

# **APN** | Property Group

**AGM**  
**Wednesday 27 November 2013**  
**Commencing 2.00 pm**

**Westin Hotel**  
**205 Collins Street**  
**Melbourne Vic 3000**

## **Order of Proceedings**

**APN Property Group Limited**  
**Annual General Meeting – Wednesday 27 November 2013 at 2.00 pm**

**Order of Proceedings**

- Introduction** Good morning Ladies and Gentlemen and welcome to the ninth Annual General Meeting of APN Property Group Limited. As it is now 2.00 pm 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 Clive Appleton**, Non - executive Director; and
  - **Mr Howard Brenchley**, Executive Director;
- They are joined by:
- **Mr Tim Slattery**, Director of Corporate Development; 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 22<sup>nd</sup> November 2012.
- 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.

**Presentation of  
FY13 Results and  
Outlook**

The purpose of this meeting is to review the financial year ended June 2013 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 start by calling on Tim Slattery to review the FY13 results and provide an outlook for our company.

*[Tim to lectern]*

*[Power Point Presentation – refer appendix]*

*[Chris to lectern]*

**Conclude Address**

Thank you Tim.

I'd like to conclude this part of the meeting by acknowledging 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 recent times is important and we hope we can reward your patience very soon.

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

**Time for Questions**

Time will be allowed for relevant questions as each item of business is considered by members. Please hold any general questions you may have until after the formal business is completed.

**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 2013.”*

**Financial  
Statements and  
Reports**

Ladies and gentlemen this item of business does not require a vote; however, the reports are open for discussion. If any shareholder has 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 2013 Annual Report.

**Remuneration Report  
(pp 28 - 40  
Annual Report)**

The Corporations Act requires the preparation of a remuneration report and that a resolution is 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 they will be given proper consideration when we review our remuneration practices and policies.

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 Clive Appleton as set out in the Notice of Meeting and shown on the screen behind me.

**Re-election of Clive Appleton**

Clive joined APN Property Group as Managing Director in 2004. From 2008 to December 2012, he was the Executive Director responsible for managing APN's private funds division and in 2013, he became a non-executive Director.

Clive has had a successful career in property and funds management, having worked for some of Australia's leading retail property investment, management and development groups.

Prior to joining the Company, he was the Managing Director of the Gandel Group (1997 - 2004) and between 1990 and 1997 he was the Managing Director of Centro Properties Limited, now Federation Centres.

Clive is a director of Arrow International Group Limited, Aspen Group, Federation Centres and the Gandel Group and a council member of the Cairnmillar Institute. Within the past 3 years, he was also a director of AG Coombs Pty Ltd.

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 resolution to re-elect Mr Appleton as a Director of the Company.

**Item 4**

*[Change slide to Resolution 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.



# 2013 ANNUAL GENERAL MEETING PRESENTATION

Wednesday, 27 November 2013

**APN** | Property Group

# AGENDA

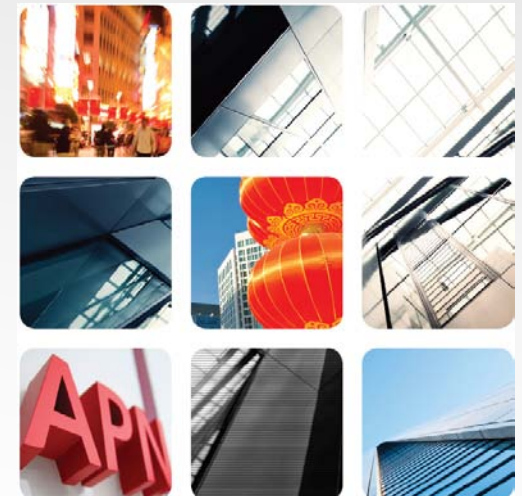
- FY13 highlights
- Financial results summary
- Business highlights and new initiatives
- Strategy, priorities and outlook





# FY13 HIGHLIGHTS

- \$1.7 billion FUM
- \$2.1 million FY13 statutory profit after tax – in line with FY12 (\$2.2 million)
- 1.25 cents per share dividend
- Property for Income funds liquidity solution and Europe exit implemented
- Successfully transitioning to growth mode: three new products launched to market, all receiving 'superior', 'recommended' or higher research ratings
- Continued strong investment performance



# Financial results summary

## Profit and loss

- Statutory profit after tax & MI of \$2.1 million
- Decrease in EBITDA reflects FY12 pre PFIFs liquidity solution and Europe exit
- Dividend stable at 1.25 cents per share
- Funds Under Management \$1.7 billion

## Balance sheet

- No debt
- Cash reserves of \$7.4 million (\$2.5 million currently required for AFSL licence)
- Asset backing: NTA (ex DTA) 13.3 cents per share

## Cash flow

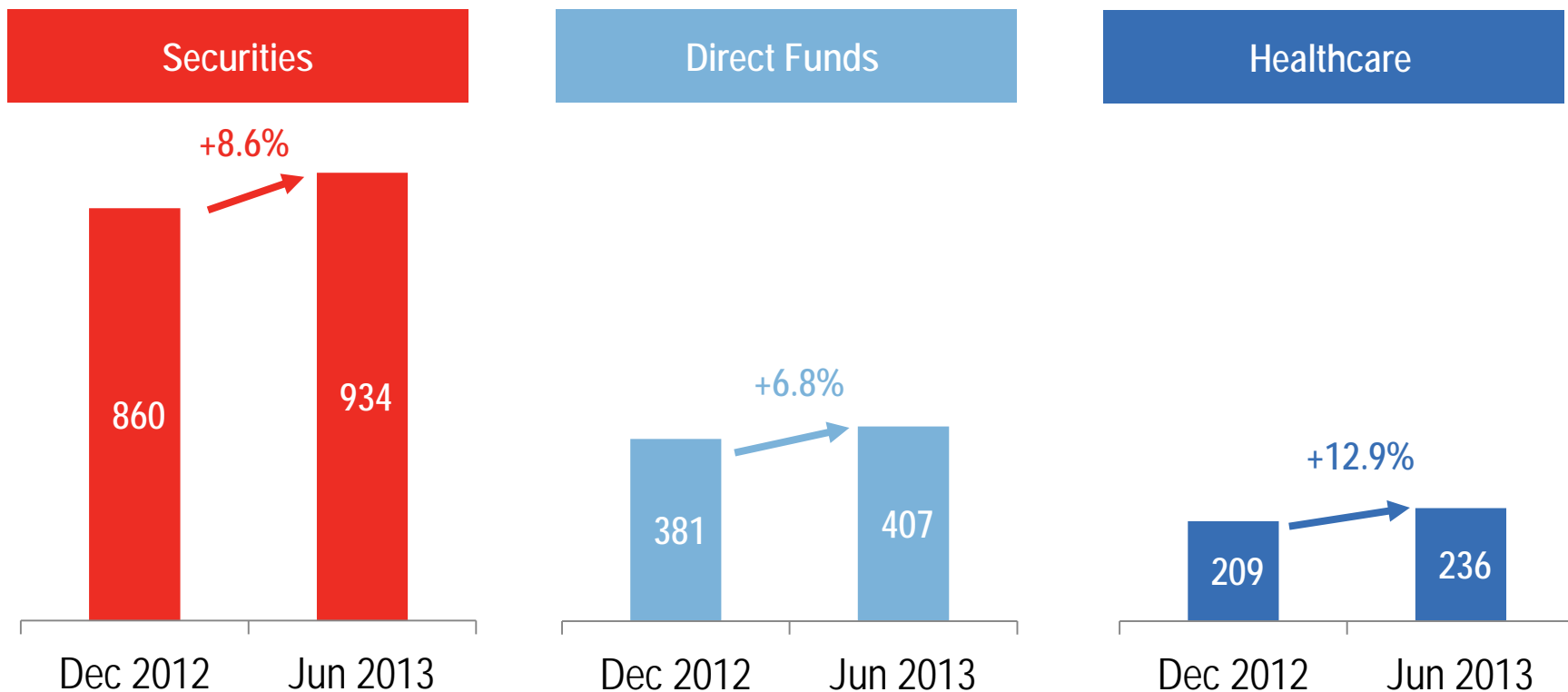
- \$1.8 million cash flow from operating activities

Financial highlights (\$000)	30 June 13	30 June 12
Revenue total	18,537	19,612
EBITDA	2,120	3,746
Statutory profit after tax	2,063	2,183
Statutory EPS (cents per share)	1.28	1.36
Dividends (cents per share)	1.25	1.25

Balance Sheet highlights (\$000)	30 June 13	30 June 12
Cash	7,409	10,552
Deferred tax assets (DTA)	6,385	6,752
Tangible assets (ex DTA)	21,492	19,186
Intangible assets	2,441	2,548
Total assets	37,727	39,038
Trade and other payables, tax & provisions	6,608	6,881
Minority interests	748	465
Net Tangible Assets (ex DTA)	21,545	22,392
NTA (ex DTA) per share	13.3 cents	13.8 cents

# Funds under management (ex-Europe) (A\$m)<sup>1</sup>



*FUM across the group increased 6.7%<sup>1</sup> over the half – with good growth across all three divisions*

<sup>1</sup> FUM increased 8.8% Ex Europe since December 2012; decreased 18.2% (including Europe) and 9.3% (Ex Europe) since June 2012.

# BUSINESS HIGHLIGHTS AND NEW INITIATIVES



# APN 541 St Kilda Road Fund

- New unlisted syndicate fund launched in February 2013
- 9.00% initial forecast distribution yield
- Monthly distributions
- \$28m commercial office building leased to SEEK Ltd until November 2017
- 8,229 sqm NLA
- Acquired on \$3,400 per sqm NLA (below APN estimated replacement cost)
- 45% gearing
- Settled 10 May 2013
- 'Superior' research rating
- Strong support showed by investors, including cornerstone investors
- Asset strategy being implemented successfully with occupancy increased from 80% to 97% since acquisition

The graphic is a promotional flyer for the APN 541 St Kilda Road Fund. It features a dark background with a blue header and footer. The top right corner has a blue box with the text 'Initial forecast distribution yield of 9.00% pa' and a small image of a modern office building. The main text in the center reads 'APN 541 St Kilda Road Fund' and 'An opportunity to invest in a well leased, high quality office building in one of Australia's leading non-CBD office markets'. Below this is a list of key features: 'Single asset, closed-end unlisted property fund', 'Initial forecast distribution yield of 9.00% pa', 'Aims to deliver stable income and capital growth', '6 year fixed investment term', and '70% leased to SEEK Limited'. The bottom section shows a photograph of the office building's entrance with a large '541' sign and a red canopy. The footer includes 'Fund overview' and 'APN | Property Group'.

**APN 541 St Kilda Road Fund**  
APN 100 546 529

**Initial forecast distribution yield of 9.00% pa**

**An opportunity** to invest in a well leased, high quality office building in one of Australia's leading non-CBD office markets

- Single asset, closed-end unlisted property fund
- Initial forecast distribution yield of 9.00% pa
- Aims to deliver stable income and capital growth
- 6 year fixed investment term
- 70% leased to SEEK Limited

**4**  
SQM research

**541**

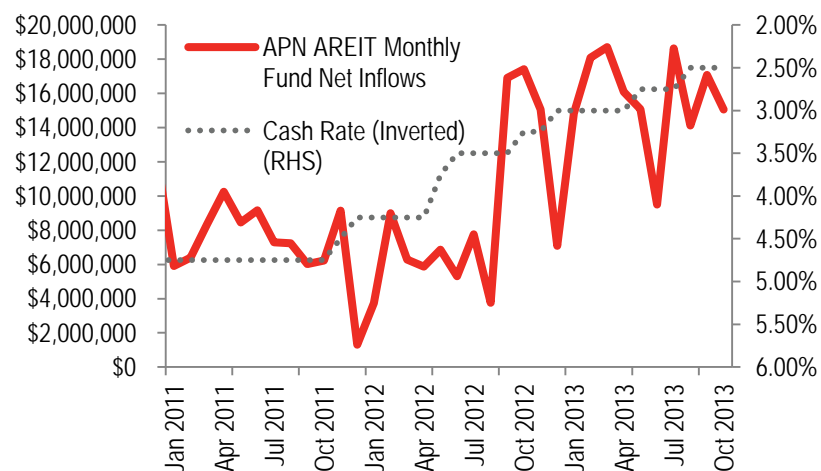
Fund overview **APN | Property Group**

1. The forecast yield is subject to various assumptions and property, financing and other general risks as set out in the PDS. Any forecast distributions are not guaranteed. Please refer to the Product Disclosure Statement for further details. The Product Disclosure Statement can be downloaded from [www.apngroup.com.au](http://www.apngroup.com.au) or a hard copy can be obtained free of charge by contacting us on 1800 004 000.

# APN AREIT Fund

- Rated as one of Australia's leading property securities funds
- Focussed on generating consistent income returns by actively managing a portfolio of high yielding AREITs with lower risk than the market
- Consistently ranks in the top two positions for inflows on Australia's leading platforms
- FUM now excess of \$500 million
- Over \$160 million in net inflows in FY13

Inflows linked to interest rates...



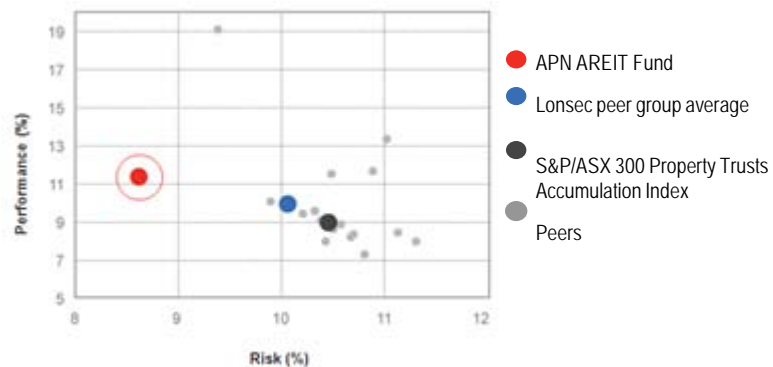
Source: APN, IRESS

With strong support from the market ...



As a result of excellent risk-adjusted performance ...

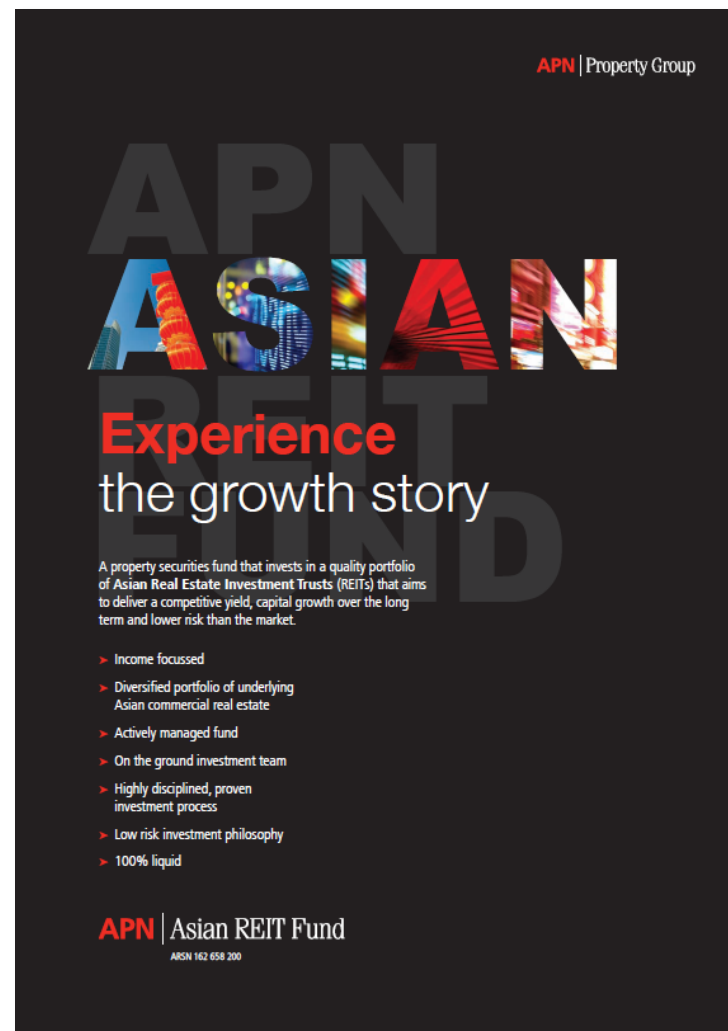
APN vs AREIT Index and Lonsec peers over three years



Source: Lonsec, as at 31 may 2013

# APN Asian REIT Fund

- New fund, launched March 2013 investing in Asian listed Real Estate Investment Trusts (REITs)
- 'Recommended' ratings achieved from Lonsec and Zenith
- Inclusion on two major wraps to date
- Modelled on successful APN AREIT Fund
- Income focused with capital growth
- Provides access to Asian REITs
- Leverages APN's:
  - Asian platform and Singapore-based REIT analyst team
  - proven investment process
  - distribution platform



APN | Property Group

# APN ASIAN REIT FUND

**Experience**  
the growth story

A property securities fund that invests in a quality portfolio of Asian Real Estate Investment Trusts (REITs) that aims to deliver a competitive yield, capital growth over the long term and lower risk than the market.

- > Income focussed
- > Diversified portfolio of underlying Asian commercial real estate
- > Actively managed fund
- > On the ground investment team
- > Highly disciplined, proven investment process
- > Low risk investment philosophy
- > 100% liquid

APN | Asian REIT Fund  
ARSN 162 658 200

# Generation Healthcare REIT

- Underlying<sup>1</sup> net operating income was \$6.79 million up 33%, with strong like-for-like rental growth of 8.4%
- Distributions paid totaled 7.34 cpu (up 10% on FY12 and a 93% payout ratio to underlying net operating income)
- FY13 total return of 37.2% significantly outperformed the S&P/ASX300 Property Trust Accumulation Index which delivered 24.0%
- Completed acquisition during FY13 of:
  - a quality rehabilitation hospital in Sydney, NSW for \$20 million, financed by a successful \$23.1 million equity raising at \$0.97 per unit
  - a 12,200sqm strategic development site in Casey, Victoria
  - a strategic land parcel adjacent to Frankston Private
- Strong start to FY14 as announced on 13 November 2013:
  - Commencement of the \$19.0m Casey stage 1 project
  - Launch of \$18.0m institutional placement and unitholder purchase plan at \$1.14 per unit;
  - Enhanced debt terms; and
  - Upgrade to FY14 underlying Net Operating Income and Distribution guidance.

<sup>1</sup> Excludes any performance fee paid or payable to the Manager during the year



## Key highlights<sup>2</sup>

AREIT listed on ASX under code 'GHC'

FUM of \$236 million with property assets in Victoria, NSW and Queensland

Occupancy (by income) 99.1%

WALE 11.9 years

Distribution yield of 6.7% pa<sup>3</sup>

Attractive tax deferred component

2. As at 30 June 2013 unless stated otherwise
3. Calculated by dividing the FY14 DPU guidance of 8.00 cpu over the closing unit price of \$1.19 on 25 November 2013



Westmead Rehabilitation Hospital



# New ASX-listed REIT



## INDUSTRIAREIT

An APN Property Group fund

- Workspace focussed portfolio of established and high quality industrial, technology park and business park assets located throughout Australia
- Strong equity investor demand, with IPO fully underwritten by Macquarie and UBS
- Management fees of 0.55% of gross asset value, expense reimbursement and rights to provide property management services at market rates
- Subject to approvals and conditions including AWPf6 unitholder approval (2 December 2013)
- APN intends to hold an initial strategic stake of 5% (the Co-Investment), which together with funds managed by APN FM will result in a total Group holding of ~15%

Key metrics	
Number of properties	18
Investment property value (as at 30 Sept 2013)	\$378m
Market capitalisation at offer price	\$250m
Forecast annualised distribution yield (FY14)	8.2%
Initial gearing	33.8%
Weighted average lease expiry (by area)	5.8 years
Occupancy (by area)	97.2%

## Equity raising update

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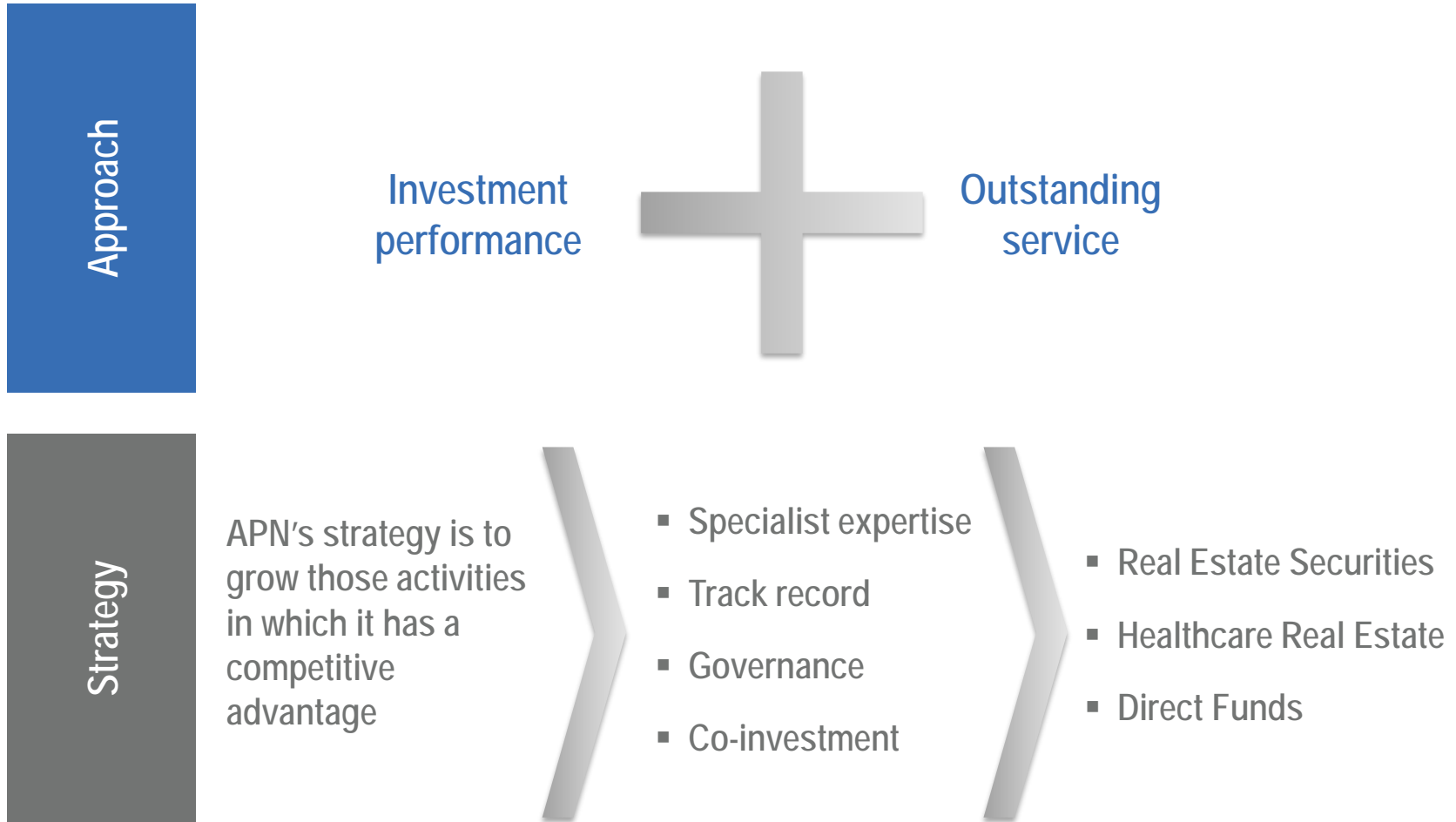
- APN is raising \$16.1m through the issue of ordinary shares in APN to fund the acquisition of the Industria co-investment stake and other transaction costs
- Offer structure designed to provide all investors with an opportunity to participate as well as introducing new institutional investors to the register
- Fully underwritten equity raising:
  - \$8.0 million conditional placement to new and existing institutional investors (**Placement**); and
  - \$8.1 million unconditional 1 for 5 pro-rata non-renounceable entitlement offer (**Entitlement Offer**)
- Issue price of \$0.25 per New Share, representing a 10.7% discount to the closing price on 25 October 2013
- The Placement is conditional upon Australand Wholesale Property Fund No. 6 (**AWPF6**) unitholders approving the stapling and replacement of responsible entity of AWPF6 on or around 2 December 2013 in connection with the Industria REIT IPO
- Strong support demonstrated with the Placement completed and significant take up to date under the Entitlement Offer

# STRATEGY, PRIORITIES & OUTLOOK



# Approach and strategy

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# Priorities for FY14

*Our approach, focusing on investment performance and outstanding service, remains unchanged*

Business	Healthcare	<div data-bbox="767 382 1280 464" style="background-color: red; color: white; text-align: center; padding: 5px;">Securities</div> <div data-bbox="767 485 1012 564" style="background-color: red; color: white; text-align: center; padding: 5px;">Australia</div> <div data-bbox="1031 485 1280 564" style="background-color: red; color: white; text-align: center; padding: 5px;">Asia</div>	Direct Funds
Priorities	<ul style="list-style-type: none"> <li>▪ Continue to grow GHC through active management and appropriate value-adding transactions</li> </ul>	<ul style="list-style-type: none"> <li>▪ Develop and implement revised marketing plans for AAAIF and Asia and Asia Pacific REIT Funds</li> <li>▪ Develop wholesale investment strategy for Asian Real Estate Securities</li> </ul>	<ul style="list-style-type: none"> <li>▪ 541 St Kilda Road</li> <li>▪ New syndicate opportunities</li> <li>▪ New REIT</li> </ul>
Area	Corporate	Distribution, Marketing & Investor Services	Accounting, Compliance, IT
Priorities	<ul style="list-style-type: none"> <li>▪ Support the above priorities</li> <li>▪ Continuing evaluation of M&amp;A and new project opportunities</li> <li>▪ Institutional equity raising</li> </ul>	<ul style="list-style-type: none"> <li>▪ Build SMSF / direct distribution channel</li> <li>▪ Maintain and develop existing channels</li> <li>▪ Build institutional relationships / distribution capacity</li> </ul>	<ul style="list-style-type: none"> <li>▪ Maintain our high standards, identify any efficiencies</li> <li>▪ Support growth of the business</li> </ul>

# Market position

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1

Established funds management business with strong track record

2

Well developed, deep, retail distribution channel demonstrating significant capital raising capability

3

Specialist co-investing real estate investment manager

4

No debt

5

Successfully transitioning to real growth opportunities across Healthcare, Real Estate Securities and Direct Funds

6

Leveraged to improving real estate investment management market

# Outlook

- Successfully transitioning into growth mode with new management structure and team
- Three quality established businesses
- Attractive investment opportunities available – the need to differentiate between markets and assets remains unchanged
- Continued ability to deliver value through active management continues to exist
- Quality property investments proving attractive for income-focused investors
- Multiple attractive, value-creating opportunities are currently being progressed
- Set for growth

A specialist real estate investment manager



2013 ANNUAL GENERAL MEETING  
BUSINESS OF THE MEETING

**APN** | Property Group



# Resolution 1 – Financial Statements and Reports

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## Resolution

“To receive and consider the Financial Report, the Directors’ Report and the Auditor’s Report, each for the financial year ended 30 June 2013.”

## Summary of Proxy Instructions

No Vote Required

## Resolution 2 – Adoption of the Remuneration Report

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### Resolution

“That the Remuneration Report for the financial year ended 30 June 2013 be adopted.”

### Summary of Proxy Instructions

For	Open	Against	Abstain
20,046,466	184,853	711,426	53,000
95.72%	0.88%	3.40%	

## Resolution 3 – Re-election of Director

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### Resolution

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

### Summary of Proxy Instructions

For	Open	Against	Abstain
103,395,993 99.67%	184,853 0.18%	152,730 0.15%	33,000

## Resolution 4 – Approve 10% Placement Capacity

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### 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.”

### Summary of Proxy Instructions

For	Open	Against	Abstain
102,961,543 99.31%	184,853 0.18%	526,180 0.51%	94,000