

FY2017 RESULTS PRESENTATION

24 AUGUST 2017

www.apngroup.com.au
ASX Code: APD

APN | Property Group

Overview

Overview

Philosophy

Approach

Business Model

**APN PROPERTY GROUP IS A SPECIALIST REAL ESTATE INVESTMENT MANAGER:
COMMERCIAL PROPERTY**

PROPERTY FOR **INCOME**

INVESTMENT
PERFORMANCE



OUTSTANDING
SERVICE

MANAGEMENT FEES



CO-INVESTMENT
INCOME



WesTrac Tomago, Newcastle NSW – Industria REIT



Puma Rutherford, NSW – Convenience Retail REIT



Coburg Hill Shopping Centre, Coburg North VIC

Overview

As at 30 June 2017



- ▶ Established 1996
- ▶ 12 Funds, 100 properties¹
- ▶ 45 Staff, Melbourne based
- ▶ Office, industrial, retail and other real estate investments
- ▶ Multiple strategies across listed and unlisted funds, direct and indirect (listed property securities) and institutional and retail investors

1. Includes \$113 million of asset acquisitions not complete at balance date but scheduled to settle before 31 October 2017 by Convenience Retail REIT (CRR) (as outlined in CRR PDS).

2. Proforma FuM excludes funds that form part of Convenience Retail REIT (APN Retail Property Fund and APN Property Plus Portfolio)

FY2017 Achievements

OPERATING EARNINGS¹	\$7.3 million ▲ 95% (2.35 cents per share (cps) ²)
FUM	\$2.6 billion ³ ▲ 19%
TOTAL SHAREHOLDER RETURN⁴	1 year: 22.9% 3 years: 33.3% pa
DIVIDENDS	2.00 cps fully franked ▲ 14% Interim: 1.25 cps Final: 0.75 cps
BALANCE SHEET	NTA: 35.1 cps Cash: \$18.6 million



Puma Kempsey South, NSW – Convenience Retail REIT



WesTrac 1-3 Westrac Dr, Tomago NSW – Industria REIT

1. Operating earnings is an unaudited after tax metric used by management as the key performance measurement of underlying performance of the Group. It adjusts statutory profit for certain non-operating items recorded in the income statement including minority interests, discontinued operations (Europe and Healthcare), business development expenses and realised / unrealised fair value movements on the Group's co-investments and investment properties.
2. Proforma Operating EPS on a diluted basis with adjustment for statutory accounting treatment of special dividend paid in period – refer below and Note 15 of financial statements for details and reconciliation.
3. Includes \$113 million of asset acquisitions not complete at balance date but scheduled to settle before 31 October 2017 by Convenience Retail REIT (CRR) (as outlined in CRR PDS). Excluding this FuM would be \$2.5 billion and growth for the year would be 14%.
4. Per annum as at 30 June 2017. Includes reinvestment of dividends at market price on dividend payment date and divisor adjustment for standardised calculation where required
5. Includes cash held in trust for underlying funds managed by the Group of \$0.6 million and \$5.0 million for AFS Licences.

FY2017 Achievements – continued

- ✓ Strong risk adjusted returns
 - Securities, Industria and Direct Funds
 - Modest debt levels across funds
- ✓ Launch of \$109 million¹ pre-IPO APN Retail Property Fund (Direct Division)
- ✓ Industria REIT asset and portfolio performance
 - Asset management drives over 24,000 sqm of leasing
 - First major acquisition: \$159 million acquisition of WesTrac
 - NTA increased 23.6%
- ✓ Convenience Retail REIT IPO: new \$308 million ASX listed fund (post balance date)
- ✓ Expanded equity raising channels
 - New wholesale channel – over \$9 million pm (six months to June 2017)
 - Offshore: New NZ domiciled AREIT PIE fund launched
 - AREIT strategy: FY2017 net inflows \$202 million
- ✓ Sold balance sheet assets Nowra Service Centre and 7-Eleven Eagleby and at premiums of 9.6% and 36.4% to acquisition prices respectively

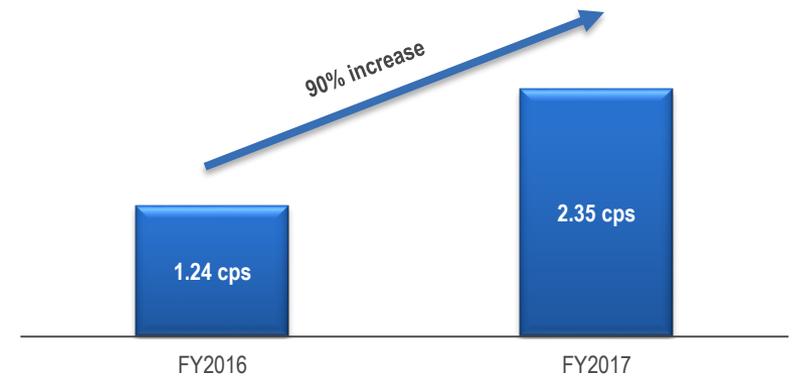


1. FuM as at 30 June 2017

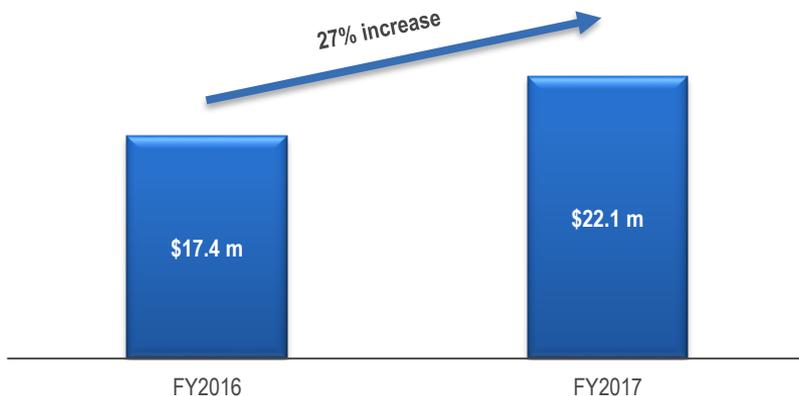
FY2017 Results Overview

- Strong growth across funds management fees and co-investment income
- Earnings growth being delivered from execution of plan and increasing platform scale
- 96% income from recurring sources
- Significant increase in Operating EPS¹ – excludes favourable mark to market movements on investments

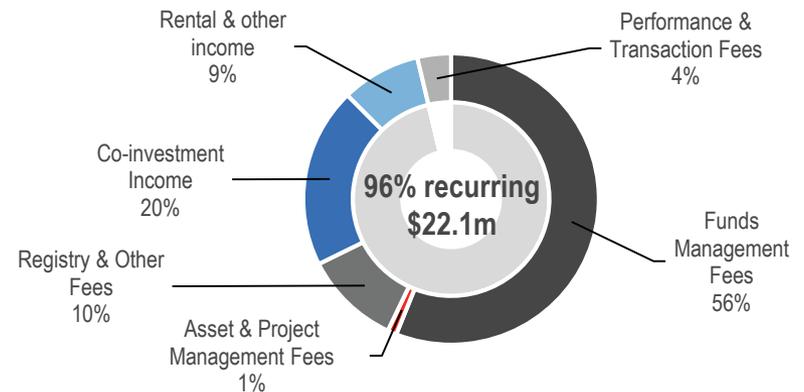
Operating EPS¹



Recurring Income Growth (see bottom right)



FY2017 Net Income Breakdown



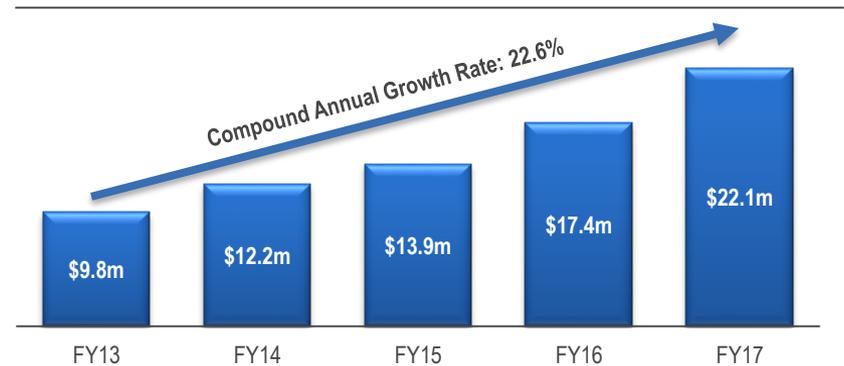
1. Proforma Operating Earnings after tax per share – key profitability measures refer below for reconciliation to statutory EPS.

Achieving sustained growth in key financial metrics

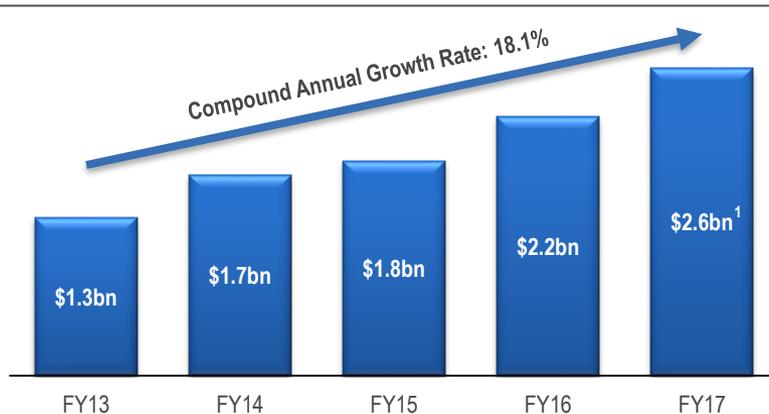
From continuing operations only; removes Healthcare division for all time periods

- Consistent growth in key metrics at attractive rates
- Demonstrable success of business model
- Growth achieved with appropriate levels of risk

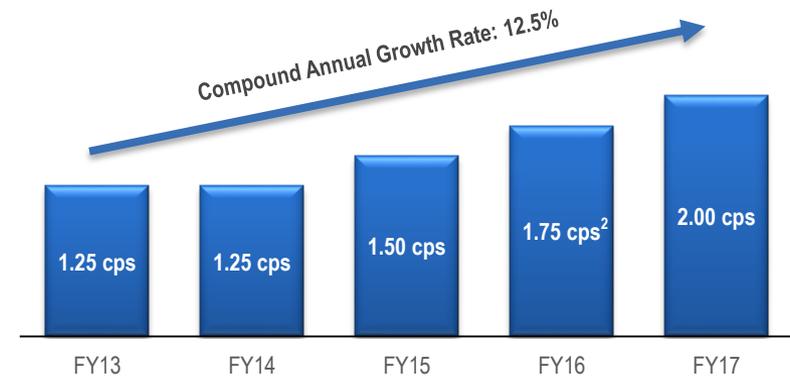
Recurring Income Growth



Funds Under Management



Dividends



1. Includes \$113 million of asset acquisitions not complete at balance date but scheduled to settle before 31 October 2017 by Convenience Retail REIT (CRR) (as outlined in CRR PDS).

2. Excludes special dividend of 10 cps

Income statement

- Funds management fees up 19% to \$12.9 million
- Asset & PM fees increased due to fund leasing activity
- Co-investment income (not including mark to market gains) up 65% to \$4.6 million
- Employment costs up 14% due to investment in people, new resources in direct and LTI plan (earnings up 95% after these costs)
- Occupancy costs decreased following renegotiation and extension of office lease
 - 45% reduction in footprint
 - Retain office at 101 Collins Street
 - Extended expiry date to 2024
- Proforma Operating EPS³ of 2.35 cents up 90% (refer appendix for detail)

\$000s	FY2017	FY2016	Change
Funds management fees	12,873	10,797	▲ 19%
Performance & transaction fees	845	931	▼ 9%
Asset & project management fees	229	(171)	▲ 234%
Registry & other fees	2,433	2,477	▼ 2%
Total Net Funds Management Income	16,380	14,034	▲ 17%
Co-investment income	4,590	2,787	▲ 65%
Rental and other property related income	1,997	1,552	▲ 29%
Total Net Income	22,967	18,373	▲ 25%
Employment costs	(8,922)	(7,807)	▲ 14%
Occupancy costs	(578)	(1,043)	▼ 45%
Sales and marketing costs	(763)	(736)	▲ 4%
Other costs	(2,046)	(2,352)	▼ 13%
Depreciation & amortisation	(155)	(159)	▼ 3%
Finance income/(expense)	134	(966)	▲ 114%
Operating earnings before tax	10,637	5,310	▲ 100%
Income tax expense	(3,317)	(1,558)	▲ 113%
Operating earnings (after tax and MI)¹	7,320	3,752	▲ 95%
Other non-operating activities ² after tax & MI	3,313	3,534	▼ 6%
Loss from discont. operations after tax & MI	58	42,384	▼ 100%
Statutory profit after tax & MI	10,691	49,670	▼ 78%
Key performance metrics (cents per share)			
EPS – Operating Earnings (statutory)	1.67	1.24	▲ 35%
EPS – Operating Earnings (proforma) ³	2.35	1.24	▲ 90%

1. Operating earnings is an unaudited after tax metric used by management as the key performance measurement of underlying performance of the Group. It adjusts statutory profit for certain non-operating items recorded in the income statement including minority interests, discontinued operations (Europe and Healthcare), business development expenses and realised / unrealised fair value movements on the Group's co-investments and investment properties.

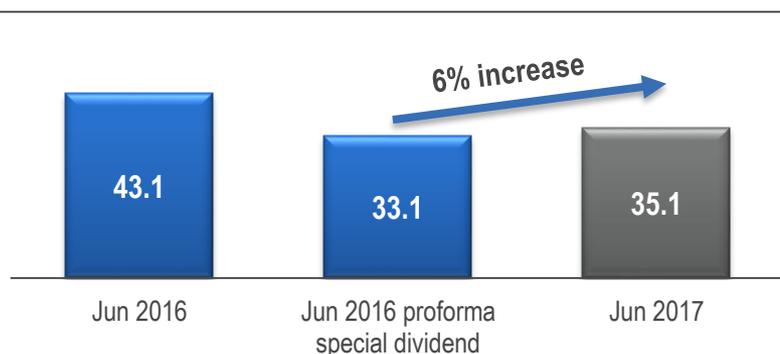
2. Non-operating activities include business development expenses and realised / unrealised fair value movements on the Group's co-investments and investment properties.

3. Operating earnings, after tax and MI, diluted basis, with proforma adjustments to reflect accounting treatment of special dividend. Refer Appendix and Note 15 of the financial statements for details and reconciliation.

Balance sheet

- Cash of \$18.6 million includes \$5.0 million for AFS Licence¹
- Cash change reflects transaction relating to settlement of healthcare division sale, special and ordinary dividends (\$36.9 million), repayment of corporate loan (\$15 million) and settlement of consideration payable to non-controlling interests
- Co-investments \$77.8 million includes \$60.9m in IDR at \$2.29 per security (June 2017 closing price) – IDR NTA now \$2.57
- Investment properties comprises Woolworths / HCG South Nowra (valued at 7.0% cap rate with 14 years WALE guaranteed by Woolworths)
- Borrowings limited in recourse to investment properties
- Net tangible assets \$110.1 million (35.1 cents per share)

NTA per share (cents)

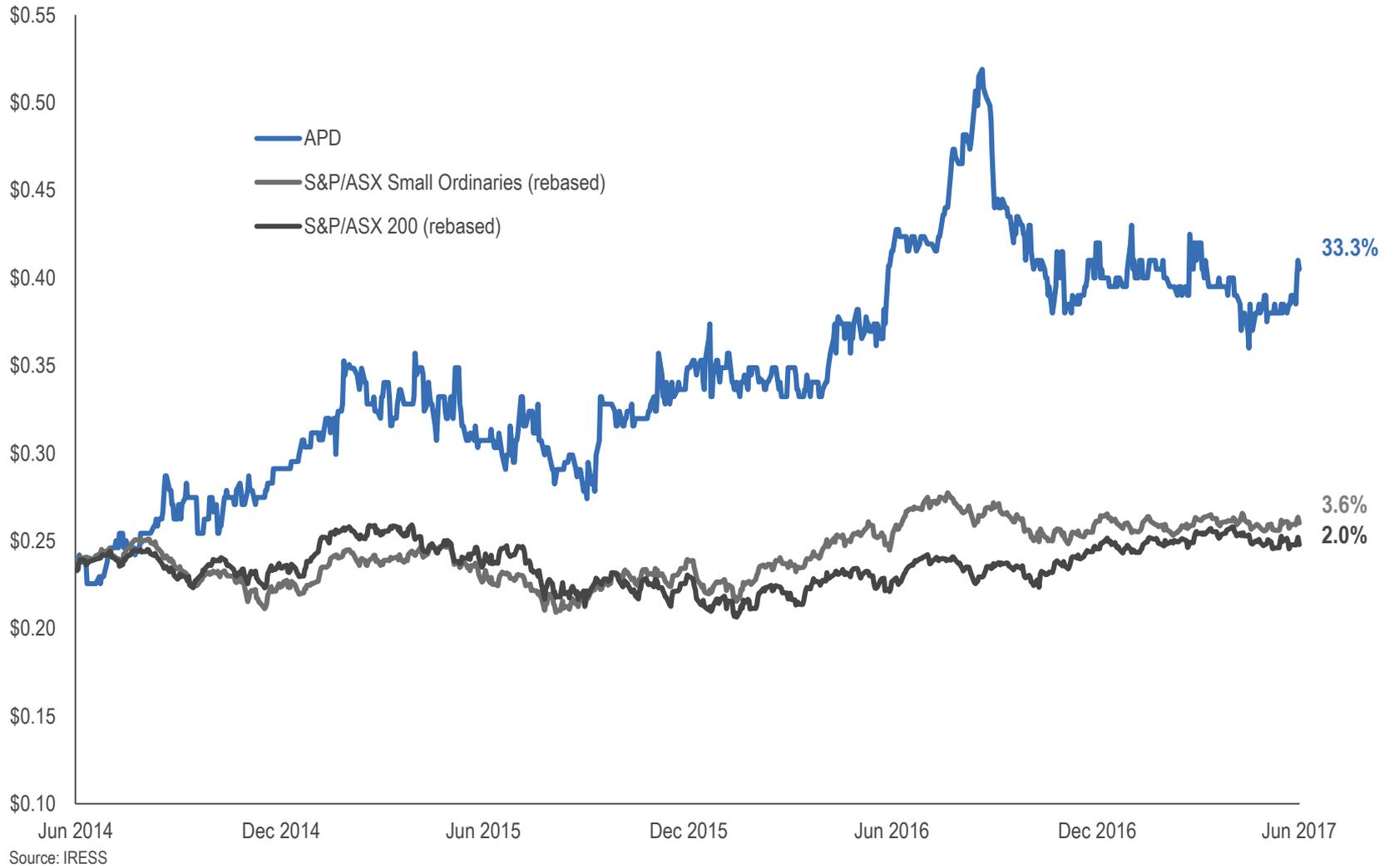


\$000s	June 2017	June 2016	Change
Cash ¹	18,640	72,031 ▼	74%
Co-investments	77,820	106,914 ▼	27%
Investment properties	24,200	38,050 ▼	36%
Other assets	8,961	13,029 ▼	31%
Intangible assets & deferred tax asset	1,758	1,760	-
Total assets	131,379	231,784 ▼	43%
Trade payables, tax, provisions & MI	9,065	58,325 ▼	84%
Borrowings	10,456	36,408 ▼	71%
Net Assets	111,858	137,051 ▼	18%
Net Tangible Assets	110,100	135,291 ▼	19%
NTA per share	35.1 cents	43.1 cents ▼	19%

¹ Includes cash held in trust for underlying funds managed by the Group of \$0.6 million (June 2016: Includes cash held in trust for underlying funds managed by the Group of \$1.2 million and consideration received in cash payable to non-controlling interest of \$22.0 million)

Share price performance to 30 June 2017

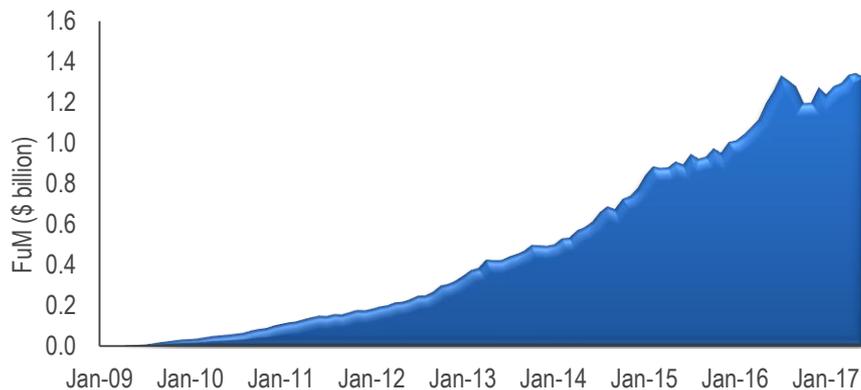
3 year share price performance, figures annualised



Real Estate Securities

- \$202 million in net inflows into AREIT strategy - \$17 million per month average
- Wholesale mandate strategy growing, net inflows of \$57 million received 2nd half FY2017 (included above)
- AREIT Fund distribution yield of ~6.37%¹ pa paid monthly
- Expanded offshore product accessibility via launch of the New Zealand APN AREIT PIE Fund
- Multiple awards, strong research ratings

APN AREIT strategy growth since inception (includes wholesale mandates)



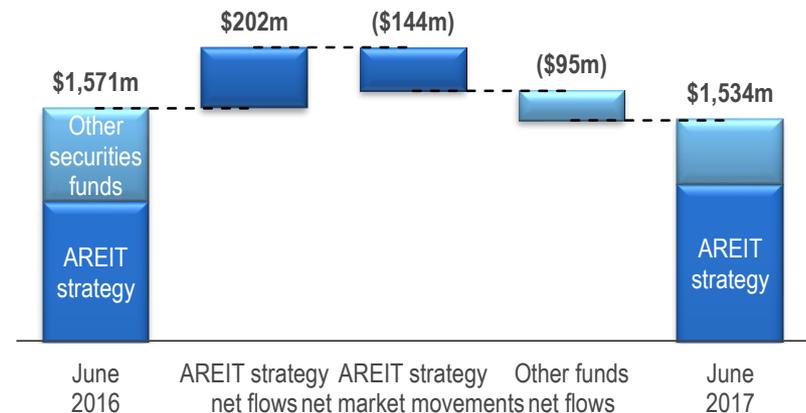
Source: APN

1. As at 30 June 2017 assuming entry price of \$1.6377 and monthly distributions of 0.8694 cents (annualised)

FuM Growth



FY2017 change in FuM



Industria REIT



Achievements

- Completed \$158.6 million acquisition of WesTrac Newcastle – 7.25% cap rate triple-net 18 year lease, fixed 3% increases
- 23.6% NTA growth
- Outstanding asset management result – leased 24,000 sqm
- 3% FFO growth – top end of guidance
- Total security holder return of 13.2% p.a.¹

Outlook

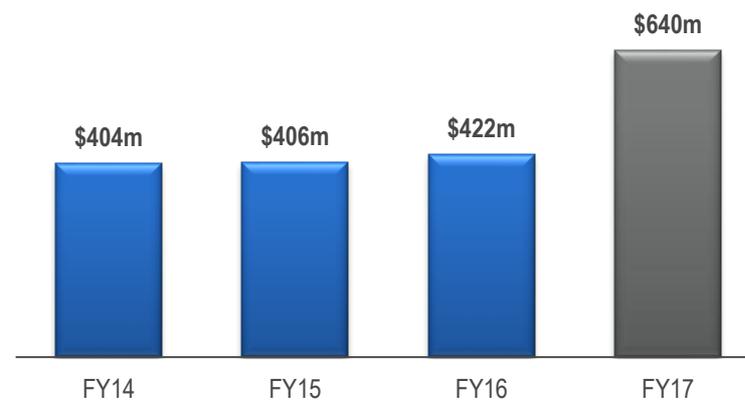
- Portfolio well positioned – active management and engagement with tenants is generating results
- Capital structure provides flexibility to pursue potential acquisitions
- Further 2-3% earnings growth forecast in FY2018 - distribution guidance of 16.5 cps (3% increase)



Key metrics	
Market Capitalisation ¹	\$408m
Total Funds Under Management	\$640m
Forecast FY18 Distribution Yield ¹	~6.6%
Distribution frequency	Quarterly
Occupancy	95%
WALE	7.6 years
Gearing	31%
Index	S&P/ASX 300

1. Inception to 22 August 2017

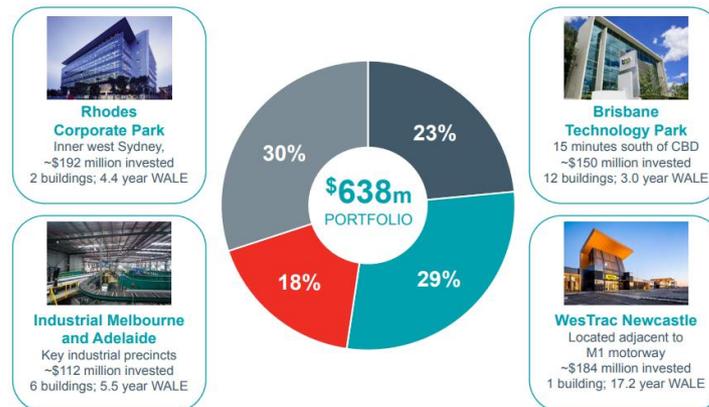
FuM Growth



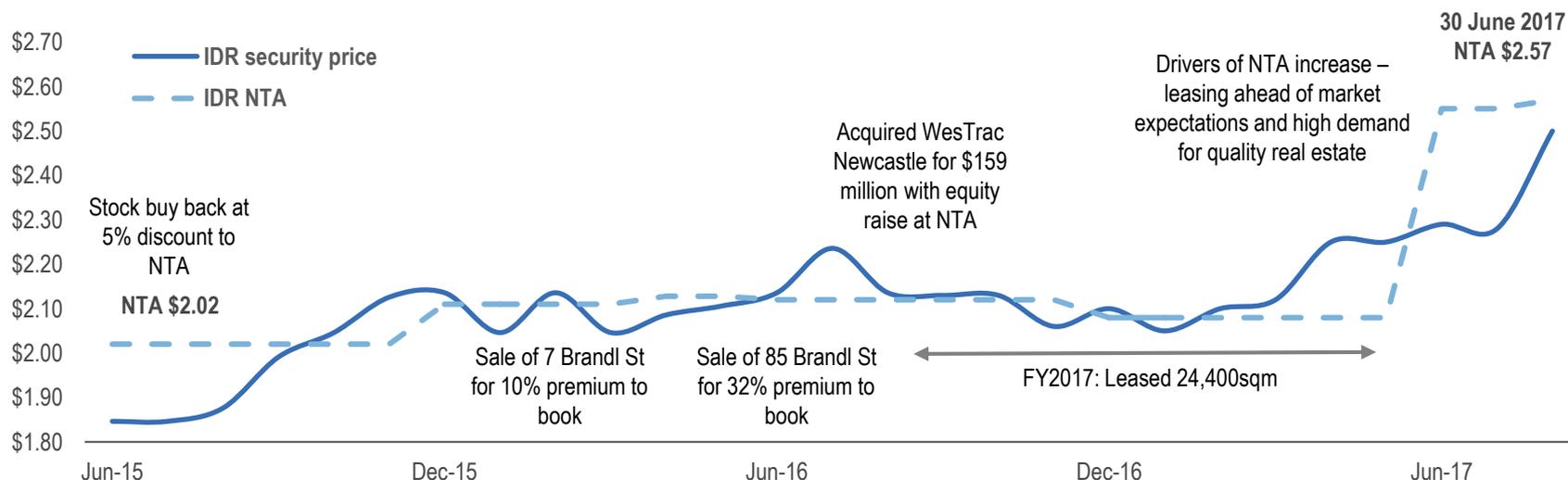
Industria REIT – continued

Strongly aligned, incentivised and high performing management team

- Substantial value added to date for all IDR investors including APD
- 5% stake on IPO (\$12.5 million)
- \$42.7 million invested since listing (including above)
- 16.3% stake and 5.1% held by APN funds: 21.4% total
- Co-investment: \$60.9 million at \$2.29 per security (30 June 2017 close price) - \$68.4 million (if valued at NTA of \$2.57)
- 13.2% pa total return for investors since inception
- Significant further potential growth
- Highly attractive industrial and office portfolio



Management focused on actively creating and delivering value for all IDR investors



Direct

Achievements

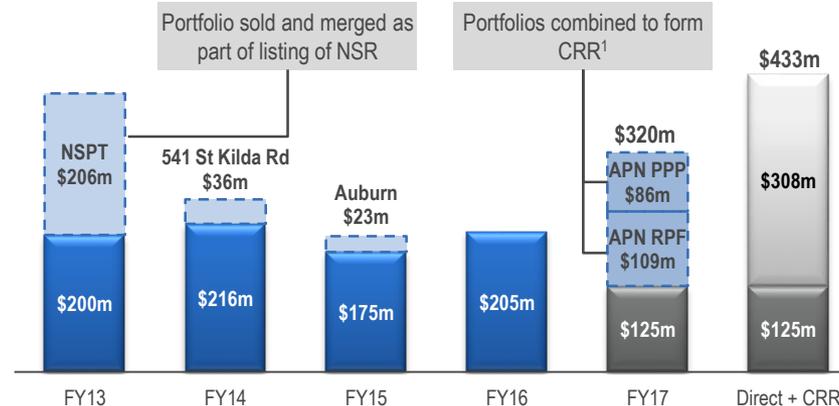
- Funds under management up 56% to \$320 million
- Established pre-IPO fund, APN Retail Property Fund
- Convenience Retail REIT established
- Newmark APN Auburn Property Fund successfully concluded 53% IRR
- APN Steller Development Fund – on track to deliver its target ~18% equity IRR
- Active leasing and portfolio management results: Regional Fund at 99% occupancy, PPP at 100% occupancy and Coburg at 97% occupancy
- APN DF2 – Port Melbourne 2.1 hectare mixed use development planning application progressing
- New funds under consideration



1. Includes \$113 million of asset acquisitions not complete at balance date but scheduled to settle before 31 October 2017 by Convenience Retail REIT (CRR) (as outlined in CRR PDS).

\$ million	FuM	CRR	Adjusted FuM
APN Retail Property Fund	\$109	\$109	-
APN Property Plus Portfolio	\$86	\$86	-
APN Regional Property Fund	\$47	-	\$47
APN Coburg North Retail Fund	\$20	-	\$20
APN Development Fund No. 2	\$40	-	\$40
APN Steller Development Fund	\$18	-	\$18
CRR additional properties (net)	-	\$113	-
Total	\$320	\$308¹	\$125

FuM Growth



APN Property Plus Portfolio case study: growing and seeding listed fund

Opportunity Identification

- APN identified an opportunity in a defensive property asset class
- Established in 2002 with a view to future listing

Active management

- 2013 sold 2 properties above book value
- 2014 extended 7-Eleven leases to 15 years with extensive capex program
- 2016: 13 Woolworths leases extended for further 5 year terms
- 2016: Sold 1 property at 100% premium to book value



- Delivered 14.6% pa total return since inception
- Investors given option of rolling into CRR or receiving total cash of \$2.04 per unit

- \$210 million Puma Energy 15 year sale and lease back completed
- Convenience Retail REIT established and listed on the ASX (\$308 million total assets)



Excellent outcome for investors, total return 14.6% pa (2002 – 2017)

APN established sector track record over 15 years

Convenience Retail REIT

- Listed on the ASX July 2017
- Comprising APN Property Plus Portfolio, APN Retail Property Fund and additional properties totalling \$307.6m
- Successful utilisation of APD balance sheet to secure and execute opportunity
- Consistent with APN's "property for income" investment philosophy
- Quality national portfolio of scale
- Diversified – by tenant, location, site type, value and lease expiry
- Defensive asset class
- Strong growth potential through partnership with Puma Energy and other avenues



Key metrics

Independent portfolio valuation	\$307.6 million
Number of properties	66
Occupancy (by area)	99.4%
WALE (by income)	13.6 years
Weighted Average Cap Rate (WACR)	7.2%
Initial gearing	30%
Forecast distributions	FY18 DPU yield 6.50% ¹
Distribution frequency	Quarterly



1. Annualised based on \$3.00 Offer Price

Investment property portfolio update (on balance sheet)

Woolworths/MCG South Nowra Property Update

- 13,000sqm NLA
- South Nowra, NSW
- Held on APN's balance sheet (100% owned by APD)
- 15 year lease – current WALE 14 years
- Guaranteed by ASX-listed Woolworths Limited
- Building completed; lease commenced 10 August 2016
- Valued at \$24.2 million: cap rate 7.00%



Shell Service Centre, Nowra NSW (sold in the period)

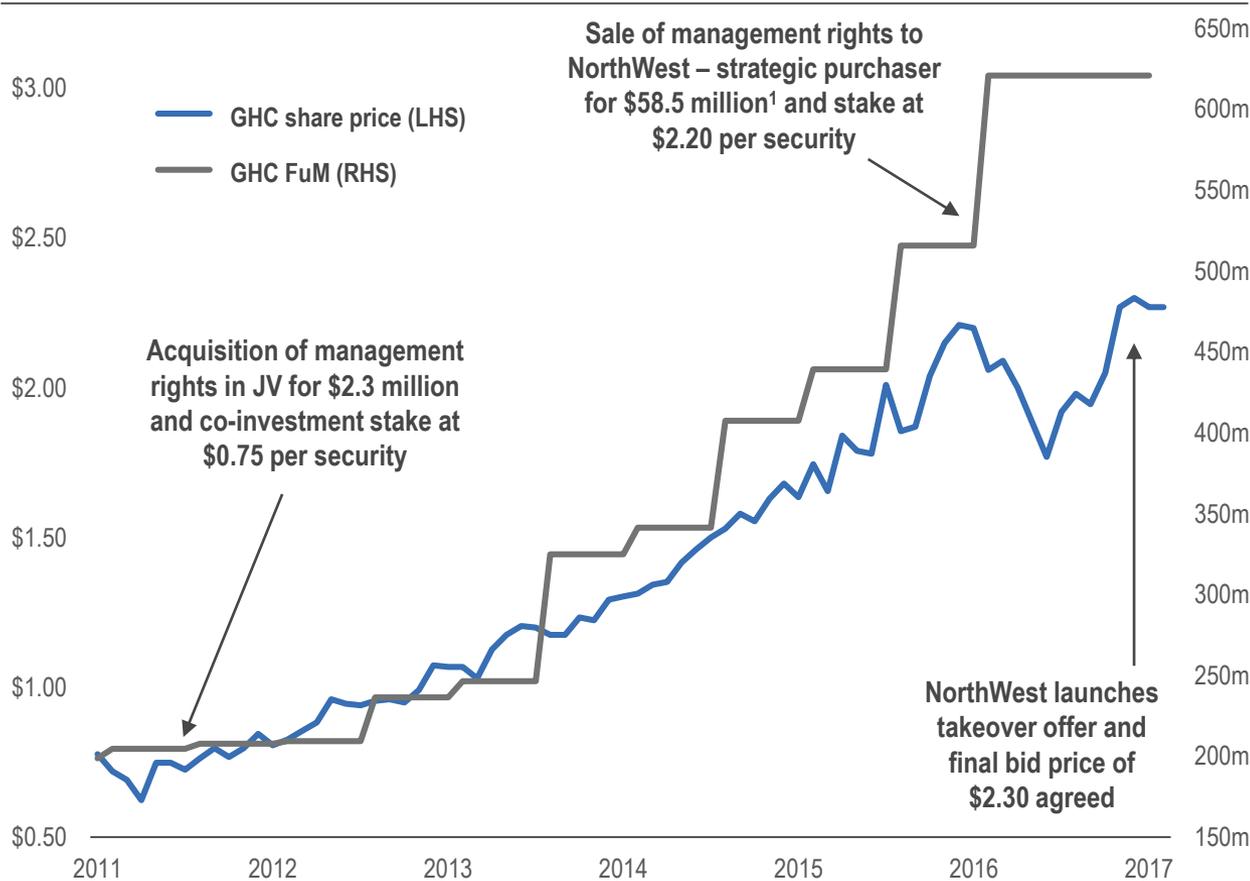
Overview of assets on balance sheet sold in FY2017

Property	Tenant and Guarantor	Purchase Price (\$m)	Independent Valuation (\$m)	Sold (\$m)	Comments
7-Eleven Eagleby	7-Eleven (Aust. Parent)	\$4.43	\$4.60	\$4.85	9.5% premium to purchase price
Hungry Jack's Nowra	Hungry Jack's (Aust. Parent)	\$8.30	\$3.00	\$11.32	36.4% premium to purchase price
Shell Service Centre Nowra	Viva Energy (sub-tenants Coles Express and Subway)		\$6.25		
Total		\$12.73	\$13.85	\$16.17	

Generation Healthcare case study: co-investment in listed fund

Co-investment coupled with strong investment performance delivered exceptional outcome for GHC investors and APN shareholders

Generation Healthcare REIT unit price and portfolio value



APN return metrics

205%
total profit¹

\$66.8 million
total profit¹

46.5% pa
IRR total

34.2% pa
IRR (co-investment only)

13.6%
GHC co-investment by APN at
time of sale

1. 100% basis and based on lifecycle investment returns before tax

2. Acquisition of a 67.5% interest in the manager

Established Equity Raising and Distribution Platform

Over 20 years APN has built a broad market distribution reach

Wraps and Platforms

- All the major vertically integrated brands
- Market leading wraps and private labels for independents and private wealth
- ASX mFund availability through accredited brokers



Approved Product Lists

Colonial First State, BT, MLC, ANZ, IOOF, AMP, CPAL, Findex and a large number of independent national and state based groups



Independent Financial Advisers

Recommended by a broad range of independent financial advisers to their investor clients



Asset Consultants

Used in model portfolios, SMA's and MDA's by asset consultants attached to Morningstar, Zenith Mercer, Ibbotson and boutique consultants



NZ Distribution

- NZ regulated PIE fund launched in 2017 on AMP APL + others
- Available on major wraps (Aegis, FNZ, NZX Wealth Technologies)
- Morningstar NZ model portfolios



Strong Independent Research Ratings

Morningstar, Lonsec, Zenith, SQM, FundSource (NZX) and Mercer



Market commentary

- Continuing strength in Australian direct property markets – listed market offers value relative to recent transaction evidence
- Return expectations have continued to moderate
 - ‘Risk free’ rates remain low
 - Unlevered annual total returns of 9-10% a few years ago are now 6-8%
- Despite market competitiveness confident of finding attractive opportunities (e.g. WesTrac, Puma Energy portfolio)
- Significant liquidity in markets (particularly unlisted equity) however regulatory activity has had a negative impact
 - APRA on real estate debt markets
 - China capital controls (equity and debt)
- Occupier market conditions mixed
 - Some markets experiencing good growth with modest current supply outlook (Sydney CBD office market)
 - Elsewhere elevated incentives and little effective rental growth with significant new space expected to become available in the short to medium term
 - Some signs of stress in retail sector but may well be priced in
- Leverage levels do not appear excessive – key factor for potential size of any market pricing correction
- Population growth in major Australian and selected regional cities expected to provide long term property investment opportunities (Melbourne 10 million in 2050s)
- Income orientated products remain in demand

Australian Government 10 year bond yield 1997 - 2017



Growth opportunities

REAL ESTATE SECURITIES

- Continuing inflows into Securities Funds
- Nascent growth of Asian Real Estate Securities Fund
- New equity raising channels

NEW PRODUCTS

- New products under active consideration
- Leverage track record, equity raising platform
- Income orientated products remain in high demand

DIRECT PROPERTY

- New Funds / strategies under active consideration
- Existing opportunities within portfolio
- Income focused and higher risk / return ventures (including development)
- New team members

Focus on risk
and long term
value creation

M & A OPPORTUNITIES

- Continue to evaluate opportunities
- Criteria involves careful evaluation of impact on risk and earnings growth potential
- Business as usual path remains attractive

INDUSTRIA REIT

- Upside and rental income from ongoing asset management initiatives
- Acquisition opportunities to deliver attractive risk adjusted returns to IDR securityholders
- Balance sheet capacity to fund further growth



CONVENIENCE RETAIL REIT

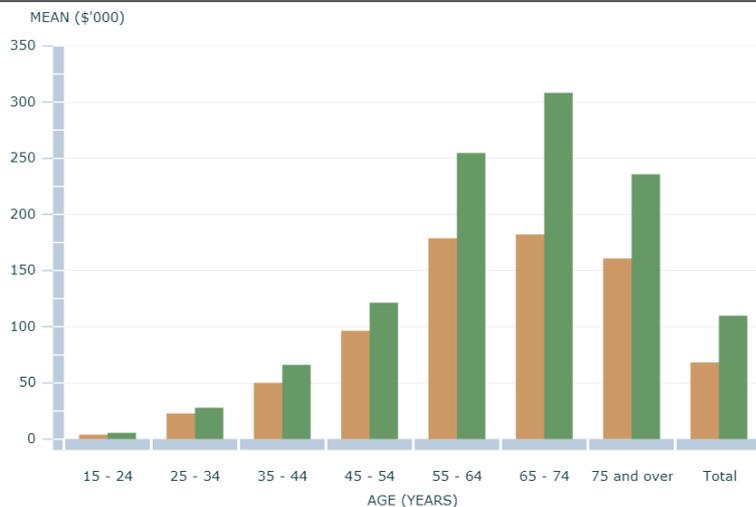
- Opportunity to partner with Puma Energy to fund its further expansion in Australia
- Right of first refusal
- Successful execution of sale and leaseback model
- Balance sheet capacity to fund further growth



Outlook for APN

- Strategy of building sustainable earnings via scale delivering results
- Significant operating leverage (EPS growth) potential
- Balance sheet and funds remains well positioned to capitalise on opportunities – strong NTA and cash positions
- Funds also well capitalised with moderate gearing
- New products under consideration
- 'Property for income' philosophy and active approach to property investment remains relevant to the market
- Continue to work innovatively – self storage, petrol stations, healthcare
- Further develop new equity raising channels – Australia and offshore

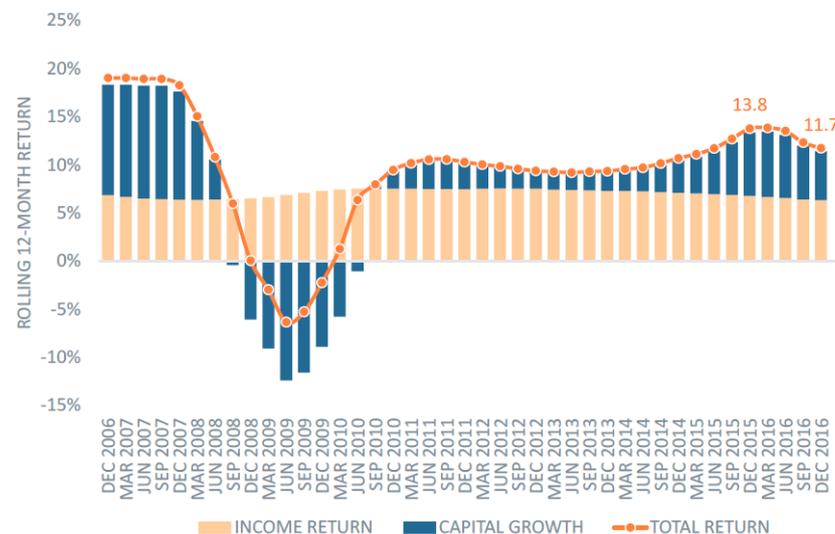
Average Australian super balances still likely to leave investors short of capital to retire



■ 2003-04(a) ■ 2013-14

Source: ABS, 2003-4 adjusted for CPI

Australian commercial property – consistent income remains relevant for investors



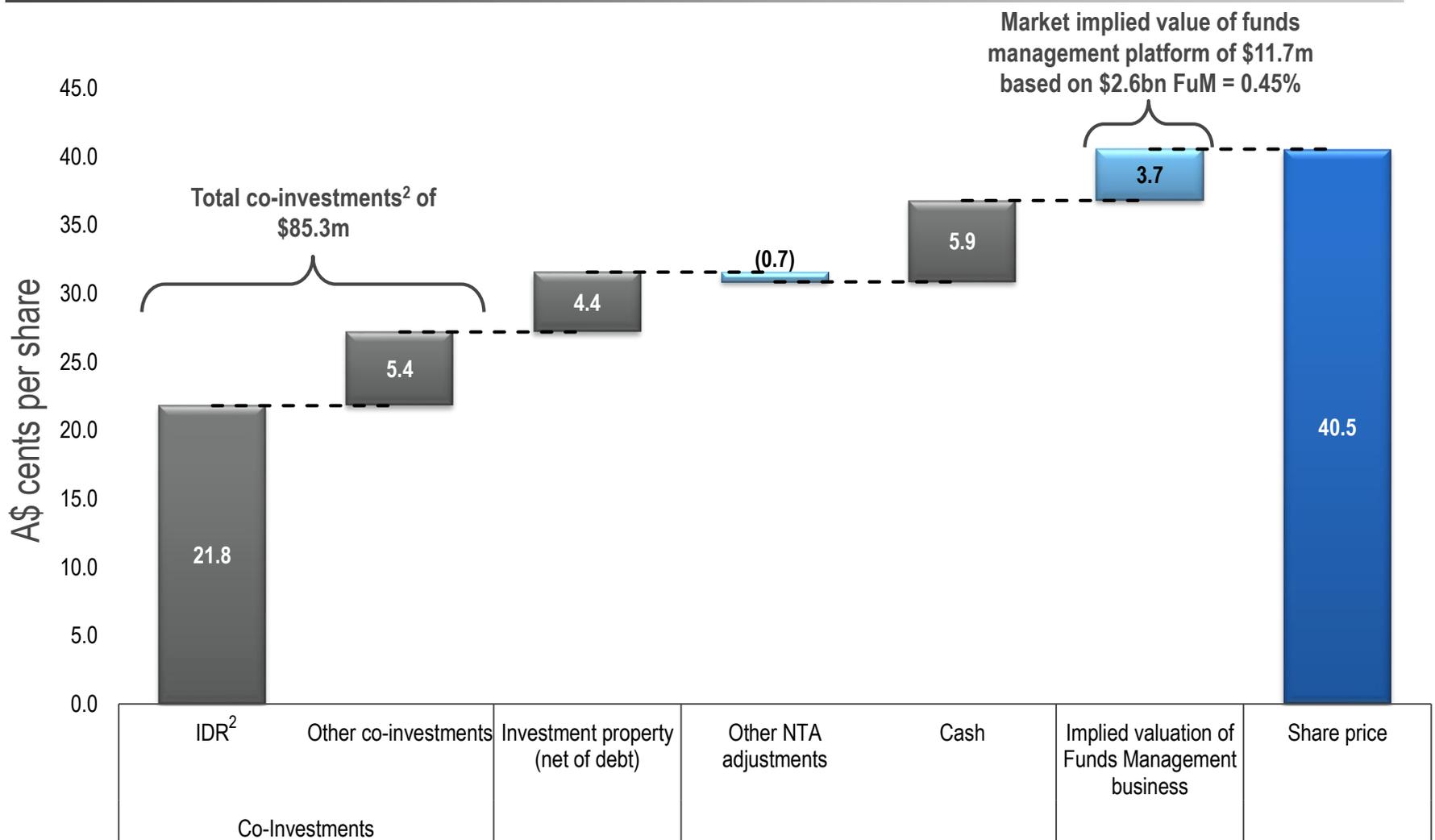
Source: MSCI / IPD

Earnings and dividend guidance

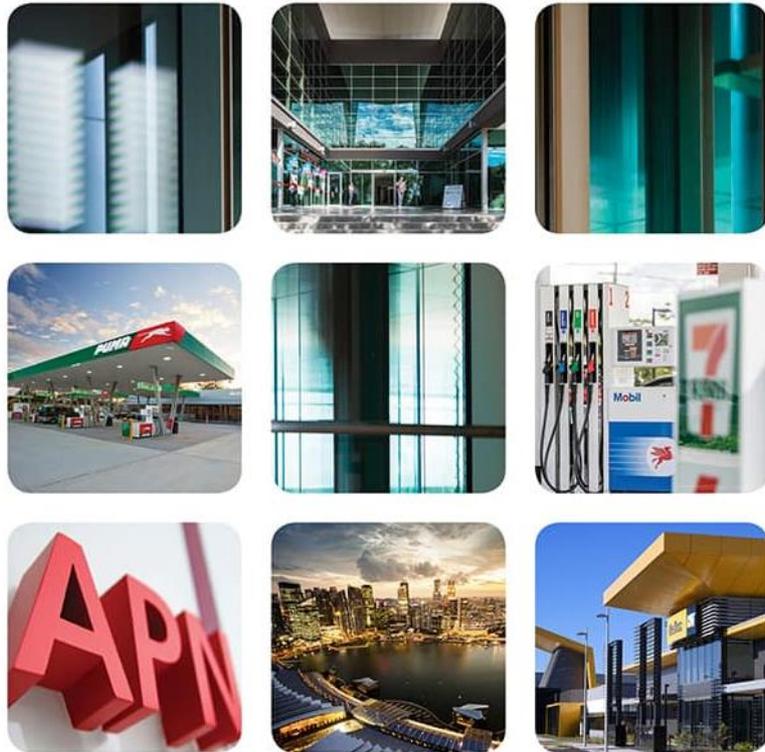
Subject to continuation of current market conditions

		FY2017		FY2018
		Original guidance	Results	Guidance
		Guidance only includes transaction / performance revenue items which are reasonably certain	Includes recurring as well as transactional and performance based revenues, excludes co-investment mark to market gains and losses	Guidance only includes transaction / performance revenue items which are reasonably certain
Operating earnings after tax (IFRS basis)		1.60 – 2.00 cps	1.67 cps	
Proforma Operating Earnings after tax		2.27 – 2.67 cps equivalent guidance	2.35 cps	2.35 – 2.65 cps
Dividend	Determined with reference to the amount and composition of operating profit after tax	1.75 cps	2.00 cps	2.00 cps

Implied Funds Management platform valuation¹



1. Analysis and APN share price as at market close 30 June 2017, net of MI
 2. Assumes IDR stake revalued to NTA of \$2.57 per security as announced on 21 August 2017



APPENDICES

APN | Property Group

Proforma operating EPS reconciliation

- AIFRS requires \$2.0 million deduction for the special dividend paid to calculate statutory earnings per share
- Note 15 to the Financial Statements provides a detailed reconciliation
- All figures below are for continuing operations and on a diluted basis – refer financial statements for details included discontinued operations and basic EPS
- All for the period ending 30 June 2017

EPS Measure (all continuing operations)	Earnings (\$000s) A	No. Shares (m) B	EPS Metric (cps) A/B = C	Comments
Statutory EPS	8,364	301.8	2.77	<ul style="list-style-type: none"> ▪ Shares adjusted for incentive schemes ▪ Earnings are reduced by \$2,010k for special dividend, \$101k final dividend and \$158k interim dividend paid during the year
Operating EPS	5,051	301.8	1.67	<ul style="list-style-type: none"> ▪ Earnings above with \$3,313k non-operating profits excluded
Proforma Operating EPS	7,101	301.8	2.35	<ul style="list-style-type: none"> ▪ Earnings largely reflects operating earnings ▪ Payment of 10 cent special dividend excluded

Funds under Management¹ Summary

Funds	Sector	Investors	FuM ¹ \$m	FuM as at 30 June 2017 \$m	Fee Basis			APN Co-investment	
					Management	Performance	Other	\$m	%
APN AREIT Fund	Property Securities	Retail & Institutional	1,203	1,203	✓			0.2	-
APN AREIT Mandates	Property Securities	Institutional	112	112	✓			-	-
APN AREIT PIE Fund	Property Securities	Retail & Institutional	2	2	✓			-	-
APN Property for Income Fund	Property Securities	Retail & Institutional	150	150	✓			-	-
APN Property for Income Fund No. 2	Property Securities	Retail & Institutional	54	54m	✓			-	-
APN Asian REIT Fund	Property Securities	Retail & Institutional	13	13m	✓			1.1	8.5%
Industria REIT	Industrial & Business Park	Retail & Institutional	640	640m	✓		✓	60.9	16.3% ²
Convenience Retail REIT ⁵	Retail	Retail & Institutional	308	-	✓		✓	28.9 ⁵	12.2% ⁵
APN Retail Property Fund ³	Retail	Sophisticated & Institutional	-	109m	✓		✓	8.8	14.3%
APN Property Plus Portfolio ⁴	Retail	Retail & Institutional	-	86m	✓		✓	2.7	5.1%
APN Regional Property Fund	Office	Retail	47	47m	✓		✓	-	-
APN Coburg North Retail Fund	Retail	Retail	20	20m	✓	✓	✓	-	-
APN Development Fund No. 2	Office & Industrial	Institutional	40	40m	✓	✓	✓	1.1	4.8%
APN Steller Development Fund	Residential	Sophisticated & Institutional	18	18m	✓	✓	✓	3.0	15.2%
Total			2,607	2,494				77.8	

Note: APN Unlisted Property Fund and Newmark APN Auburn Property Fund were wound up during the period

1. Funds under management from continuing operations at 30 June 2017 - includes \$113 million of asset acquisitions scheduled to settle before 31 October 2017 by Convenience Retail REIT (CRR) (as outlined in CRR PDS)

2. Funds managed by APN hold an additional 5.1% interest in Industria REIT

3. Renamed to Convenience Retail REIT No. 2 on 6 June 2017

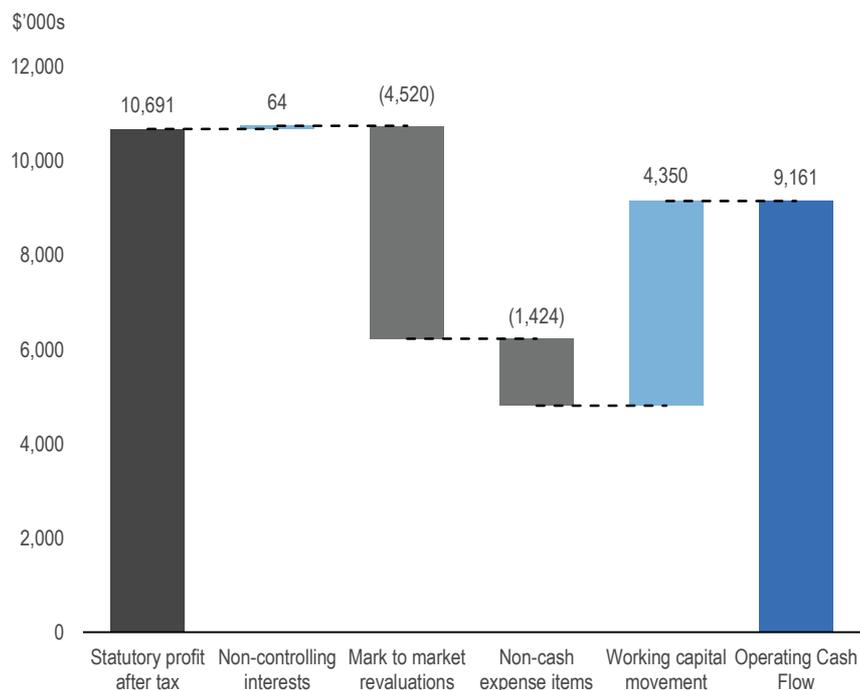
4. Renamed to Convenience Retail REIT No. 1 on 25 July 2017

5. CRR co-investment post balance date of \$28.9 million at \$3.00 per security or 12.2%; APN funds hold an additional 3.5%

Pro-forma Balance sheet for post balance date events

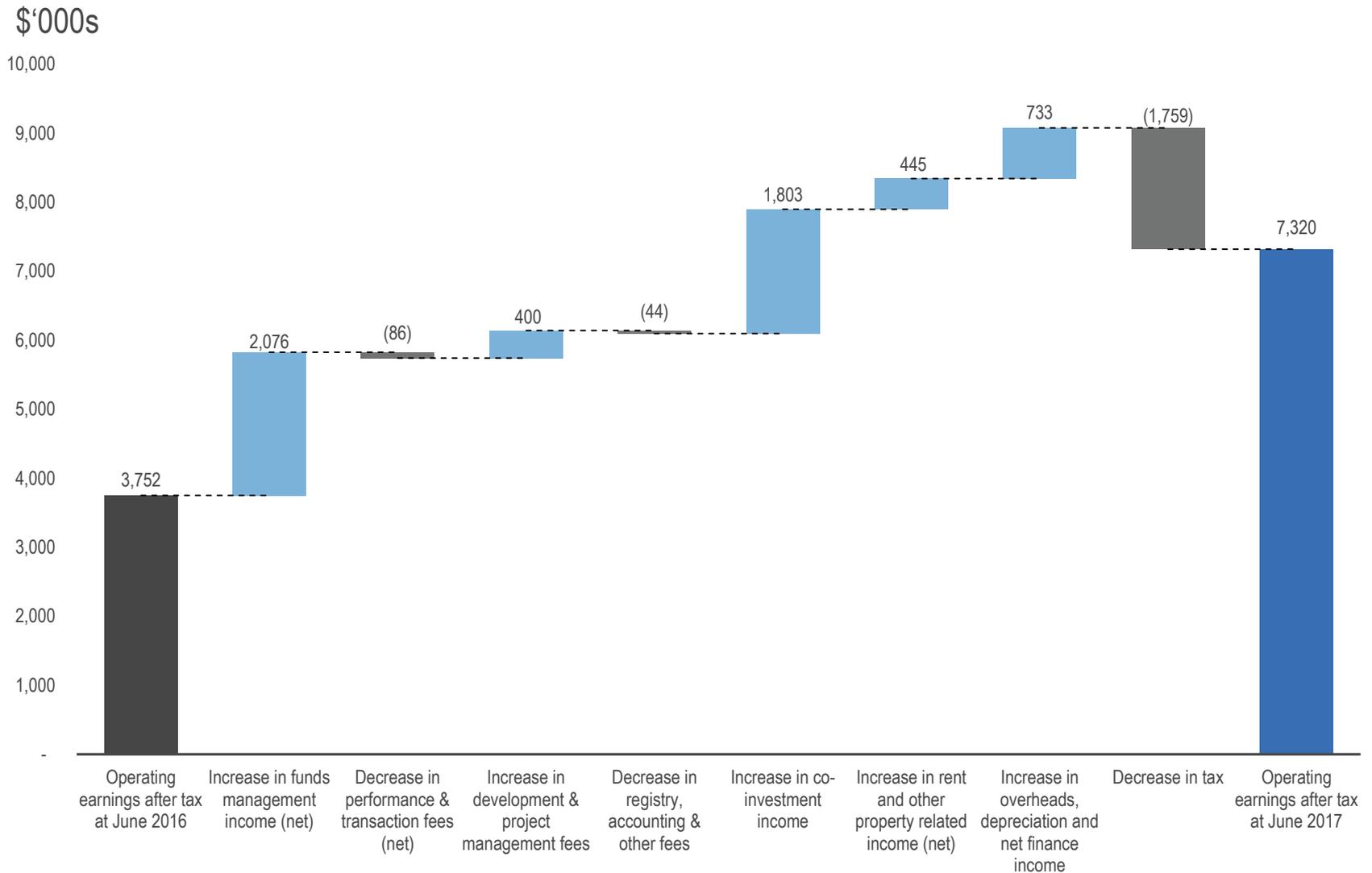
Balance Sheet (\$'000s)	30 Jun 2017	Loan drawdown	CRR Co-investment	Taree Deposit refunded	Pro-forma
Cash and cash equivalents	18,640	6,000	(16,696)	3,146	11,090
Co-investment	77,820		17,358		95,178
Investment Properties	24,200				24,200
Other assets	8,961			(3,146)	5,815
Intangible assets	1,758				1,758
Total Assets	131,379	6,000	662	-	138,041
Trade payables, tax & provisions	9,065		199		9,264
Borrowings	10,456	6,000			16,456
Net Assets	111,858	-	464	-	112,322
Net Tangible Assets	110,100	-	464	-	110,564
NTA per share (cents)	35.1				35.2

Profit to operating cash flow reconciliation



Cashflow Reconciliation	June 2017 \$'000s	June 2016 \$'000s
Statutory profit after tax	10,691	49,670
Add/(deduct):		
Non-controlling interests	64	5,077
Mark to market revaluations	(4,520)	(52,417)
Non-cash expense items	(1,424)	462
Working capital movement	4,350	9,025
Operating Cash Flow	9,161	11,817

Operating Profit After Tax Reconciliation



Debt facility summary

Corporate debt facility (established post balance date)

Facility Limit \$8.0 million

Covenants Loan to Value ratio and Distribution Cover Ratio

Cost of debt (p.a.) ~5.15% (BBSW + Margin + Facility Fee)

Established July 2017

Expiry June 2018

Security Mortgage over specified assets

Asset debt facility

Facility Limit \$10.5 million

Drawn at 30 June 2017 \$10.5 million

Loan to Value Ratio (LVR) 43.5%

LVR Covenant < 48.0%

Interest Cover Ratio (ICR) 2.5 x

ICR Covenant > 2.0 x

Cost of debt (p.a.) 3.65%

Expiry November 2018

Security South Nowra, NSW

Overview

Overview

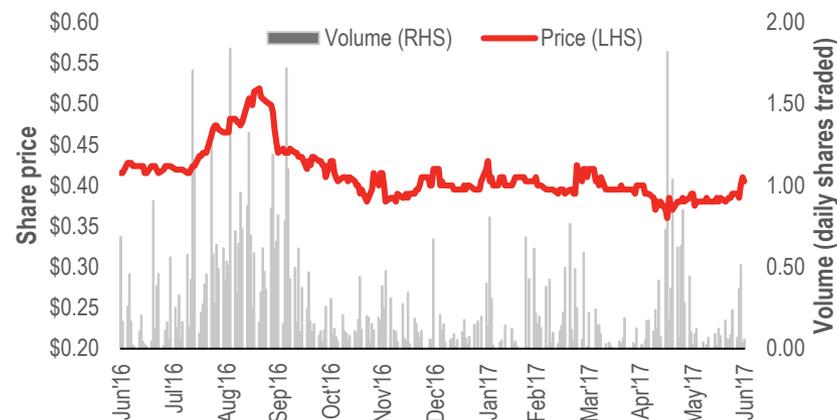
- Listed on ASX (Code: APD)
- Melbourne-based specialist real estate investment manager
- Established 1996, listed 2005
- Over \$2.6 billion in Funds under Management (FuM)¹
- Actively manage 12 funds and 100 properties¹
- Responsible entity: APN Funds Management Limited, a wholly owned subsidiary of APN (Independent board)

Major Shareholders²

Shareholder	
C. Aylward (Director)	24.8%
Phoenix Portfolios	11.1%
Grollo Family	9.6%
T. Young (Director)	3.4%
H. Brenchley (Director)	3.1%
T. Slattery (Director)	2.5%
TOTAL	54.5%

¹ From continuing operations and includes contracted property acquisitions in relation to Convenience Retail REIT
² Based on substantial shareholder and director interest notices lodged on the ASX as at 23 August 2017
³ IRESS, ASX Trading data as at 30 June 2017

Share Price and Volume



Key Information

Metric	
Closing share price ³	\$0.405
Shares outstanding ³	313,742,812
Market capitalisation ³	\$127 million
FuM ¹	\$2.6 billion
Total shareholder return ³	32.9% (1 year)

Boards and Management team

Experienced real estate team, Independent Boards

Board of Directors (APN Property Group Limited)

Independent / Non-Executive Majority



Chris Aylward
Non-Executive
Chairman

- Over 30 years experience in property and construction industry
- Founding director of Grocon Pty Limited
- Responsible for construction of commercial properties over \$2 billion



Howard Brenchley
Non-Executive
Director

- Over 30 years' experience analysing and investing in the sector
- Founded property research firm PIR
- Established APN's Funds Management business
- Non-Executive Director of National Storage REIT



Clive Appleton
Independent
Director

- Over 30 years experience in property and funds management
- Former CEO of Centro, AV Jennings and Gandel Group
- Non-Executive Director Gandel Group, Aspen Group, Arrow International and Perth Airports Corporation



Tony Young
Independent
Director

- Over 30 years' experience analysing and investing in the sector
- Director of Morningstar Australia
- Co-founder of Aspect Huntley
- Co-owner of Timebase Pty Ltd



Tim Slattery
Chief Executive
Officer

- Over 14 years of experience across real estate, funds management, investment banking and law
- Previous roles at Herbert Smith Freehills and Goldman Sachs
- Real estate transactions of over \$2 billion

Independent Responsible Entity – APN Funds Management Limited

Independent / Non-Executive Majority



Geoff Brunson
Independent
Chairman

- Chairman since April 2012 and a Director since 2009
- Over 25 years experience in investment banking
- Until June 2009 he was Managing Director and Head of Investment Banking of Merrill Lynch Australia



Michael Johnstone
Independent
Director

- Over 40 years' experience global business experience in chief executive and general management roles
- Currently non-executive director of the Responsible Entity of the listed Folkestone Education Trust and the Folkestone Social Infrastructure Fund



Jennifer Horrigan
Independent
Director

- Over 25 years' experience across investment banking, financial communications and investor relations
- Most recently Chief Operating Officer in Australia of the independent investment bank Greenhill & Co
- Currently a director of QV Equities



Howard Brenchley
Non-Executive
Director

- Over 30 years' experience analysing and investing in the sector
- Founded property research firm PIR
- Established APN's Funds Management business
- Non-Executive Director of National Storage REIT



Michael Groth
CFO & Alternate
for Howard
Brenchley

- Chief Financial Officer, APN Property Group
- Previously, over 7 years with KPMG Melbourne
- Over 3 years in London with various organisations including Abbey plc (Santander Group) and Ofgem

APN Steller Development Fund

- Successfully launched September 2015
- Attractive risk / return metrics - \$6,400 per sqm (net sellable area) breakeven point
- Leverages development and delivery expertise
- 2 projects complete, 1 nearing completion, 1 project currently under construction
- Remaining 2 projects nearing required level of pre-sales
- Further fund under consideration

Investment type	Multi-site residential development, closed-end wholesale unlisted property fund
Development description	209 apartments over 6 medium density projects in South East Melbourne
Fund size	\$18.1 million in equity committed
APN co-investment	\$2.75 million
Investment Term	7 years, with seed projects to be developed over 4-5 years
Target returns	Target equity IRR 18%+ pa (post fees, pre tax) Target equity multiple of 1.5 times (post fees, post tax)

	Highett	Station	The Avenue	Wattletree	Maude Barker	Claire
Project Status Summary	Completed	Completed	Nearing Completion	Under Construction	Nearing Required Pre-Sales	Nearing Required Pre-Sales



Completed Station Street Project



Station Street Apartment Interior

APN Development Fund No. 2

Fund overview

- Wholesale fund – institutional investors
- Committed equity \$58 million
- Capital returned \$10 million

150 Collins St – Westpac Head Office

- JV development
- Completed November 2014
- Sold via fund through
- Grocon litigation progressing



150 Collins St – Westpac HQ

Ingles St, Port Melbourne

- 4 stages completed of light industrial development
- 2.1 hectare site remaining
- Zoned “Capital City 1” in Fisherman’s Bend Urban Renewal Precinct
- Progressing mixed use planning permit application



Artist's impression – mixed use development

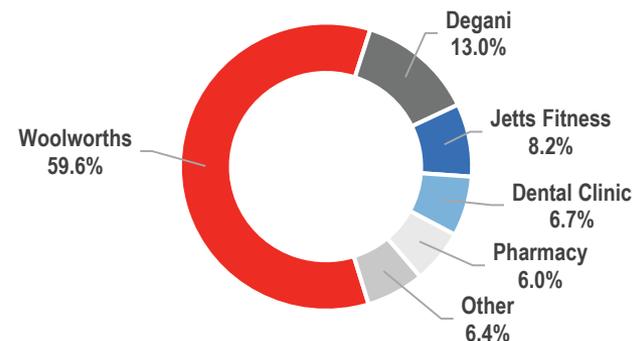
APN Coburg North Retail Fund

- Recently built (2014) shopping centre anchored by Woolworths supermarket
- Located in high growth area in Melbourne's inner North (10km from CBD)
- Strong recent transaction market for Woolworths / Coles anchored neighbourhood shopping centres

APN Coburg North Retail Fund

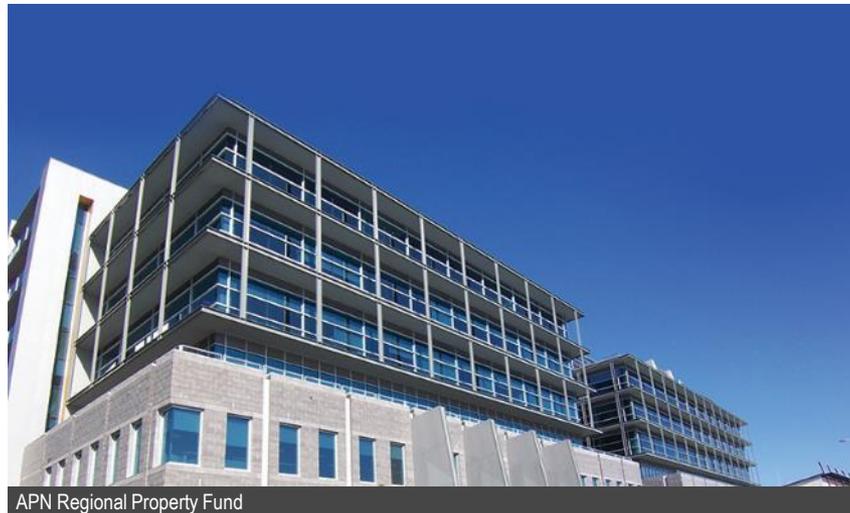
Investment type	Single asset, closed-end unlisted property fund
Investment objective	Stable income and capital growth
Property	Coburg Hill Shopping Centre
Property Value	\$19.6 million
Major Tenant	Woolworths Limited
WALE	11.6 years (by income)
Occupancy	97.3%
Initial Investment Term	7 years
Distributions	FY17: 7.60% on initial investment Tax deferred to 90-100%

Tenant profile



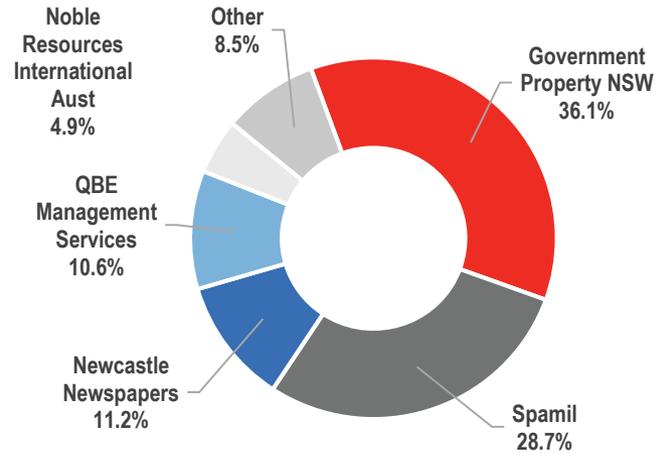
APN Regional Property Fund

- Net tangible assets at 30 June 2017 is \$1.19 per unit, an increase of 7.2% from the previous year
- Assets currently undergoing NABERS upgrade works to improve energy efficiency
- Active leasing and portfolio management resulting in 99% occupancy
- Newcastle remains an attractive regional market



Investment type	Commercial office property fund, listed on the National Stock Exchange (NSX)
Fund Overview	The Fund comprises two A-grade office buildings located in the Newcastle CBD
Portfolio Value	\$45.3 million (30 June 2017)
Distributions	9.50 cents per unit paid quarterly
Key Tenants	Government Property NSW, Spamil, Newcastle Newspapers, and QBE Management Services

Tenant profile



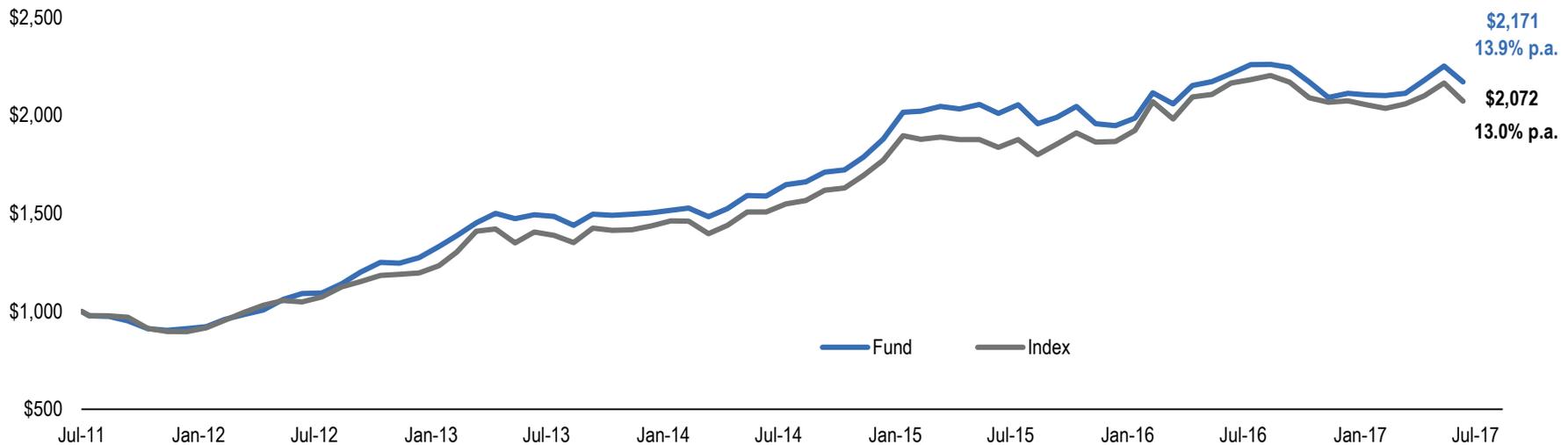
APN Asian REIT Fund

- FuM up 53% to \$13 million
- Asian listed property trusts
- Focus on Hong Kong, Singapore and Japan
- 13.9% pa total return since inception (2011)
- ~6.5% pa current distribution yield
- Distributions paid monthly and daily liquidity

Research ratings



APN Asian REIT Fund - \$1,000 invested since inception¹



Source: APN / Bloomberg

1. APN Asian REIT Fund performance versus Bloomberg Asian REIT Index. Net of fees. Assumes reinvestment of distributions since inception. Past performance is not necessarily an indicator of future performance. Refer www.apngroup.com.au for further details and disclosure document. This is a summary only. Inception 19 July 2011 to 30 June 2017.

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