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APN | Property Group

27 February 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 six months ended December 2008; and**
- **Revised Earnings Guidance for the year ending June 2009**

Half Year Financial Results

APN Property Group (APD) has recorded a consolidated net profit after tax of $1.3 million for the six months ended 31 December 2008, a decrease of 87% compared with the $10.0 million reported for the same period last year.

The result is a direct reflection of the current 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 28% to $11.0 million

  Funds under management (“FUM”) declined to $3.3 billion at balance date, compared with $3.9 billion at 30 June 2008 (and $4.7 billion for the prior comparative period). As the vast majority of APD’s income is derived from the value of FUM, revenues have been particularly affected.

  During the period, APD took the decision to close its unlisted managed funds to applications and redemptions. This action was in direct response to a sharp decline in the AREIT sector and the Australian Government’s initiative to guarantee certain bank deposits. It is expected that these funds will reopen and/or restructure through the course of 2009 as greater clarity is provided on the market and asset pricing.

  In addition, the value of underlying assets held by the funds managed by APD has continued to decline. The carrying values of all assets in the managed funds have been adjusted to reflect market values at December 2008.

- Transaction fee income – down 43% to $1.1 million

  In addition to fund and asset management fee income, APD also earns transaction fees, for the provision of acquisitions, sales and debt arrangement services. In the current reporting period, there have been only minimal transactions and hence limited "one off" fees earned.

- Project Management fee income – up 165% to $2.2 million

  APD has continued to progress the development projects currently underway in its two development funds. During the period several projects generated project management fees in excess of $2 million as milestones were reached and services rendered.

- Investment income – down 88% to $0.01 million

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

- Investments in APD Managed Funds - $5.0 million write down

  The carrying values of APD's investments in its managed funds have been adjusted at balance date to reflect their current market value. Two investments in particular, the listed APN European Retail Property Group and the unlisted APN Euro Fund contributed significantly to a write down for the period of $5.0 million.

- Foreign Currency gain - $1.5 million

  APD has benefited from the weaker AUD as fees from its European activities are denominated in Euros.

- Overheads – down 5% to $8.8 million

  APD moved quickly and decisively to reduce overheads as it prepared itself for the current economic downturn. Overheads were down 5% compared with the previous corresponding period.

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 on an assessment of the future cash flows expected to be generated by the business activity represented by the respective intangible asset.

The present uncertain climate demands careful scrutiny of cash flow forecasts and the applicable discount rate for determining present value. Directors have concluded that no impairment of these assets presently exists but will closely monitor this position in the future. Any adjustment for impairment will be made through the profit and loss account.

A description of each intangible asset is included in note 2 to the financial statements (refer Appendix 4D)

Significant Events During the Period

On 26 September 2008, APD acquired the remaining 50% interest in the asset management contracts of the APN Vienna Retail Fund and APN Poland Retail Fund. This was part of a final settlement with its former joint venture partner, UK Australasia Limited (UKA) in the management of all APD's European managed funds. Settled in two tranches (in FY08 and FY09) APD has acquired UKA's 50% interests in all entities for a total cost of $13.6 million.

No Dividend

Directors have determined that no dividend will be payable in respect of the first half earnings. Directors will review this position once there is more certainty around the full year results.

Outlook

As a boutique specialist real estate funds management business, APD's prospects for the future are inextricably 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.

With the recent launch of the new APN AREIT Fund which provides investors with the opportunity to participate in the recovery of the AREIT market, APD has shown its 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.

David Blight, Managing Director of APN Property Group said "Against the continuing backdrop of economic weakness and deteriorating values, we remain sharply focused on continuing to provide investors in our funds with strong investment performance coupled with outstanding service levels. Our key short term priority is to stabilize and recalibrate our funds as necessary. As a Group, we have moved quickly to ensure the Management business remains healthy and have strengthened the teams as necessary. We have an outstanding group of people in APD focused on restoring value for investors".

Earnings guidance to 30 June 2009

In light of the half year financial results and the continuing deterioration in market conditions, Directors have revised APD's earnings estimates for the year ended 30 June 2009. Profit after Tax for the year ending 30 June 2009 is forecast to be within the range of $0.5 million (0.35 cents per share) and $1.0 million (0.7 cents per share). This compares with previous guidance of $4.3 million (3.0 cents per share) foreshadowed in the previous announcement of 28 November 2008.

In view of the market volatility, this forecast is uncertain and can change significantly according to the assumptions made.

Assumptions reflected in this forecast include:

- No material change in the current business activities for FY09;
- Management fees for the remainder of the year are determined each quarter, based on the value of FuM on the last day of each respective quarter;
- Forecast management fees from APD's securities funds, for the second half, are based on estimated FuM values at 25th February 2009;
- Forecast management fees from APD's direct property funds, for the second half, are based on property valuations adopted as at 31 December 2008;
- No further inflows or redemptions in existing funds during the remainder of the year;
- No property acquisitions or disposals by any fund;
- Total FuM to remain constant (approximately $3.1 billion at 25th February 2009);
- The carrying value of APD's investments in its managed funds reflects their market value at 25th February 2009. APD has exposures to:
  - The listed APN European Retail Property Group (AEZ);
  - APN Euro Property Fund (which holds investments in the APN Vienna Retail Fund, APN Poland Retail Fund and APN Champion Property Fund);
  - APN Development Fund No. 1 and APN Development Fund No. 2; and
  - other APD managed funds;
- No impairment to APD's intangible assets. APD records the following assets on its balance sheet:
  - Goodwill in connection with its development management business;
  - Management Rights in respect of its European fund management and asset management business;
  - Cost of developing and implementing an IT property management and accounting system for its European business; and
- Overhead expenses maintained at forecast levels.

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 4D – Half-year report for the period ended 31 December 2008

Results for announcement to the market

	Half-year ended 31 December 2008 $'000	Half-year ended 31 December 2007 $'000	Movement $'000	Movement %
Revenue from ordinary activities	15,848	26,701	-10,853	-40
Profit from ordinary activities after tax attributable to members	1,300	10,042	-8,742	-87
Net profit attributable to members	1,300	10,042	-8,742	-87
Basic earnings per share (cents per share)	1.07	8.06		
Diluted earnings per share (cents per share)	1.05	7.75		
Net tangible assets backing (cents per share)	23.61	29.29		

Dividend	Amount per security	Franked amount
Ordinary Shares		
Interim Dividends	nil	n/a
Previous corresponding period	4.5 cents	100%

The results detailed in this Appendix 4D represent the consolidated financial results for APN Property Group Limited and its controlled entities for the half-year ended 31 December 2008. The consolidated net profit after income tax for APN Property Group Limited for the half-year ended 31 December 2008 was $1,300,000.

Trends in Performance
Please refer to the media release and investor presentation

Commentary on results
Please refer to the media release and investor presentation

Condensed consolidated income statement
for the half-year ended 31 December 2008

	Note	Consolidated Half-year Ended 31 Dec 2008 $'000	Consolidated Half-year Ended 31 Dec 2007 $'000
Revenue	4	15,848	26,701
Cost of sales		(1,375)	(3,058)
Gross profit		14,473	23,643
Financial income		429	672
Share of (losses)/profits of jointly controlled entities accounted for using the equity method		-	(29)
Administration expenses		(9,003)	(9,483)
Fair value loss on financial assets		(5,017)	-
Foreign currency exchange gains		1,539	218
Finance costs		(52)	(80)
Profit before tax		2,369	14,941
Income tax expense		(1,069)	(4,899)
Profit for the period		1,300	10,042
Attributable to:			
Equity holders of the parent		1,300	10,042
Earnings per share			
Basic (cents per share)		1.07	8.06
Diluted (cents per share)		1.05	7.75

Notes to the financial statements are included on pages 6 to 10.

Condensed consolidated balance sheet
as at 31 December 2008

		Consolidated	
		31 December 2008	30 June 2008
	Note	$'000	$'000
Current assets			
Cash and cash equivalents		11,808	12,558
Trade and other receivables		13,906	18,192
Other financial assets		8,419	12,892
Other assets		499	588
Total current assets		34,632	44,230
Non-current assets			
Property, plant and equipment		386	477
Goodwill		13,503	13,503
Other intangibles	6	17,392	16,587
Other receivables		3,101	-
Deferred tax assets		3,259	2,110
Total non-current assets		37,641	32,677
Total assets		72,273	76,907
Current liabilities			
Trade and other payables		3,696	8,947
Borrowings		451	374
Current tax payables		2,808	777
Provisions		344	471
Total current liabilities		7,299	10,569
Non-current liabilities			
Provisions		155	114
Other liabilities		377	318
Total non-current liabilities		532	432
Total liabilities		7,831	11,001
Net assets		64,442	65,906
Equity			
Issued capital	7	52,207	52,190
Reserves		1,748	519
Retained earnings		10,487	13,197
Total equity		64,442	65,906

Notes to the financial statements are included on pages 6 to 10.

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2008

	Share capital $'000	Retained earnings $'000	Equity-settled employee benefits reserve $'000	Investment revaluation reserve $'000	Foreign currency translation reserve $'000	Attributable to equity holders of the parent $'000
Balance at 1 Jul 2007	50,636	16,123	341	–	(67)	67,033
Gain/(loss) on available-for-sale investments	–	–	–	(1,074)	–	(1,074)
Related income tax	–	–	–	322	–	322
Translation of foreign subsidiary company	–	–	–	–	(348)	(348)
Net income recognised directly in equity	–	–	–	(752)	(348)	(1,100)
Profit for the period	–	10,042	–	–	–	10,042
Total recognised income and expense	–	10,042	–	(752)	(348)	8,942
Payment of dividends	–	(7,110)	–	–	–	(7,110)
Issue of shares under share option plan	202	–	–	–	–	202
Recognition of share-based payments	–	–	1,104	–	–	1,104
Balance at 31 Dec 2007	50,838	19,055	1,445	(752)	(415)	70,171
Balance at 1 Jul 2008	52,190	13,197	1,497	–	(978)	65,906
Gain/(loss) on available-for-sale investments	–	–	–	–	–	
Related income tax	–	–	–	–	–	
Translation of foreign subsidiary company	–	–	–	–	175	
Net income recognised directly in equity	–	–	–	–	175	175
Profit for the period	–	1,300	–	–	–	1,300
Total recognised income and expense	–	1,300	–	–	175	1,475
Payment of dividends	–	(4,010)	–	–	–	(4,010)
Issue of shares under share option plan	17	–	–	–	–	17
Recognition of share-based payments	–	–	1,054	–	–	1,054
Balance at 31 Dec 2008	52,207	10,487	2,551	–	(803)	64,442

Notes to the financial statements are included on pages 6 to 10.

Condensed consolidated cash flow statement
for the half-year ended 31 December 2008

		Consolidated	
	Note	Half-year Ended 31 Dec 2008 $'000	Half-year Ended 31 Dec 2007 $'000
Cash flows from operating activities			
Receipts from customers		19,341	22,694
Payments to suppliers and employees		(14,995)	(10,577)
Income tax paid		(330)	(3,848)
Interest and other costs of finance paid		(52)	(80)
Interest received		292	672
Distribution received		69	608
Net cash provided by/ (used in) operating activities		4,325	9,469
Cash flows from investing activities			
Payment for investment		(659)	–
Proceeds on sale of investment		151	3,014
Payment for property, plant and equipment		(80)	(85)
Payment for intangible asset		(770)	(1,971)
Payment for business combination		–	(17,156)
Net cash provided by / (used in) investing activities		(1,358)	(16,198)
Cash flows from financing activities			
Proceeds from issue of shares		17	202
(Repayment) / proceeds from related party borrowings		–	(24)
Dividends paid		(4,010)	(7,110)
Net cash provided by / (used in) financing activities		(3,993)	(6,932)
Net (decrease)/ increase in cash and cash equivalents		(1,026)	(13,661)
Net effect of foreign exchange translations		276	(348)
Cash and cash equivalents at the beginning of the period		12,558	21,676
Cash and cash equivalents at the end of the period		11,808	7,667

Notes to the financial statements are included on pages 6 to 10.

Notes to the condensed consolidated financial statements

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2008 annual financial report for the financial year ended 30 June 2008.

2. Critical accounting judgements and key sources of uncertainty

The application of the accounting policies requires, on occasion, the exercise of estimation and judgement. Actual results may subsequently differ from these estimates. There were a number of critical judgements made in the preparation of these financial statements. They include:

Intangible Assets

The balance sheet includes significant values for intangible assets. At each balance date these are tested for impairment using a method that assesses the future cash flows expected to be generated by these cash generating units, discounted at an appropriate discount rate to reflect present value. The following intangible assets were carefully assessed and it was determined that they are not presently impaired.

- **Goodwill**

  Goodwill of $13.5 million resulted from the reconstruction of the group prior to its listing in 2005. The value reflects the development management and development investment activities of the group, currently undertaken through its managed Development Fund 1 and Development Fund 2. Considerable uncertainty exists about the short and medium term prospects for maintaining a regular cash flow from these activities. Doubts about the level of interest for new investment, and the availability of funding for new loans required careful assessment of likely future cash flows and an appropriate discount rate. In assessing whether this goodwill is impaired, directors have made a not unreasonable assumption that present market conditions are atypical and that over a ten year period there will be a reversion to more average conditions. Shareholders should be aware that if present investment and banking markets persisted then the impairment of this asset would be substantial.

- **Management Rights (note 6)**

  APD acquired the 50% interest in the asset management contracts of the listed APN European Retail Property Group and two unlisted property funds held by its former joint venture partner, UK Australasia Limited (UKA). Settled in two tranches (in FY08 and FY09) APD acquired these interests for a total cost of $13.6 million. The management fees resulting from this acquisition are based on the asset values of the funds managed. Declining property values have led to a considerable reduction in fees earned and estimates for future fees have been conservatively determined. Any further reductions in asset values may require reassessment of cash flow

2. Critical accounting judgements and key sources of uncertainty (cont'd)

- **Management Rights (note 6) (cont'd)**
  estimates in the future. Asset sales by any of these funds will certainly change cash flow estimates and may result in future impairment write downs. Shareholders should be aware that several of the funds that are the subject of these management rights are presently in breach of their banking covenants. A potential consequence of their breaches may be that the relevant banks require sale of the underlying assets of the funds. In such circumstances it is likely this asset would be substantially impaired.

- **IT Software (note 6)**
  APD has presently incurred expenditure of $3.6 million in developing an IT platform to facilitate the asset management and accounting services necessary for its European managed funds. All costs are capitalised during development and in accordance with the accounting policy, will be written off over seven years. Any reduction in the size of European business activities may result in future impairment write downs. Shareholders should be aware that several of these European funds are presently in breach of their banking covenants. A potential consequence of these breaches may be that the relevant banks require sale of the underlying assets of the funds. In such circumstances it is likely this asset would be substantially impaired.

Other Assets

All other assets have been adjusted, where necessary, to reflect fair value at balance date. This is an appropriate measure of their value at that date, though for some assets fair value is changing regularly in the currently volatile market. These are:

- **Receivables**
  Principally fund or asset management fees, recovery of receivables is dependent on the financial capacity of the managed funds to pay. An assessment of recoverability has been undertaken for all receivables and where reasonable doubt exists, they have been written off or a provision has been raised. In some instances however, it is expected that receivables may take considerable periods of time to recover. Receivables totalling $3.1 million are expected to take longer than 12 months to recover and have been classified as non current assets. A significant portion of these non current receivables are owed by European funds that are presently in breach of their banking covenants. However, full recovery is expected of these receivables as these funds are in a positive net worth position.

- **Investments**
  APD invests in a number of the funds that it manages. These financial statements record a write down in the value of these investments to fair value at balance date. In the current uncertain market, these values are changing frequently and further adjustments are likely to be required in subsequent financial periods. Shareholders should be aware that these investments are geared investments in illiquid real estate assets, and in some instances the funds are in breach of their banking covenants. The value of these investments can move rapidly in either direction.

- **Deferred Tax Assets**
  Where APD has written down the value of its investments to below cost, a future tax benefit is created, which has value provided APD generates adequate future taxable income to benefit. Directors have assumed that APD will generate such future taxable income, but there is some significant uncertainty regarding the banking facilities in several of the funds that APD manages which may have the potential to negatively affect future taxable profits. In the absence of adequate future taxable profits this asset would be potentially impaired.

3. Segment information

Segment information is presented in respect of the consolidated entity's business segments, which are the primary basis of segment reporting. The business segment reporting format reflects the consolidated entity's management and internal reporting structure.
Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise borrowings and expenses, and corporate assets and expenses.
Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The consolidated entity comprises of the provision of funds management services, based on the consolidated entity's management reporting system.
The following is an analysis of the revenue and results for the period, analysed by business segment, APN Property Group Limited's primary basis of segmentation.

	Segment revenue		Segment profit	
	Half-year ended		Half-year ended	
	31 Dec 2008 $'000	31 Dec 2007 $'000	31 Dec 2008 $'000	31 Dec 2007 $'000
Continuing operations				
On-going management fee - Funds Management	14,470	17,649	7,784	7,505
Transaction fee – Funds Management	1,118	8,444	1,082	7,609
Total of all segments	15,588	26,093	8,866	15,114
Unallocated*	260	608	(6,497)	(144)
	15,848	26,701	2,369	14,970
Share of results of joint venture entities accounted for using the equity method			–	(29)
Profit before income tax expense			2,369	14,941
Income tax expense			(1,069)	(4,899)
Profit for the period			1,300	10,042

* The unallocated segment profit includes the write down of investments of $5.0 million during the period to 31 December 2008 (31 December 2007: $nil).

4. Revenue

Half-year ended	Consolidated 31 Dec 2008 $'000	Consolidated 31 Dec 2007 $'000
Revenue		
On-going management fee - Funds Management	14,470	17,623
Transaction fee – Funds Management	1,118	1,945
Sundry income	188	6,525
Distribution income	72	608
	15,848	**26,701**

5. Dividends

Half-year ended	31 Dec 2008 Cents per share	31 Dec 2008 Total $'000	31 Dec 2007 Cents per share	31 Dec 2007 Total $'000
Recognised amounts				
Fully paid ordinary shares				
Final dividend	3.0	4,010	5.5	7,110
Unrecognised amounts				
Fully paid ordinary shares				
Interim dividend	-	-	4.5	5,860

6. Other Intangibles

Half-year ended	Consolidated 31 Dec 2008 $'000	Consolidated 31 Dec 2007 $'000
Intangible Assets		
Management rights acquired	13,596	13,423
I T software – Construction in progress at cost	3,625	2,932
I T software – Amortised cost	171	232
	17,392	16,587

7. Issuances, repurchases and repayments of equity securities

	Consolidated No. of shares '000	Consolidated $'000
Balance at 1 Jul 2008	133,664	52,190
Share options exercised by employees	–	17
Share options repurchased by the company	(1,577)	–
Share options issued under the APN Property Group Employee Share Purchase Plan	10,000	–
Balance at 31 Dec 2008	142,087	52,207

7. Issuances, repurchases and repayments of equity securities (cont'd)

	Consolidated	
	No. of shares '000	$'000
Balance at 1 Jul 2007	129,268	50,636
Share options exercised by employees	–	202
Share options issued under the APN Property Group Employee Share Purchase Plan	955	–
Balance at 31 Dec 2007	130,223	50,838

On 21 November 2008, 10,000,000 share options were issued to David Blight under the APN Property Group Employee Share Purchase Plan. These share options had a fair value at grant date of $0.0625 per share option. In addition to these share options, up to 6,000,000 performance share options were granted but not issued at 21 August 2008. These share options had a fair value of $0.3155 per share option.

During the half-year reporting period $17,000 (2007: $202,000) of share options issued under the Plan have been exercised as a result of dividend payments.

At 31 December 2008, included in fully paid ordinary shares of 142,087,287 (2007: 130,223,233) are 20,223,001 (2007: 12,440,001) treasury shares relating to the employee share option plan.

8. Acquisition of management rights

On 26 September 2008, the Group acquired the remaining 50% of the issued share capital of 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.

9. Subsequent events

APN Property Group has invested in units of the APN European Retail Property Group (AEZ) which is listed on the ASX. At the close of business on 26th February 2009, the unit price of AEZ has dropped from $0.064 to $0.023, a reduction of 64% since 31 December 2008. This reduction would create a fair value adjustment to the value of the group's investment in AEZ of $190,000 (pre-tax). The financial statements have not been adjusted for this event.

Other than the matter advised above, the directors have not become aware of any other significant matter or circumstances that has arisen since 31 December 2008, that has affected or may affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent years, which has not been covered in this report.

Compliance Statement

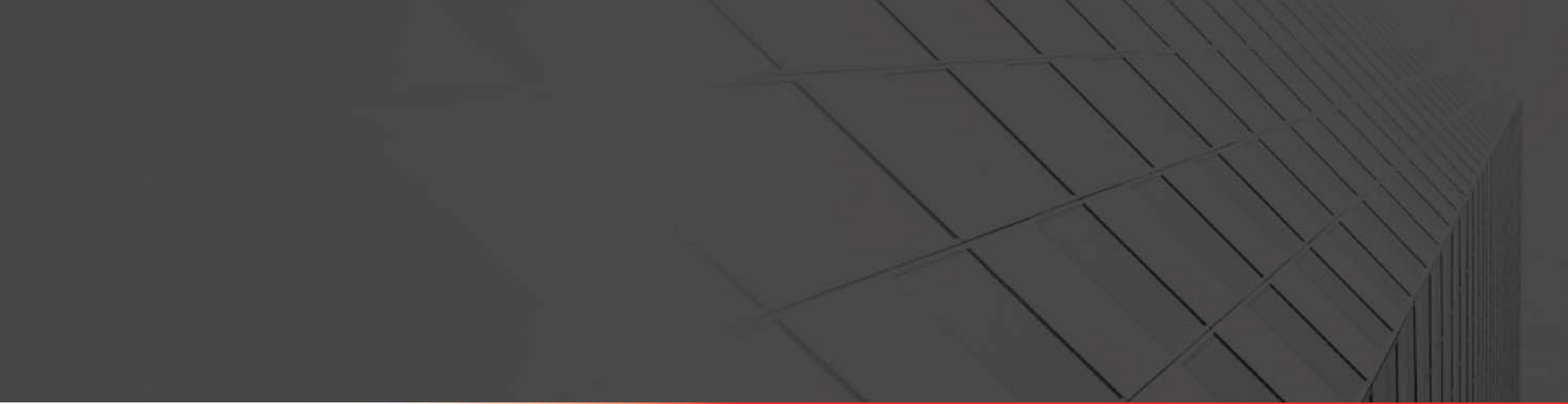
1. This Appendix 4D has been prepared in accordance with AASB Standards, the Corporations Act 2001 and Corporations Regulations 2001 and other standards acceptable to ASX.
2. This Appendix 4D and the accounts upon which the report is based use the same accounting policies.
3. This Appendix 4D does give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

Sign here: ________________________ Date: 27th February 2009

Print Name: David Blight
Managing Director

Commentary on results for the period and trends in performance

Refer to media release



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Half year results - 31 December 2008

David Blight | Managing Director

John Freemantle | CFO

27 February 2009

Contents

Highlights – APN Property Group half year results

- NPAT of $1.3 m, including $2.7 m after tax loss from “mark to market” adjustments
- Basic earnings per share 1.07 cents
- No interim dividend
- Net Assets $64.4 m, including $11.8m cash
- FUM: $3.3 b – impacted by market movement of AREITs and property valuations
- Retail products performing well (relative)
- AEZ remains priority
- Wholesale funds performing well and in strong positions
- Internal operations strengthening
- 5 yr plan well progressed
- Building cash reserves for future opportunities

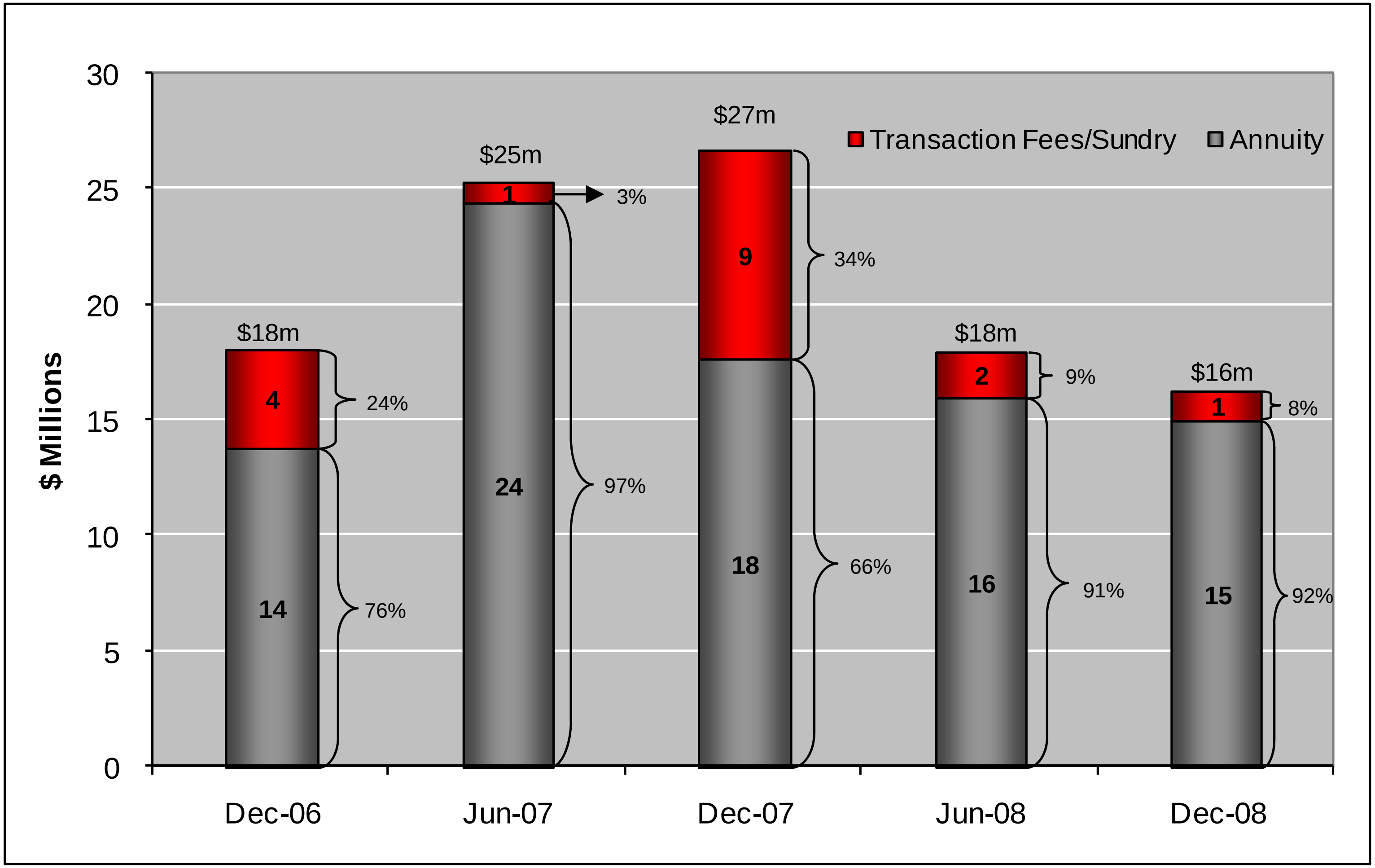
Key financial results – Half Year to 31 December 2008

$'000	1st Half Year FY09	1st Half Year FY08
Revenue	**15,848**	**26,701**
Net profit from operations (cash profit)	**6,258**	**15,052**
Add "mark to market" adjustments		
- write down of investments	(5,017)	-
- unrealised foreign exchange gains/(losses)	1,128	(111)
Net profit before tax (NPBT) $'000	2,369	14,941
Net profit after tax (NPAT) $'000	**1,300**	**10,042**
Basic earnings per share (EPS) cents	1.07	8.06
Diluted EPS (cents)	1.05	7.75
Dividend per share (DPS) cents	nil	4.5

Detailed Profit and Loss Statement

$'000	1st Half FY 09	1st Half FY 08	Full year FY 08
Revenue			
Management fees	11,044	15,437	28,885
Transaction fees	1,118	1,945	3,447
Project management fees	2,192	828	1,573
Registry & accounting fees	1,234	1,358	2,790
Investment income	72	608	973
Sundry income	188	6,525	6,525
Total Revenue	**15,848**	**26,701**	**44,193**
Direct costs – recurring	1,340	2,045	3,835
Direct costs – non-recurring	36	1,012	2,475
Administrative expenses	7,706	8,227	17,887
Administrative expenses - non-recurring	1,054	1,104	1,157
FX gains - realised	(410)	(140)	(357)
EBITDA before mark to market adjustments	6,122	14,453	19,196
Mark to market adjustments	3,888	(128)	4,335
EBITDA	**2,234**	**14,581**	**14,861**

Revenue analysis – Half Year Results FY09



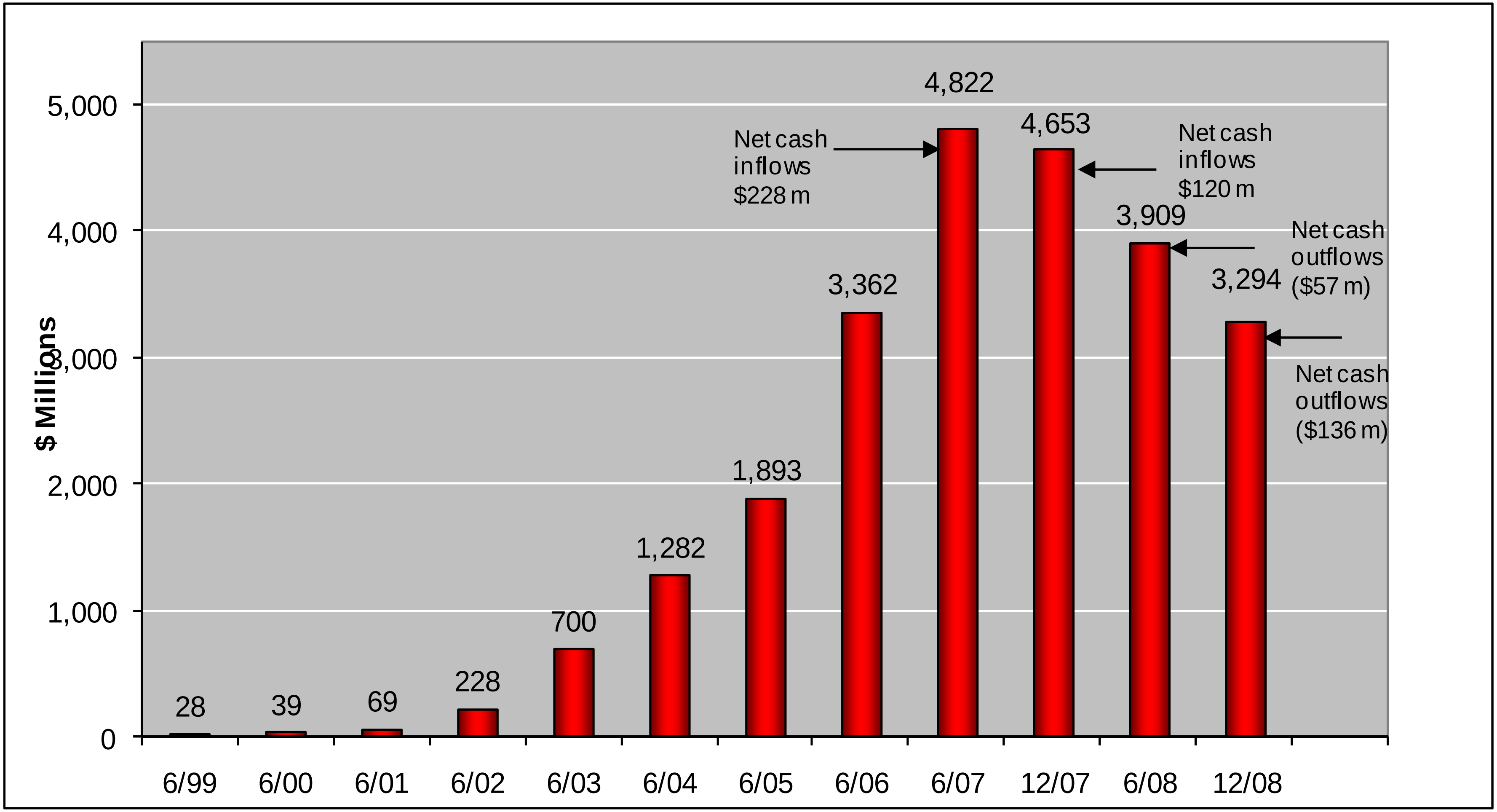
Balance sheet review

- Balance sheet remains strong with negligible debt ($0.4 m) and $11.8 m cash
- Ability to promote further fund development/expansion

Balance Sheet	Dec 08	June 08
Tangible Assets	$41.4 m	$46.8 m
Intangible Assets	$30.9 m	$30.1 m
Total Assets	**$72.3 m**	**$76.9 m**
Liabilities	$7.8 m	$11.0 m
Tangible Net Assets	$33.6 m	$35.8 m
Total Net Assets	$64.4 m	$65.9 m

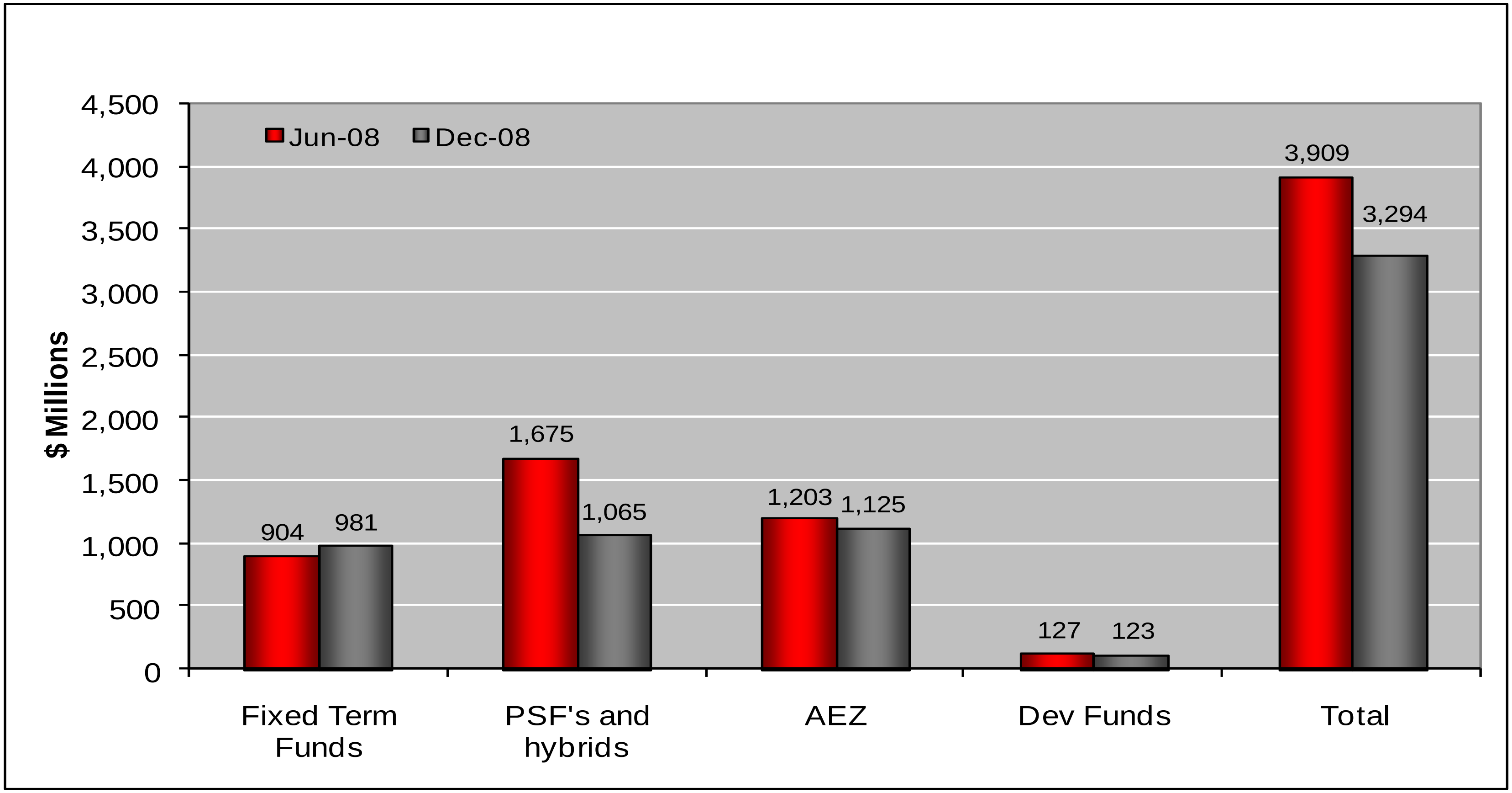
FUM analysis and fund performance

Growth in Funds Under Management



FUM breakdown by markets

- FUM reduced by $600 m in six months to 31 December 2008
- All Funds closed to applications and redemptions for most of the period
- Declines reflect movement in REIT securities and property valuations



Retail platform – open ended property securities funds

Total FUM: $1.065b

- APN Property for Income Fund – $666.6 m
- APN Property for Income Fund No.2 – $283.9m
- APN International Property for Income Fund – $26.3m
- APN Direct Property Fund – $87.9m

Excluded from FUM (cross investments)

- APN Euro Property Fund – $9.0m
- APN Diversified Property Fund – $33.6m

- Net reduction in FUM $615 m
- 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
  - A new AREIT only fund with equivalent composition to the flagship APN Property for Income Fund ex unlisted property
  - Created in response to feedback from Advisers keen to exploit current buying opportunities

Retail funds performance to 31 December 2008

APN Fund	One year total return to 31/12/08[1]	Index[1]	Three year annualised total return pa to 31/12/08	Annualised performance since inception pa to 31/12/08
APN Property for Income Fund	(41.85%)	(53.99%) [2]	(9.89%)	7.84%
APN Property for Income Fund No. 2	(51.21%)	(53.99%) [2]	(17.16%)	(12.85%)
APN International Property for Income Fund	(50.00%)	(46.67%) [3]	(17.40%)	(6.08%)
APN Direct Property Fund	(10.94%)	-	-	6.23%

- ***PFIF and PFIF2 have performed well against stated benchmarks***
- ***PFIF has outperformed the index since inception (>10 years through full cycle) returning 7.84% v index of 4.08%***

1: Compound Annualised Return – Net of Fees (Wholesale option)
2: S&P/ASX 200 Property Accumulation Index
3: GPR/UBS Composite Index

Retail – fixed term Australian funds

Total FUM:
$497.4m

APN National Storage Property Trust	APN Property Plus Portfolio	APN Regional Property Fund	APN Retirement Properties Fund
$298.0m	$87.7m	$74.9m	$36.8m

- 1H C2008 direct market held up well, outperforming the AREIT market
- Economic and financial events of 2H C2008 impacting direct property valuations
- Continued softening of values expected as demand softens
- De-leveraging and asset sales a major theme through 2009

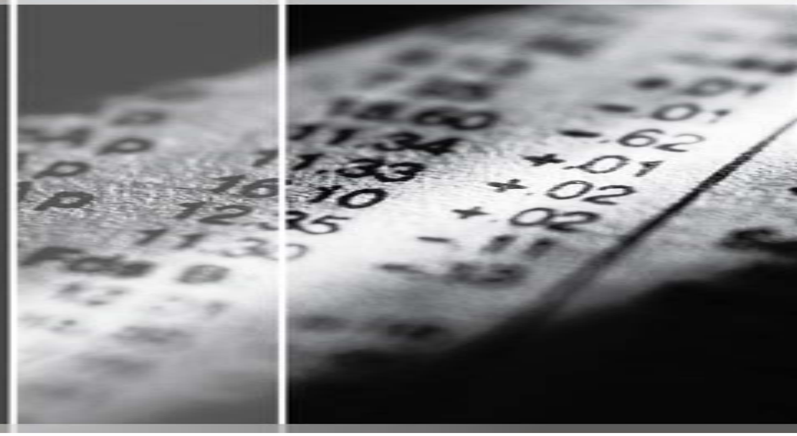
Retail – fixed term European funds

Total FUM: $482.4m

APN Poland Retail Fund	APN Vienna Retail Fund	APN Champion Retail Fund
$113.1m	$215.7m	$153.6m

- APN Poland Retail Fund breached financial covenants. In discussions with bankers.
- APN Vienna Retail Fund and APN Champion Retail Fund have suspended distributions to manage financial covenants
- All properties are performing well at operational level and continue to service all debt requirements.

ASX Listed Property Trust (AEZ)



AEZ - Gearing and group interest cover

	31 December 2008 ($m)
Total assets	1,365
Total debt	869
Gearing (debt to total assets)	63.6%
Adjusted look-through assets[1]	1,344
Adjusted look-through debt[1]	872
Look-through gearing	64.8%
Interest cover ratio[2]	1.8 x

Notes

1. Adjustments to reflect AEZ's percentage stake in syndicates (APN Poland Retail Fund, APN Vienna Retail Fund and APN Champion Retail Fund).
2. NPI (including overheads and management fees)/net finance costs excluding amortised borrowing costs

AEZ – current position

- 31 Dec 08 valuations showed 14.3% reduction to $1.281b
- Several loan covenants breached
- Proposals made to affected lenders, under consideration
- ICR covenant levels not breached and comfortable at 1.8 times
- Asset sales underway
- Distributions suspended until further notice
- Longer term solution under review

The Road Ahead for AEZ

- Outlook
  - New AREIT environment, changed investor preferences
  - Europe challenging in the short term
  - Global and European banking systems remain under stress
  - Impact on real economies becoming apparent
- Continuing intensity to property portfolio and income generation
- AEZ's advantages - 99% retail, geographically diversified
- Strategic Review - How to realise inherent value for investors
  - Asset sales
  - Debt re-negotiation
  - Capital restructure
  - M&A
  - Combinations of above

Wholesale funds

APN Development Fund No. 1

- Committed equity of $110 m
- Fund IRR target of 18% remains feasible (current forecast 22%)
- Major projects held in JV's with strong partners (567 Collins Street and South Yarra)
- Graystone continues to produce high quality investment grade developments

The Capitol - South Yarra

APN Development Fund No. 2

- Committed equity of $33 m
- Fund IRR target of 18% remains feasible
- Two projects secured
    - 150 Collins Street, Melb - proposed 18,599 sq m office tower, in final stages of planning approval
    - Industry Village – a staged office / industrial park in Port Melbourne, Vic
- Significant uncommitted equity available ($70 m) with two year time frame to commit

Industry Village – Port Melbourne

150 Collins Street

APN Property Group outlook

APN Property Group outlook

- Difficult operating environment for RE Fund managers
- AEZ immediate priority
- FUM at $3.294 b at 31 Dec 2008.
- Sound balance sheet with cash reserves of $11.8m
- Tight cost control whilst offering new product (AREIT Fund, Deep Value Fund)
- Some P&L stress, monitoring closely
- Internal efficiencies and operations improving
- 5 year plan in final stages of preparation – focus on core competencies and opportunities in changing RE FM landscape
- Continue to build cash reserves in APD due to uncertain outlook and possible opportunities.
- No interim distribution to be paid

Building cash reserves for future opportunities

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Building income on property

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Appendix 1 – APN Managed Funds

Market		Fund	Type of fund	FUM $m at 12/08	Maximum LVR %	Current LVR %	Debt Maturity
Retail	Open ended continuous issuer funds						
	1	APN A-REIT Fund	Australian Property Securities	Launched 19th January 2009			
	2	APN Property for Income Fund	Australian Property Securities	667	Nil	Nil	Nil
	3	APN Property for Income Fund 2	Australian Property Securities	284	Nil	Nil	Nil
	4	APN International Property for Income Fund	International Property Securities	26	Nil	Nil	Nil
	5	APN Direct Property Fund	Direct Property	88	65%	62%	12/2011 & 09/2010
	6	APN Diversified Fund	Umbrella Fund investing in Funds 3,4,5,7	34[1]	Nil	Nil	Nil
	7	APN Euro Property Fund	Umbrella Fund investing in Funds 11,12,13	9[1]	Nil	Nil	Nil
	Fixed term Australian syndicates						
	8	APN National Storage Property Trust	Direct Property	298	65%	64%[2]	09/2010
	9	APN Property Plus Portfolio (operating to 06/2012)	Direct Property	88	65%	65%	10/2012
	10	APN Retirement Properties Fund (operating to 12/2008)	Direct Property	37	50%	26%	06/2013
	Fixed term European syndicates						
	11	APN/UKA Vienna Retail Fund (operating to 09/2013)	International Direct Property	216	75.75%	75.6%	09/2013
	12	APN/UKA Poland Retail Fund (operating to 12/2011)	International Direct Property	113	61.0%	66.7%	12/2011
	13	APN Champion Retail Fund(operating to 10/2013)	International Direct Property	153	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 12/08	Maximum LVR %	Current LVR %	Debt Maturity
Institutions/ Retail	Listed Property Trusts						
	14	APN/UKA European Retail Property Group (ASX: AEZ)	International Direct Property	1,126	note3	note3	note3
	15	APN Regional Property Fund (BSX)	Direct Property	75	65.0%	65.0%	10/2009
Wholesale (Super & Industry Funds)	Wholesale						
	16	APN Development Fund No. 1	Development	90[4]	70.0%	46.0%[5]	Project finance
	17	APN Development Fund No. 2	Development	33[4]	70.0%	34.0%[5]	Project finance
Total				3,337			

3. Refer AEZ investor presentation dated 25 February 2009
4. Based on invested rather than committed capital
5. Full compliance with constitution and loan facilities