in AREIT sector



# Retail funds performance to 30 June 2009

APN Fund	One year total return to 30 June 09 <sup>1</sup>	Three year annualised total return to 30 June 09	Annualised performance since inception to 30 June 09	Index
APN AREIT Fund	7.70% <sup>4</sup>	–	–	(5.94%) <sup>2,4</sup>
APN Property for Income Fund	(31.68%)	(14.39%)	6.70%	(42.27%) <sup>2</sup>
APN Property for Income Fund No. 2	(38.26%)	(22.07%)	(13.54%)	(42.27%) <sup>2</sup>
APN International Property for Income Fund	(51.08%)	(21.82%)	(7.73%)	(40.03%) <sup>3</sup>
APN Direct Property Fund	(22.78%)	(1.80%)	1.18%	–

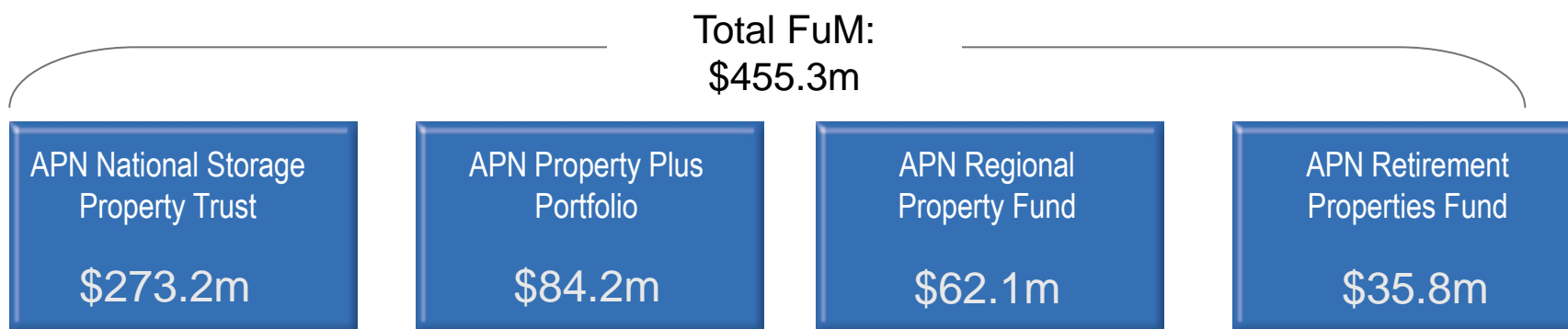
1: Compound annualised return – Net of fees (Wholesale option)

2: S&P/ASX 200 Property Accumulation Index 1-year to 30/6/09

3: GPR/UBS Composite Index 1-year to 30/6/09. Fund benchmark changed to GPR250 exAust, A\$ Hedged from 1 August 07. Historic performance based on a composite of GPR & previous UBS index.

4: Since inception of the fund on 19 January 2009

## Retail – fixed term Australian funds



- 1H CY2009 direct market values declined in line with further weakening in cap rates
- Rental earnings generally increased and total interest costs fell
- Fall in values expected to moderate over the next six to twelve months
- APN National Storage Property Trust and APN Regional Property Fund have suspended distributions in order to amortise debt
- Funds have high WALE and strong tenancies
- Management of banking facilities continue to be the major focus in FY2009

# Retail – fixed term European funds

Total FuM:  
\$387.7m

## APN Poland Retail Fund

\$82.4m

- Market impact on values and income levels significant
- Banking covenants exceeded following December 2008 valuations
- Debt restructure with bank in progress
- Distributions suspended
- Scheduled end date: Dec 2011

## APN Vienna Retail Fund

\$181.4m

- Property value and income levels performing well in a steady Austrian market
- No banking covenant breaches
- Distributions suspended to retain cash to maximise balance sheet strength
- Distribution policy and balance sheet position under continuing review
- Scheduled end date: Oct 2013

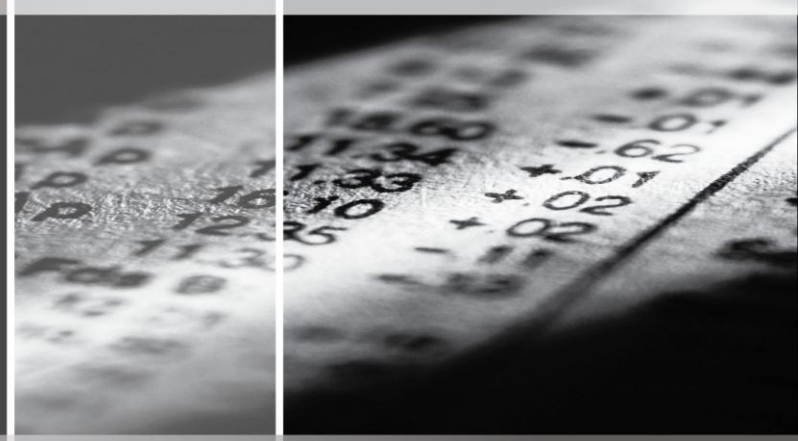
## APN Champion Retail Fund

\$123.9m

- Real estate income growth from minimum 2% annual indexation
- Hedging position addressed
- No financial covenant issues
- Sale of asset being considered at request of investors
- Subject to market conditions, distributions expected to recommence 2H CY2009

This information is a high level summary only and does not purport to provide all information which is material to these funds. It should therefore not be relied upon by investors in these funds. The full results for these funds are expected to be available by 30 September 2009.

# ASX Listed Property Trust (AEZ)



- FuM at 30 June 2009 approximately \$920.4m
- Market conditions continue to be unfavourable and challenging
- Banking issues under review
- Strategic review finalised and options being progressed
- AEZ results scheduled to be released to ASX on 26 August 2009

## Wholesale funds (Private Equity)



# APN Development Fund No. 1

- Committed equity of \$110 m
- Fund IRR target of 18% remains achievable (current forecast 15% – 18%)
- Major projects held in JV's with strong local partners (567 Collins Street, Melbourne and The Capitol, South Yarra)
- Graystone continues to produce high quality investment grade developments



The Capitol - South Yarra



# APN Development Fund No. 2

- Committed equity of \$53m
- Fund IRR target of 18% remains achievable (forecast 15% – 18%)
- Two projects:
  - 150 Collins Street, Melbourne – proposed 20,000 sq m office tower, planning approval received
  - Industry Village – a staged office/industrial park in Port Melbourne, Victoria
- Uncommitted equity available \$50m



Industry Village – Port Melbourne



150 Collins Street

# APN Property Group outlook



# APN Property Group – summary

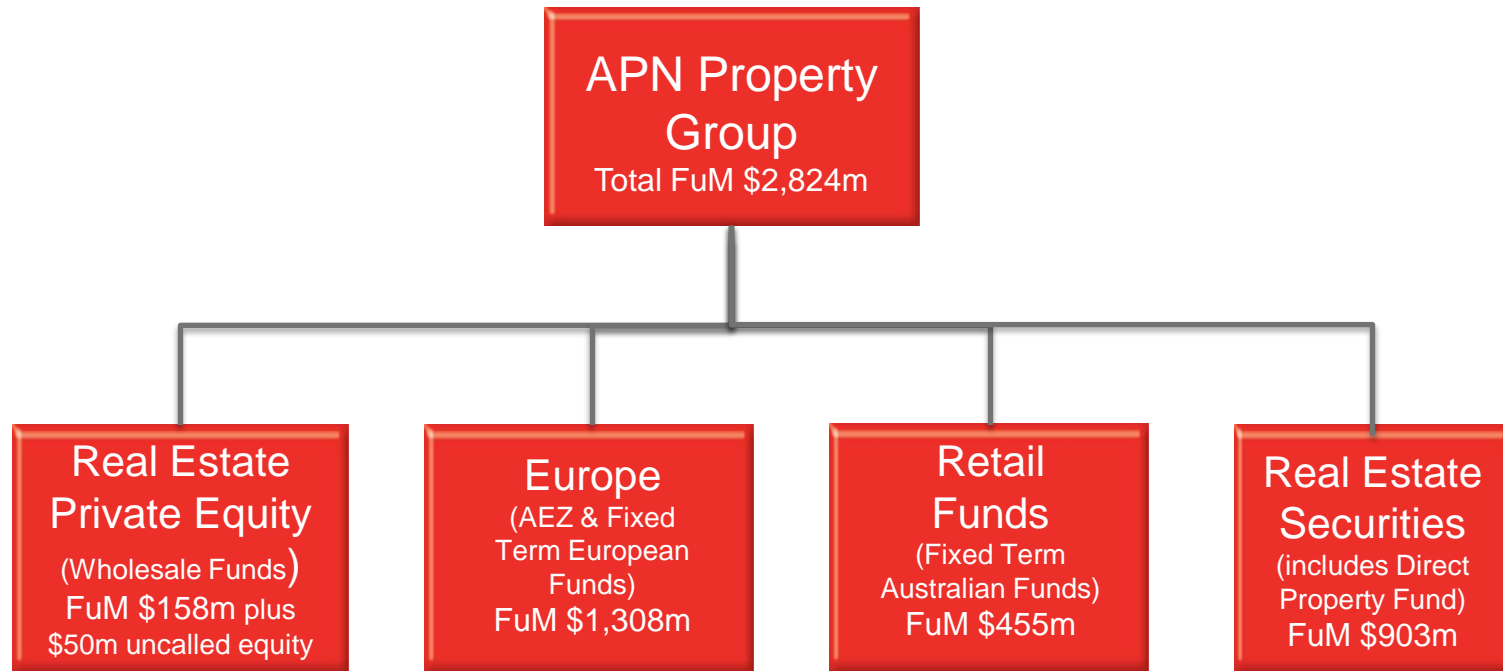
- Difficult operating environment for real estate fund managers
- AEZ resolution a continuing priority
- FUM of \$2.8b at 30 June 2009
- AREIT Fund launched during the year. Other opportunities under review
- Sound balance sheet with cash reserves of \$13m
- Management platform intact and positioned for growth
- No distribution to be paid for FY2009
- Internal efficiencies and operations improved significantly

***House in order, building cash reserves for future opportunities***

# APN Property Group – the road ahead

- Stabilisation of existing products – AEZ, PFIF stable, NSPT, Poland
- Scale up selected unlisted funds
- Increase market share in retail market
- Grow real estate private equity funds and RE securities capabilities
- Continued and intense focus on *investment performance* and *service*
- M&A opportunities
- Explore growth opportunities in Asia Pacific

# APN Property Group – business activities FY2010



- Four business divisions, each providing products to different market segments
- Private Equity and Real Estate Securities both growth engines for the business

## Contact details



**David Blight**

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Integrity  
Passion Respect

Accountability and performance

Professionalism

# Appendix 1 – APN Managed Funds

Market	Fund	Type of fund	FUM \$m at 6/09	Maximum LVR %	Current LVR %	Debt Maturity	
Retail	<b>Open ended continuous issuer funds</b>						
	1	APN A-REIT Fund	Australian Property Securities	7			
	2	APN Property for Income Fund	Australian Property Securities	582	Nil	Nil	Nil
	3	APN Property for Income Fund 2	Australian Property Securities	239	Nil	Nil	Nil
	4	APN International Property for Income Fund	International Property Securities	22	Nil	Nil	Nil
	5	APN Direct Property Fund	Direct Property	54	65%	62%	12/2011 & 09/2010
	6	APN Diversified Fund	Umbrella Fund investing in Funds 3,4,5,7	27 <sup>1</sup>	Nil	Nil	Nil
	7	APN Euro Property Fund	Umbrella Fund investing in Funds 11,12,13	5 <sup>1</sup>	Nil	Nil	Nil
	<b>Fixed term Australian syndicates</b>						
	8	APN National Storage Property Trust	Direct Property	273	65%	64% <sup>2</sup>	09/2010
	9	APN Property Plus Portfolio (operating to 06/2012)	Direct Property	84	65%	65%	10/2012
	10	APN Retirement Properties Fund (operating to 12/2008)	Direct Property	36	50%	26%	06/2013
	<b>Fixed term European syndicates</b>						
11	APN/UKA Vienna Retail Fund (operating to 09/2013)	International Direct Property	181	75.75%	75.6%	09/2013	
12	APN/UKA Poland Retail Fund (operating to 12/2011)	International Direct Property	82	61.0%	66.7%	12/2011	
13	APN Champion Retail Fund(operating to 10/2013)	International Direct Property	124	60.0%	54%	12/2013	

1. Included in underlying funds

2. Unitholders have approved property sales

# Appendix 1 – APN Managed Funds (continued)

Market	Fund	Type of fund	FUM \$m at 6/09	Maximum LVR %	Current LVR %	Debt Maturity	
Institutions/ Retail	<b>Listed Property Trusts</b>						
	14	APN/UKA European Retail Property Group (ASX: AEZ)	International Direct Property	920	TBA <sup>3</sup>	TBA <sup>3</sup>	TBA <sup>3</sup>
	15	APN Regional Property Fund (BSX)	Direct Property	62	65.0%	65.0%	10/2009
Wholesale (Super & Industry Funds)	<b>Wholesale/Private Equity</b>						
	16	APN Development Fund No. 1	Development	105 <sup>4</sup>	70.0%	46.0% <sup>5</sup>	Project finance
	17	APN Development Fund No. 2	Development	53 <sup>4</sup>	70.0%	34.0% <sup>5</sup>	Project finance
<b>Total</b>			<b>2,824</b>				

3. Refer AEZ investor presentation dated 26 August 2009

4. Based on invested rather than committed capital

5. Full compliance with constitution and loan facilities