

APN | Property Group

AGM
Thursday 22 November 2012
Commencing 10.00 am

Westin Hotel
205 Collins Street
Melbourne Vic 3000

Order of Proceedings

APN Property Group Limited
Annual General Meeting – Thursday 22 November 2012 at 10.00 am

Order of Proceedings

- Introduction** Good morning Ladies and Gentlemen and welcome to the eighth Annual General Meeting of APN Property Group Limited. As it is now 10:00 am and we have a quorum present, I have pleasure in declaring the meeting open.
- My name is Chris Aylward and I am the Chairman of APN Property Group Limited.
- Introduce Directors** I would like to commence by introducing my fellow Directors:
- **Mr David Blight**, Group Managing Director;
 - **Mr Clive Appleton**, Executive Director;
 - **Mr Howard Brenchley**, Executive Director; and
 - **Mr John Freemantle**, Company Secretary.
- Apology** ▪ Apologies have been received from Mr John Lim who is unable to join us here today.
- Introduce Advisors** Also present in the audience today is:
- Mr Tony Macvean from our legal advisor, Hall & Wilcox who is available to assist in answering any technical legal questions concerning the business of the meeting.
 - Our auditor, Mr Neil Brown from Deloitte Touche Tohmatsu who is available to answer questions about the audit of the Accounts; and
 - Link Market Services, our share registry, who will supervise the conduct of the poll, if one is required during the meeting. They are represented today by Ms Julie Stokes
- Notice of Meeting** The Notice of Annual General Meeting, which includes four items of business, has been sent to all shareholders, and with your agreement, I propose to take it as read.
- Minutes of Previous Meeting** The last meeting of members was held on 21st November 2011.
- The minutes of this meeting have been signed as a correct record and the Company Secretary will make them available to any member who wishes to inspect them.

Introduce Managing Director

The purpose of this meeting is to review the financial year ended June 2012 and to give you the opportunity to discuss the affairs of the Company. There are also a number of resolutions which are important for the effective running of the company.

I would like to start by calling on the Group Managing Director, Mr David Blight to provide his address on the results and outlook for our company.

[David to lectern]

Group Managing Director's Address

Ladies and gentlemen, I'd like to present to you the results of a challenging 2012 financial year.

[Power Point Presentation – refer appendix]

[Chris to lectern]

Chairman Comments

Thank you David.

Ladies and Gentlemen, I'm sure you appreciate the continuing challenges in the business today. However, as David has indicated, the business is in good shape and financially sound. It has dealt with the significant issues arising from the GFC, has a strong management platform in place, no debt and access to capital to finance growth opportunities.

We continue to seek new opportunities in a market that is showing some indications of stabilising

In the short term however, we remain cautious about forecasting earnings growth. Revenues from Funds under Management remain flat with the prospect for further decline. The team is however, working hard to secure opportunities that will enhance the revenue line.

In recent years we have been able to pay a modest dividend. We are hopeful that this can be maintained but no decision will be taken until later in the year.

As always, I'd like to acknowledge my fellow directors, all our staff and advisors who have supported APN during the past 12 months. Their efforts during this time have been considerable and should be appreciated.

I'd also like to acknowledge, you the shareholders. Your support of APN through these times is important and we hope we can reward your patience very soon.

Conclude Address Thank you for your attention ladies and gentlemen. I will now move to the formal matters of the meeting.

Ordinary Business The first item of business is

Item 1 *“To receive and consider the Financial Report, the Directors’ Report and the Auditor’s Report, each for the financial year ended 30 June 2012.”*

Financial Statements and Reports

Ladies and gentlemen this item of business does not require a vote; however, the reports are open for discussion. If you have any questions or comments relating to this item, please raise your yellow admission card. Would you please begin by stating your name clearly.

[Questions / Discussion]

If there are no [further] questions, as this matter does not require a vote, we will move to the next item of business.

Item 2 Item 2 is the adoption of the remuneration report contained in the 2012 Annual Report.

Remuneration Report
(pp 26 - 37 Annual Report)

The Corporations Act requires the preparation of a remuneration report and that a resolution be put to members that the remuneration report be adopted.

Voting on the resolution is not binding on the company or the directors. However, the board takes seriously the views of members on this matter and will be given proper consideration when we review our remuneration practices and policies.

In fact the Board is currently considering new compensation arrangements for the Group Managing Director and key executives, which reflect the current state of the business and earnings growth objectives. We expect to convene another meeting of shareholders early in 2013 to consider new recommendations.

The resolution is documented in the Notice of Meeting and shown on the screen behind me.

Does any shareholder wish to speak in relation to the resolution or ask any questions?

If you do, please raise your yellow admission card and when called upon, please begin by stating your name clearly.

[Questions / Discussion]

Proxies

For this resolution, proxy instructions have been received by the secretary. A summary of these instructions is set out on the screen behind me *[refer appendix]*.

Any open proxies that I hold will be voted in favour of this resolution, as indicated in the Notice of Meeting and the Proxy Form.

Put to Vote

I now put to the meeting the resolution that the Remuneration Report be adopted.

Item 3

The next item is the re-election of Director.

Re-election of Directors

I am pleased to propose the re-election of Mr Howard Brenchley as set out in the Notice of Meeting and shown on the screen behind me.

Re-election of Howard Brenchley

Mr Brenchley has been a director of the Company since its incorporation in 2004 and of other APN Group companies since 1998.

Mr Brenchley has had a high profile as a property trust industry investor, researcher and commentator for over 25 years. Prior to joining APN Funds Management in 1998, Mr Brenchley was research director of Property Investment Research Pty Limited, an independent Australian research company, specialising in the property trust sector.

Mr Brenchley has been primarily responsible for the development of APN's retail funds management business and its suite of funds. He continues to oversee all investment strategy, product management and product development for APN's retail funds.

Mr Brenchley is a member of the Board of Advisers of the Victorian Branch of the Property Industry Foundation, the Chair of the Property Council of Australia Victorian International Capital Markets Division and Vice Chair of the Property Council of Australia National International Capital Markets Division.

Does any shareholder wish to speak in relation to the resolution or ask any questions?

[Questions / Discussion]

Proxies

For this resolution, proxy instructions have been received by the secretary. A summary of these instructions is set out on the screen behind me *[refer appendix]*.

I intend to vote all open proxies that I hold in favour of the resolution.

Put to Vote

I now put to the meeting the resolution to re-elect Mr Brenchley as a Director of the Company

Item 4

Special resolution for the issue of equity securities up to 10% of shares on issue.

We now move to the special resolution for the approval of the issue of Equity Securities totalling up to 10% of the Shares on issue.

It should be noted that the issue of new units is not presently intended. However, your approval today will ensure that the company maximises its flexibility to raise capital in order to respond quickly to new opportunities.

Your approval will enable the issue of up to 10% of issued capital of the Company in the 12 month period following the annual general meeting, in addition to the 15% annual placement capacity granted under ASX Listing Rule 7.1.

The resolution is documented in the Notice of Meeting and shown on the screen behind me.

Does any shareholder wish to speak in relation to the resolution or ask any questions?

[Questions / Discussion]

Proxies

For this resolution, proxy instructions have been received by the secretary. A summary of these instructions is set out on the screen behind me *[refer appendix]*.

I intend to vote all open proxies that I hold in favour of the resolution.

Put to Vote I now put to the meeting the special resolution for the issue of equity securities up to 10% of the Shares on issue

[Requires 75% of those voting to vote in favour]

General Business Ladies and Gentlemen, this completes the formal business of the meeting.

However, as I indicated earlier, I would be happy to take any general questions you may have.

[Questions]

Meeting Close If there are no further questions, I will close the meeting.

Thank you for your attendance today and to those shareholders who participated by proxy. The Directors would be pleased if you would join them for light refreshments and an opportunity to ask additional questions.



APN | Property Group

2012 Annual General Meeting

Westin Hotel, 205 Collins Street
Melbourne, Victoria

Thursday, 22 November 2012

2012 Overview

- Modest financial performance in FY12 in a very tough environment
- Last of the significant GFC issues dealt to, with:
 - European issues resolved; and
 - Property for Income fund(s) liquidity resolved
- Acquired healthcare real estate management platform. Rebranded and positioned for growth
- APN AREIT Fund now dominating sector inflows (\$74m net in FY12)
- Cost base further reduced
- Clear and focussed strategy

Results summary

Profit and loss

- Operating profit of \$3.1m, similar to FY11
- Statutory profit after tax of \$2.2m
- Dividends per share of 1.25 cents, in line with FY11
- Funds under management \$2.1bn
- 88% of revenue “annuity style”

Balance Sheet

- Sound balance sheet, with no debt
- Cash reserves of \$10.6m
- NTA 18 cents per unit

APN Group is in a sound financial position, largely stabilised and positioned for growth

Financial highlights	FY2012	FY2011
Revenue total (\$'000)	19,612	20,970
Operating profit after tax (\$'000)	3,050	3,044
Statutory profit (loss) after tax (\$'000)	2,183	(5,297)
Operating EPS (cents per share)	1.96	2.00
Statutory EPS (cents per share)	1.36	(3.88)
Dividends (cents per share)	1.25	1.25
Funds under Management (FuM)	\$2.1 bn	\$2.25 bn

Balance Sheet highlights	FY2012 \$'000	FY2011 \$'000
Tangible assets	36,491	38,056
Intangible assets	2,548	227
Total assets	39,039	38,283
Liabilities*	6,882	6,778
Minority interests	465	-
Net Tangible Assets (NTA)	29,144	31,278
NTA per share	18.0 cents	19.6 cents

* Trade and other payables, tax liability and provisions

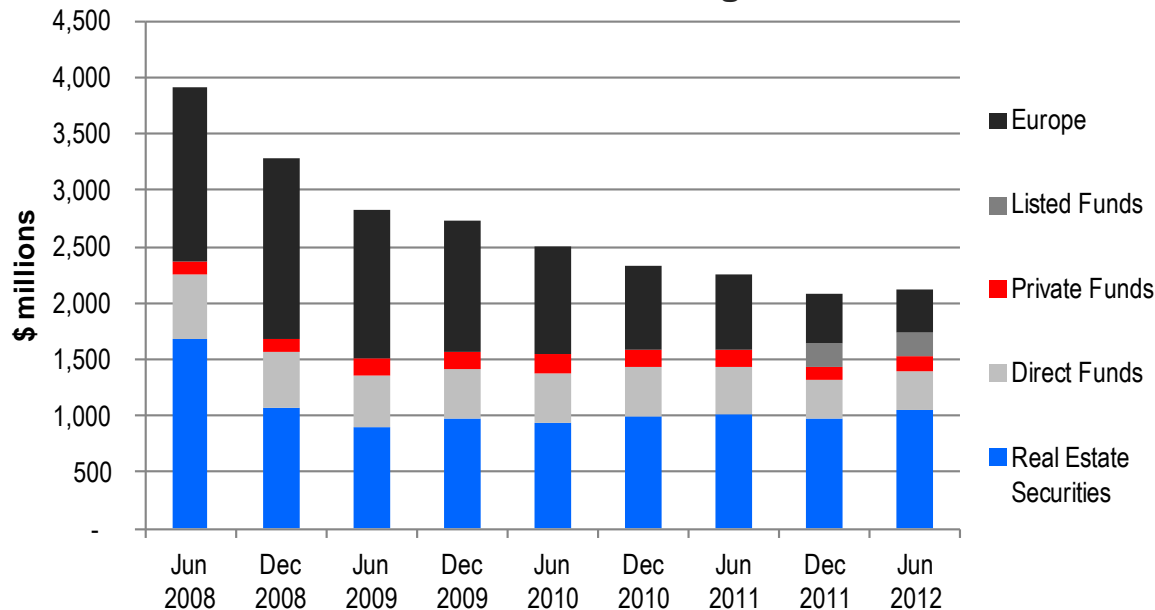
Profit and loss statement

	FY2012 \$000s	FY2011 \$000s
Revenue		
Management and recurring fees	17,225	18,750
Transaction and performance fees	1,980	647
Other revenue	407	1,573
Revenue Total	19,612	20,970
Direct costs	(2,021)	(2,117)
Administrative expenses	(13,886)	(15,216)
FX gains – realised/unrealised	41	119
EBITDA	3,746	3,756
Finance income (net)	645	856
Depreciation and amortisation	(240)	(257)
Income tax expense	(984)	(1,311)
Minority Interest	(117)	-
Operating profit after tax	3,050	3,044
(Loss) from impairment, fair value adjustments and business acquisition costs, after tax	(867)	(8,341)
Statutory profit / (loss) after tax	2,183	(5,297)

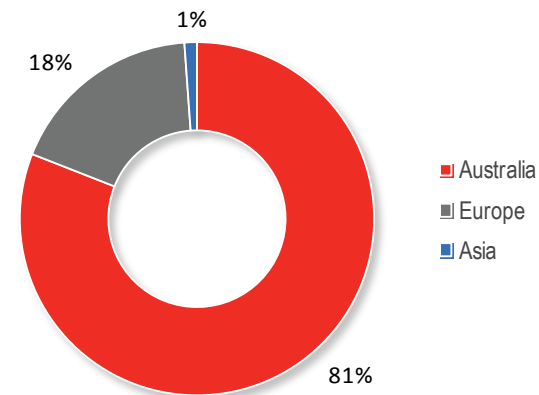
Funds under management

- FuM as at 30 June 2012 of \$2.1b, down from \$2.25b
- FuM contraction in EU somewhat offset by growth in AREIT Fund and inclusion of GHC
- PFIFs' liquidity facility resulted in material outflows in FY13
- 6 funds reaching natural conclusion in coming 18 months, 1 selling portfolio
- APN has \$11.6m co-invested in its managed funds

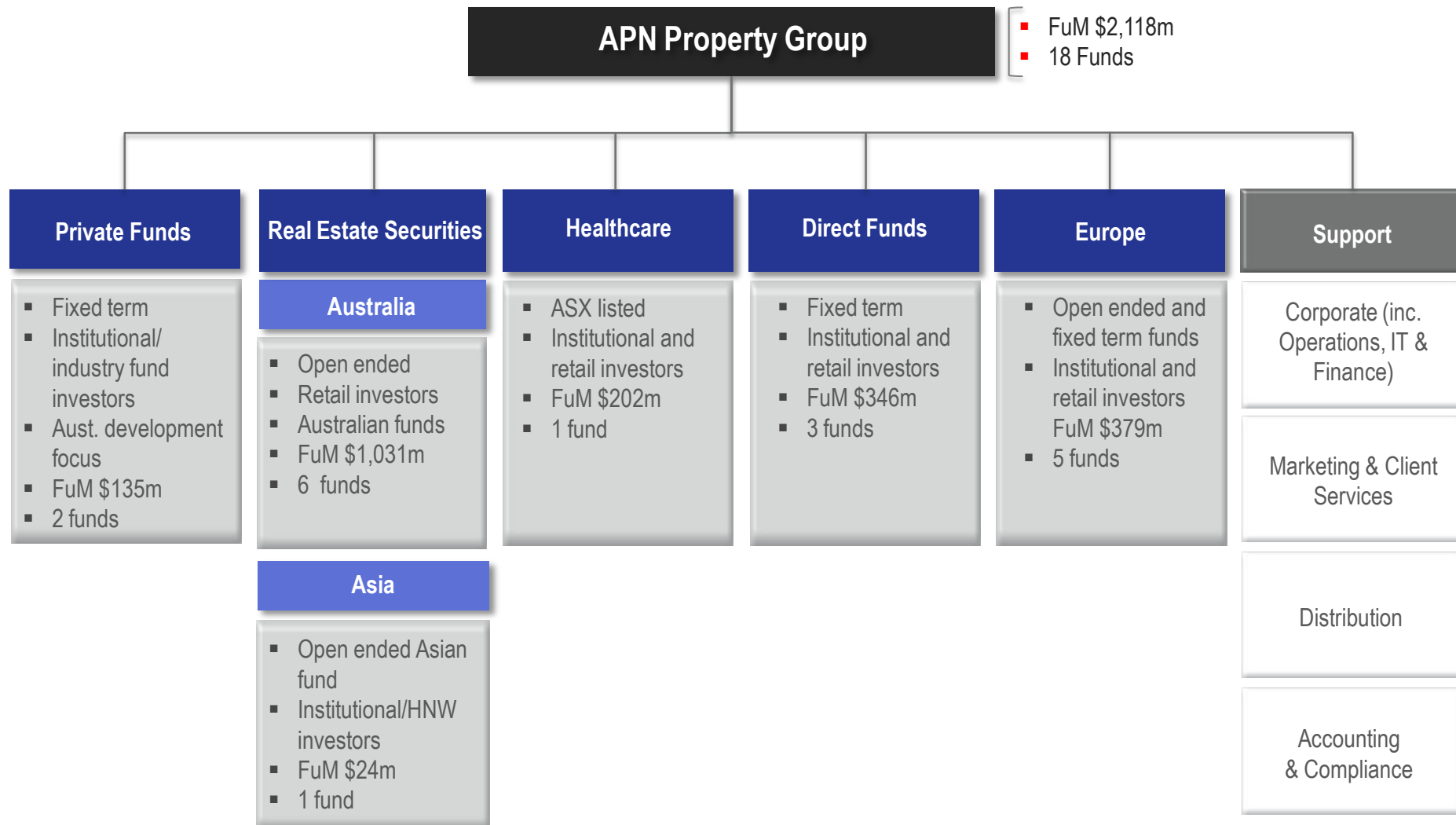
Funds under management



FuM breakdown by geographic region 30 June 2012



Business structure as at 30 June 2012



2012 Achievements

Generation Healthcare REIT

- Acquired ING Real Estate Healthcare Fund in August 2011
- Rebranded to '*Generation Healthcare REIT*'
- Strong FY2012 results - 22% increase in net operating income
- Total return of 11.95% for the 12 months to 30 June 2012



APN AREIT Fund

- FuM in excess of \$300m (31 Oct 2012)
- Ranked as one of Australia's leading property securities funds
- 11.68% total return over 12 months versus the AREIT Index of 10.98% over the same period
- Significant new distribution channels opened (AMP)
- Averaging in excess of \$6 million (net) per month in FY12 (over \$11m per month since)
- Industry recognition:
 - Professional Planner/ Zenith AREIT Fund Manager of the Year 2012 Award
 - Money Magazine's 2012 Best of the Best Award for Best Property Securities Fund for the APN AREIT Fund
 - Gold Medal winner in the category 'Best Property Securities Fund' for the second year running [Magazine award embargoed until 6 Dec]
 - Australian Listed Property Securities Award 2011 (13th annual Australian Fund Manager Awards)
- Independent Research Houses:
 - SQM 'four star' rating; Morningstar 'Silver'; Zenith 'Highly Recommended'; Lonsec 'Recommended'

2012 Achievements

Asia

- Laid foundations for growing Asian REIT product
- AAAIF nominated for single manager long-term performance (3 years) category in the HFM Week Asia Performance Awards 2012
- AAAIF nominated for 'Best Emerging Manager/ Smaller Fund' in Asia Hedge awards
- Asian Income REIT funds (wholesale) launched. Track record being established, launching 1H 2013
- Institutional road show through Europe in October 2012

Dev Fund 2

- 150 Collins St project pre-leased to Westpac for 12 years, pre sold to GPT
- Industry Village progressing well
- Fund on track to deliver excellent result for investors

Property for Income funds

- Funds closed to redemptions October 2008
- Permanent liquidity facility designed, approved and announced in May 2012
- Significant loss of FuM, however, solution well received by advisers/investors and viewed as an industry wide solution

Direct funds

- NSPT sold nine assets (\$65m), reduced debt and increased distributions for investors
- Regional Property Fund liquidity strategy announced
- Property Plus Portfolio: resolution passed at EGM to continue operations/defer termination to 30 June 2015

2012 Achievements

AEZ

- Asset sale and debt repayment well progressed. Expect finalisation in December 2012
- AEZ delisted and wind up on track for finalisation end CY13

Governance

- Independent, Non Executive Director appointed to APNFM Board; Ms Jennifer Horrigan
- Joined the UN-backed Principles for Responsible Investing (PRI), established PRI Policy

Platform

- Business cost base reset to the FuM profile and the economic environment
- Improved “bench strength” with two replacement senior appointments

Marketing

- Successful GHC direct marketing and cross-sales campaign
- Raised profile in Institutional market via presentations and white papers distribution (500+ investors)

New products

- Single asset, closed end syndicate coming to market CY13
- Asian REIT fund CY13

Strategy and outlook

Corporate strategy

- Investment management landscape is extremely challenging – but also provides significant opportunity for growth
- APN is well positioned – legacy issues addressed, sound balance sheet and reputation, access to capital
- Our approach to real estate investment management remains **highly disciplined** and **deep value** driven
- Ongoing focus on **investment performance** and **service** underpins everything we do

APN strategy is clear and focussed – to grow those activities in which it has a competitive advantage



- Real Estate Securities
- Healthcare real estate
- Private Funds

Group strategy

Actively grow

- Private Funds**
- Realisation program for DF1 and DF2
 - Expand distribution and obtain direct wholesale mandates
 - Raise APN profile with Australian and global institutions
 - Leverage ARA relationship
-

- Real Estate Securities - Australia**
- Continue/accelerate AREIT Fund growth
 - Expand distribution channels
 - Fully relieve redemption pressure in PFIFs
-

- Real Estate Securities - Asia**
- Launch Asian REIT Fund
 - Grow AAAIF
 - Leverage ARA partnership
 - Institutional separate account mandates
-

- Healthcare (GHC)**
- Increase EPU and DPU through acquisition and development
 - Optimise portfolio income and capital growth
 - Close gap between share price and NTA

Manage

Direct retail funds

Convert terminating funds to longer term opportunities where possible

Europe

Finalise asset sale program and manage syndicates intensely

Platform

Maintain well resourced platform ready for new business



APN | Property Group

2012 Annual General Meeting
Business of the Meeting

Resolution 1 – Financial Statements and Reports

Resolution

“To receive and consider the Financial Report, the Directors’ Report and the Auditor’s Report, each for the financial year ended 30 June 2012.”

Summary of Proxy Instructions

No Vote Required

Resolution 2 – Adoption of the Remuneration Report

Resolution

“That the Remuneration Report for the financial year ended 30 June 2012 be adopted.”

For	Open	Against	Abstain
42,010,121 94.65%	69,350 0.16%	2,305,183 5.19%	18,000

Resolution 3 – Re-election of Director

Resolution

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

For	Open	Against	Abstain
115,579,641 99.64%	69,350 0.06%	345,298 0.30%	3,000

Resolution 4 – Approve 10% Placement Capacity

Resolution

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

For	Open	Against	Abstain
112,843,806 98.02%	69,350 0.06%	2,213,583 1.92%	870,550