

Annual Results

Financial year ending 30 June 2012

27 August 2012



APN | Property Group



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Results summary

■ Profit and loss

- Operating profit of \$3.1m, similar to FY2011
- Statutory profit after tax of \$2.2m
- Dividends per share of 1.25 cents, in line with FY2011
- Funds under management \$2.1 billion
- 88% of revenue “annuity style”

■ Balance Sheet

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

APN Group is largely stabilised and in a sound financial position. The Group is now 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 billion	2.25 billion

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

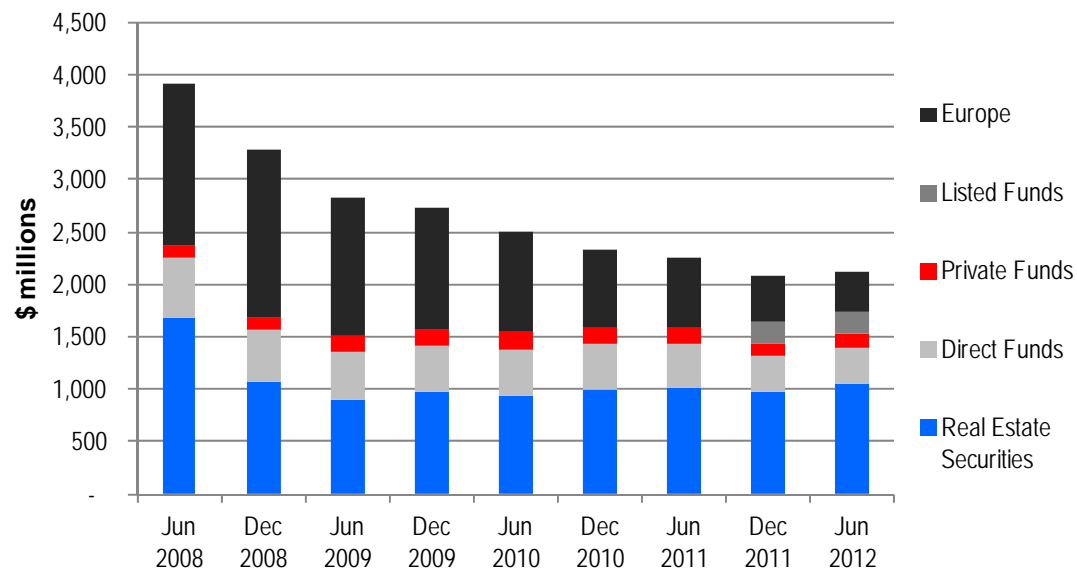
* Trade and other payables, tax liability and provisions

FY12 key achievements

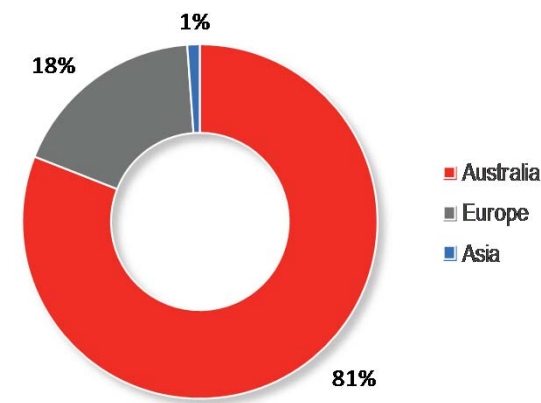
- **Generation Healthcare REIT (GHC)**
 - Acquired management rights to \$200 million ING Real Estate Healthcare Fund in August 2011
 - Rebranded to Generation Healthcare REIT
 - Strong FY2012 financial results - 22% increase in net operating income
 - Total return of 12.57% for the 12 months v S&P/ASX 300 Property Trust Accumulation Index of 10.98%
- **Accelerated growth of APN AREIT Fund**
 - Now ranked as one of Australia's leading property securities funds
 - Consistently ranks in the top two positions for inflows on Australia's leading platforms, averaging in excess of \$6 million per month
 - FuM in excess of \$250 million as at 31 July 2012
- **PFIFs liquidity facility**
 - Permanent liquidity facility announced in May 2012
 - Investors can redeem the vast majority of their investment in cash each quarter
 - Favourable reaction from the market
- **150 Collins Street sold to GPT Wholesale Office Fund (GWOFF)**
 - GWOFF to fund the completion of the project through progress payments
 - APN and Grocon to deliver the project as joint project developers
 - Excellent outcome for APN Development Fund No.2 investors

Funds under management

- FuM as at 30 June 2012 of \$2.1b, down from \$2.25b
- FuM contraction in EU largely offset by continued growth in AREIT Fund and inclusion of GHC
- PFIFs' liquidity facility may result in material outflows in FY13
- APN's core funds/businesses continue to perform well
- APN has \$11.6m co-invested in its managed funds

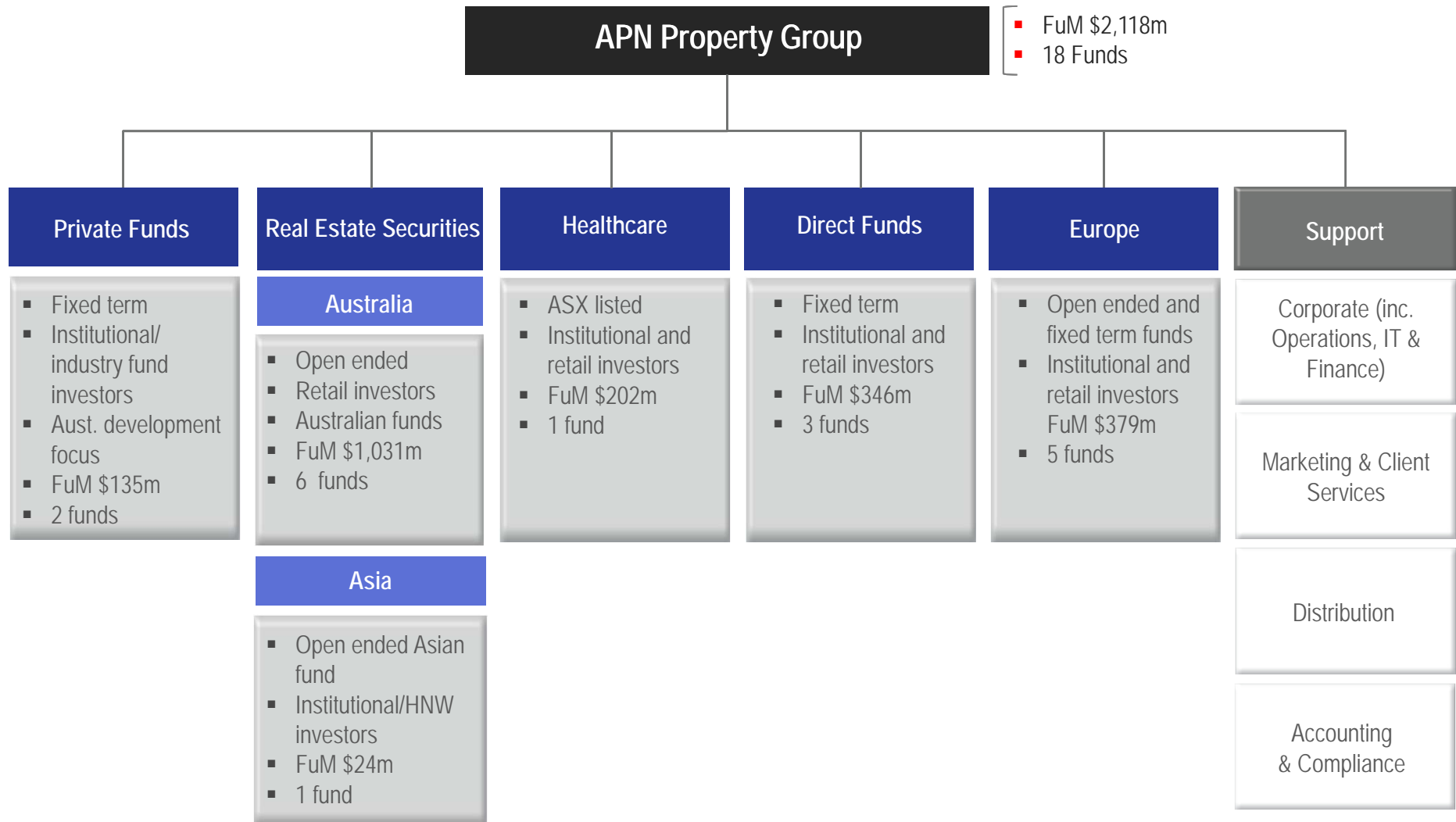


FuM breakdown by geographic region
30 June 2012



FuM stabilising as wind down of European funds nears completion

Business structure



Corporate strategy

APN is focussed on growing its activities in which it has a competitive advantage – Real Estate Securities, Healthcare real estate and Private Funds. Our approach to real estate investment management remains highly disciplined and deep value driven.

- **Australasian real estate securities** – expand management platform – M&A opportunities and organic growth
- **Private funds** – expand offering of selected opportunities for institutional, HNW and retail investors
- **Healthcare** – seek growth opportunities that add value to the fund
- **M&A opportunities** – examine all opportunities to acquire management rights
- **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

Product strategy

Private Funds

- Complete realisation program for DF1 and DF2
- Target joint venture and separate account, direct property mandates
- Raise APN profile progressively with Australian and global institutional investors
- Expand distribution reach and obtain direct wholesale mandates

Real Estate Securities

Australia

- Continue/accelerate AREIT Fund growth
- Expand distribution channels including institutional separate accounts
- Relieve redemption pressure in PFIFs

Asia

- Grow AAAIF
- Institutional separate account mandates/commingled funds
- Leverage ARA partnership

Healthcare

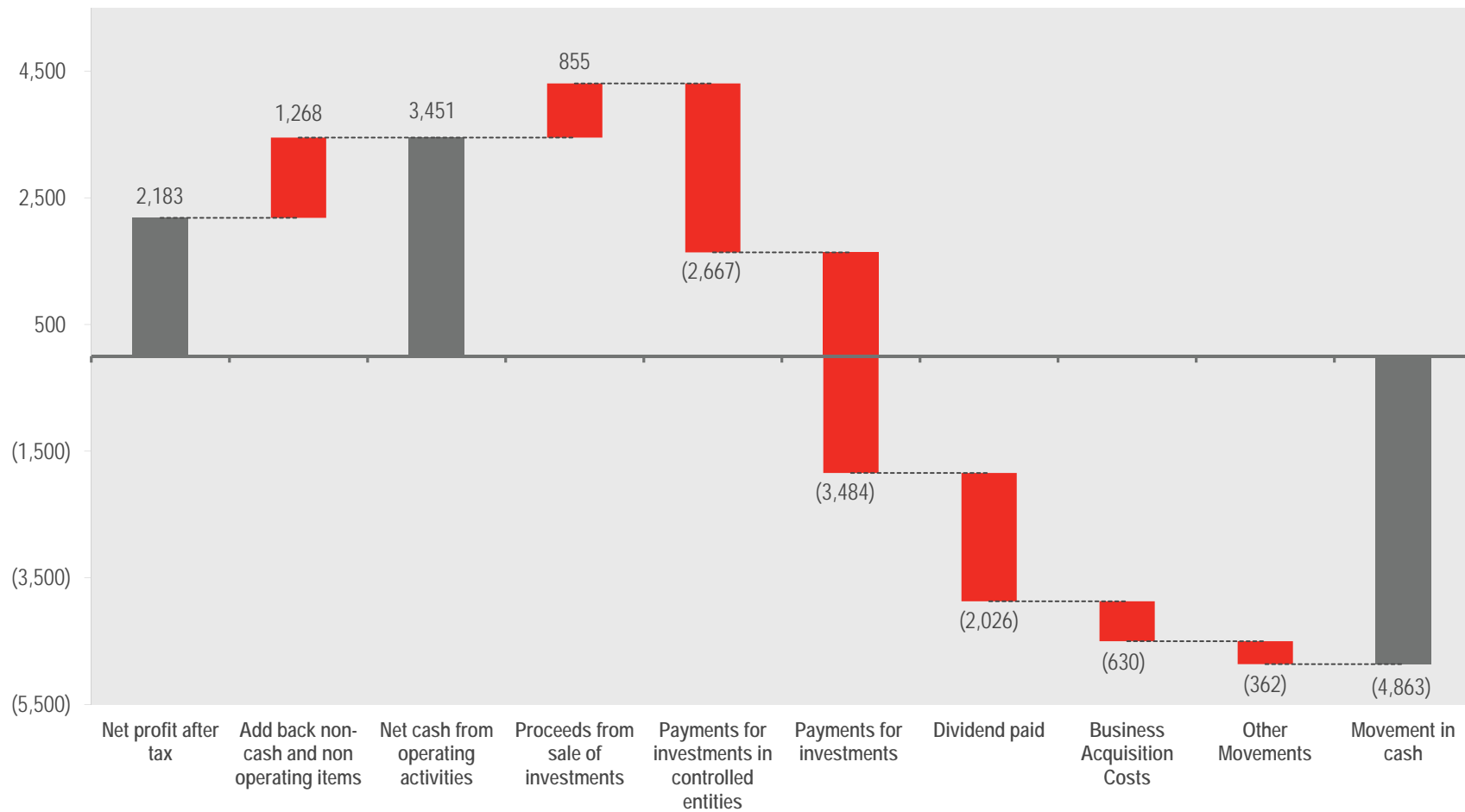
- Optimise income and capital growth of existing portfolio
- Increase EPU and DPU through acquisition and development
- Close gap between share price and NTA

Profit and loss statement for the year ended 30 June 2012

	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)

Reconciliation of operating profit to cash flow

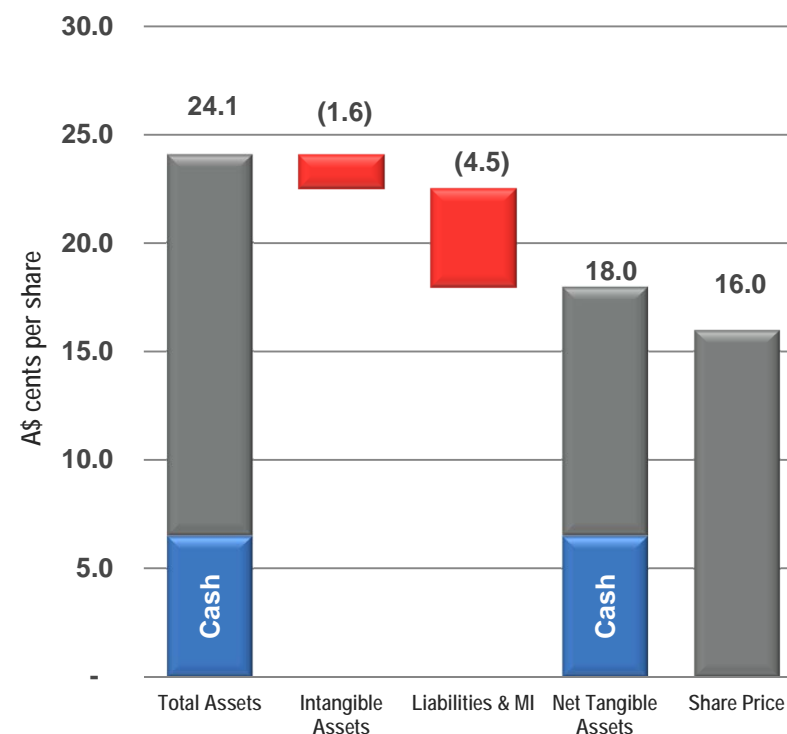
Movement in net cash



Balance sheet as at 30 June 2012

	FY2012	FY2011
	\$'000	\$'000
Cash and cash equivalents	10,552	15,415
Trade and other receivables	6,185	6,318
Other financial assets	11,625	8,614
Other assets	913	1,082
Total current assets	29,275	31,429
Intangible assets	2,548	227
Deferred tax assets	6,752	6,094
Other assets	463	577
Total non-current assets	9,764	6,898
Total assets	39,039	38,327
Trade and other payables	4,117	4,119
Current tax liabilities	129	44
Provisions	1,833	691
Total current liabilities	6,079	4,854
Total non-current liabilities	803	1,968
Total liabilities	6,882	6,882
Net assets	32,157	31,505
Minority Interests (MI)	465	-
Net Assets less MI	31,692	31,505
Net Asset value (cps)	19.6	19.7
Net tangible assets (cps)	18.0	19.6

NTA backing per share June 2012



Notes

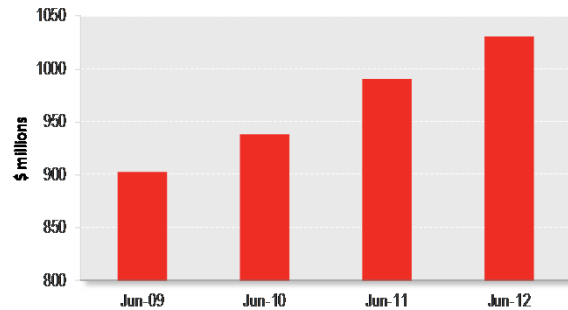
1. APN share price information at market close 30 June 2012



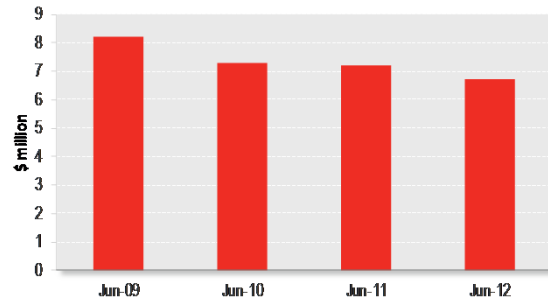
Business segment analysis

Real Estate Securities – Australia

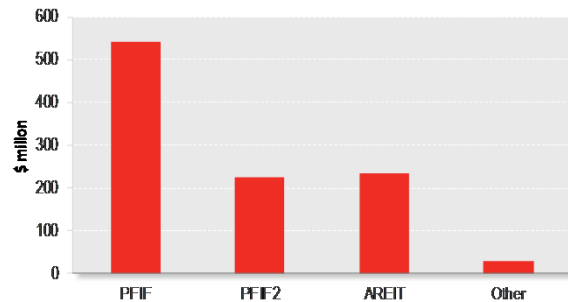
FUM



Annuity Style Revenue



June 2012 FUM breakdown by fund



APN AREIT Fund	<ul style="list-style-type: none"> Net inflows \$74 million for FY12 Net inflows since inception (January 2009) in excess of \$230 million Performance since inception 15.38% pa (versus index of 8.98% pa)¹ Low volatility of returns relative to index 100% liquid Currently yielding 8.7% pa² Highly rated by researchers
APN Property for Income funds	<ul style="list-style-type: none"> Permanent liquidity facility now made available each quarter Funds continue to deliver strong returns, consistently matching or outperforming PDS benchmarks
Other funds	<ul style="list-style-type: none"> Funds terminated Returning capital to investors

Notes

1. To 30 June 2012
2. Based on 30 June 2012 unit price of \$1.1987 versus distribution rate on an annualised basis

Generation Healthcare REIT

- APN appointed responsible entity of the ING Real Estate Healthcare Fund on 12 August 2011
- Fund rebranded to **Generation Healthcare REIT** in September 2011
- Only listed Australian healthcare property fund
- \$202m in funds under management
- Occupancy (by income) 98.6%
- WALE 11.3 years
- Management team joined APN with significant co-investment in the management vehicle
- Attractive sector prospects:
 - Ageing and growing population
 - Technology driving more health solutions
 - Healthcare industry continuing to experience significant growth
 - Direct and indirect Government support
 - High quality tenant universe
 - Long leases with attractive review mechanisms



Key stats

AREIT listed on ASX under code 'GHC'

\$196m in property assets in Victoria & Queensland

Occupancy (by income) 98.6%

WALE 11.3 years

Distribution yield of 8.7% pa¹

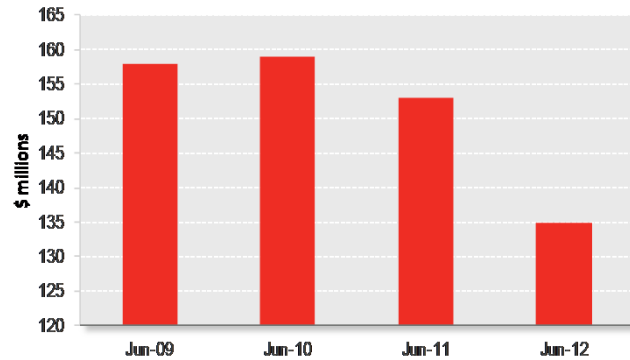
100% tax deferred (for 12 month period ended 30 June 2012)

Notes

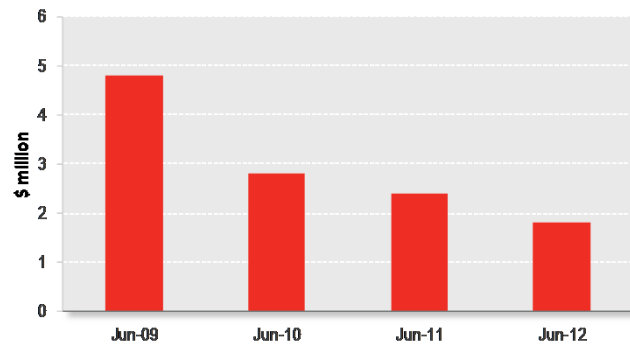
1. Calculated using FY13 DPU guidance of 7.34 cents divided by the GHC security price of **\$0.84** at close of trading on 29 June 2012

Private Funds

FUM



Annuity Style Revenue



APN Development Fund No 1

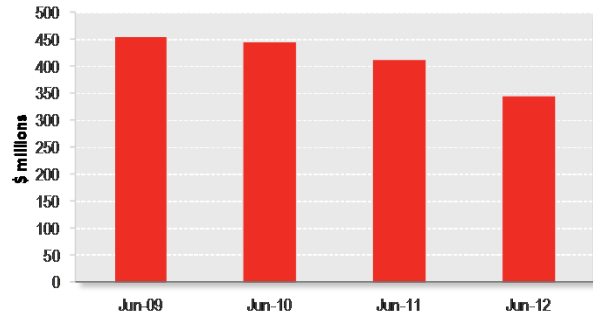
- Fully invested
- Australian institutional investors
- 567 Collins Street, (joint venture with Leighton Properties) a prime development site in the Melbourne CBD with approval for 55,000m² office development. Seeking precommitments
- Graystone Group: a property development and investment company, specialising in business technology park developments in Queensland

APN Development Fund No 2

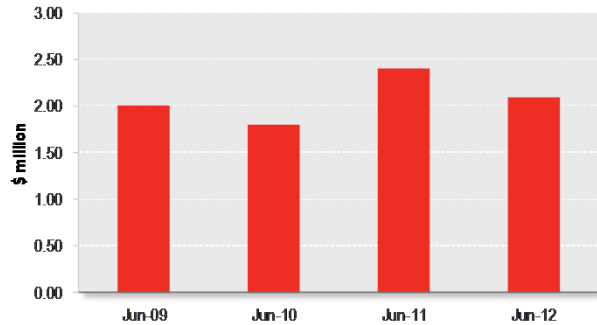
- Fully invested
- Australian institutional investors
- 150 Collins Street, Melbourne: a prime commercial development site in Melbourne CBD with approval for a 20,000m² office development. Construction has commenced with Westpac as anchor tenant
- Industry Village, Port Melbourne: a 3.3ha site located less than 2km from the Melbourne CBD, being subdivided and redeveloped as light industrial and office

Direct Real Estate Funds

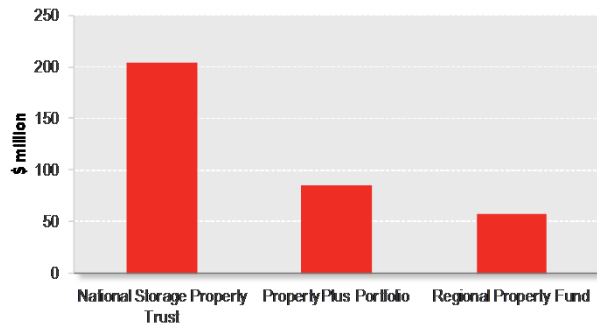
FUM



Annuity Style Revenue



June 2012 FUM Breakdown by fund

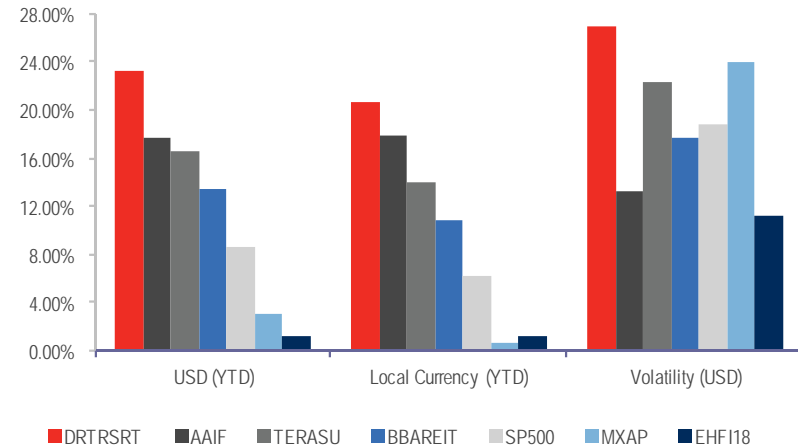


APN National Storage Property Trust	<ul style="list-style-type: none"> ▪ Distributions increased to 6.92 cpu (annualised) ▪ Valuations were flat through period ▪ Assets sold to repay mezzanine debt ▪ Hedging restructured resulting in lower cost of debt
APN Property Plus Portfolio	<ul style="list-style-type: none"> ▪ Fund debt extended to June 2015 subject to final documentation ▪ Asset sale to further reduce debt ▪ Fund asset sale strategy announced
APN Regional Property Fund	<ul style="list-style-type: none"> ▪ Fund debt extended for further three years, subject to final documentation

Real Estate Securities – Asia

- ARA Asian Asset Income Fund
- Institutional / High Net Worth product
- Total return of 13% pa over last 3 years to June 2012
- 100% liquid
- FUM steady since acquisition
- Targeting new investors in FY2013
- Full time team of four personnel
- Singapore office fully integrated with Australian investment team

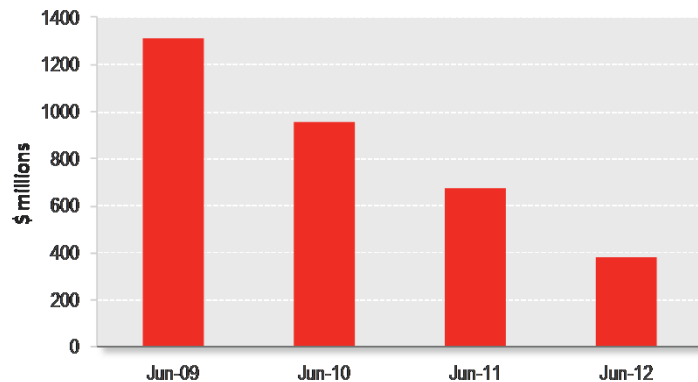
AAAIF performance and volatility comparison relative to selected indexes (August 2012)



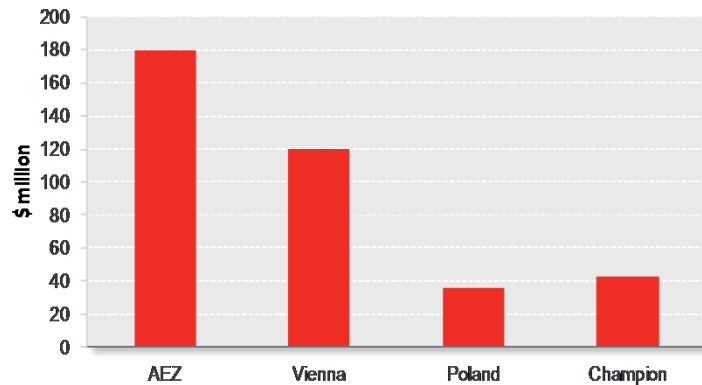
Bloomberg Asia REIT Index (BBAREIT), EPRA Asia REITs Index (TERASU), UBS Singapore REIT Index (DRTRSRT), S&P500 Index (SP500), MSCI Asia Pacific Index (MXAP) and Eurekahedge Asia Long/Short Equities Index (EHF118).

European Real Estate Funds

FUM



June 2012 FUM breakdown by fund



APN European Retail Property Group (AEZ)	<ul style="list-style-type: none"> Asset sale program nearing completion Focus is moving to winding up the structure De-listing scheduled for early September
APN Vienna Retail Fund	<ul style="list-style-type: none"> Shopping Centre Nord continuing to perform relatively well Assessing timing and opportunity to sell asset Fund expiry October 2013
APN Poland Retail Fund	<ul style="list-style-type: none"> Manhattan Shopping Centre trading performance continues to improve Fund expiry extended to December 2013 Terms received for loan facility extension to October 2014
APN Champion Retail Fund	<ul style="list-style-type: none"> Greek market continues to deteriorate Carrefour exited Greece, local JV partner assumed responsibility for leases & operations Negotiations commenced on request to waive LVR breach of loan facility Fund expiry October 2013

Notes

1. Euro Property Fund not shown in FUM breakdown (excluded as cross-investment into European syndicates)

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