



MICROEQUITIES RISING STARS CONFERENCE

INVESTOR PRESENTATION

23 JUNE 2015

www.apngroup.com.au
ASX Code: APD

APN | Property Group

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AGENDA

- Company overview
- New products / investment opportunities
- View on the market
- Questions



Chris Aylward
Executive Chairman



Tim Slattery
Executive Director



Michael Groth
Chief Financial Officer

What do we do?

Overview

Philosophy

Approach

APN PROPERTY GROUP IS A SPECIALIST
REAL ESTATE INVESTMENT MANAGER

PROPERTY FOR **INCOME**

INVESTMENT
PERFORMANCE



OUTSTANDING
SERVICE



The Marketplace, Auburn NSW



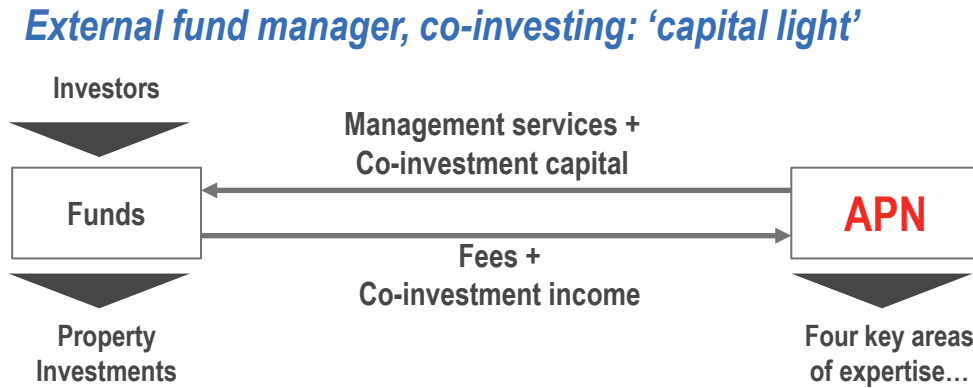
Coburg Hill Shopping Centre, Coburg North VIC



APN Property Plus Portfolio

What's our strategy?

Business Model



Strategy

COMPETITIVE ADVANTAGE

- › Specialist expertise
- › Track record
- › Governance
- › Co-investment

Objective: building shareholder value...

Increase scale

- Grow FUM through delivering for our clients
- Larger / more profitable funds
- Leverage efficiencies (e.g. distribution team)

Manage costs

- Measured investment in growth (e.g. Asia)
- Discipline on overheads

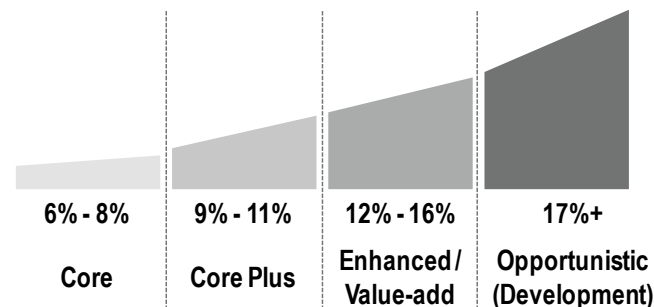
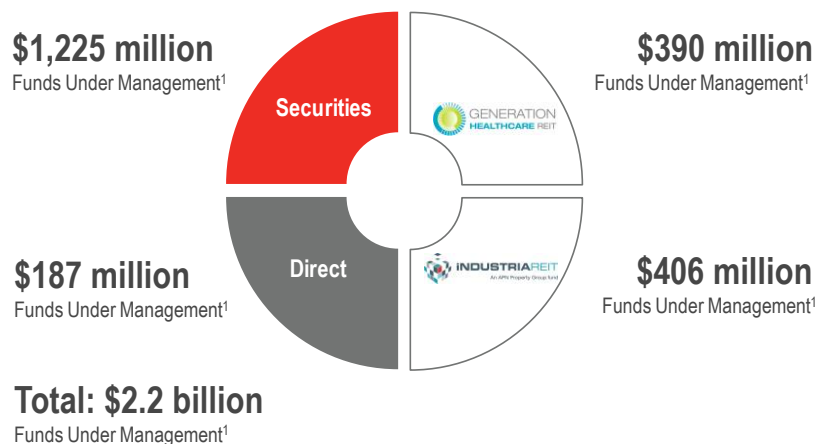
Outcome

- Revenue growth translates to bottom line
- Higher profit margins, EPS growth

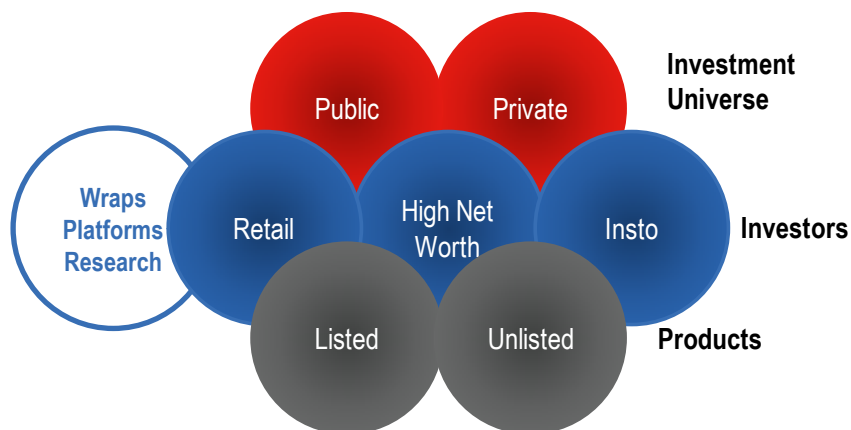
Products and customers?

Specialist property expertise in four key areas...

... Across multiple risk / return profiles



...To a diverse investor base



Who are we?

Overview

- Listed on ASX (Code: APD)
- Melbourne-based specialist real estate investment manager
- Established 1996, listed 2005
- Over \$2.2 billion in Funds Under Management (FUM)¹
- Actively manage 15 funds
- Responsible entity: APN Funds Management Limited, a wholly owned subsidiary of APN (Independent board)
- Over 100,000 investors

Major Shareholders²

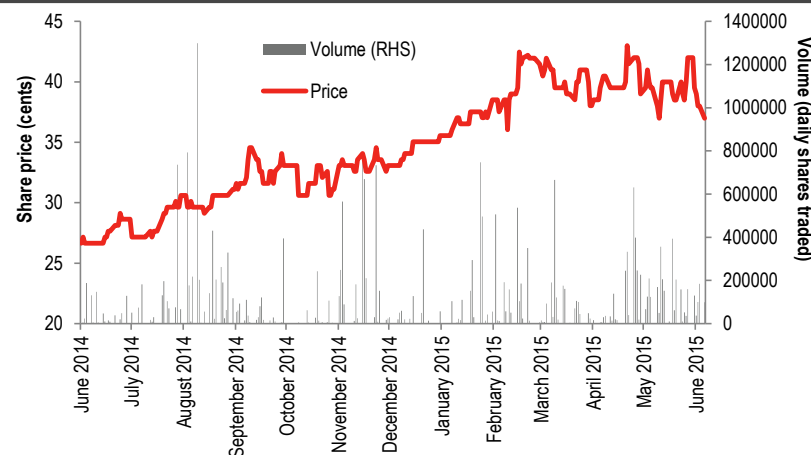
Shareholder	
C. Aylward (Director)	25.0%
Grollo Family	9.6%
Phoenix Portfolios	9.4%
Macquarie	7.1%
H. Brenchley (Director)	3.1%
C. Appleton (Director)	1.6%
TOTAL	55.8%

¹ From continuing operations and includes Generation Healthcare REIT (managed by a joint venture 32.5% owned by management)

² Based on substantial shareholder notices lodged on the ASX as at 15 June 2015

³ IRESS, ASX Trading data as at 15 June 2015

Share Price and Volume



Key Information

Metric	
Closing share price ³	\$0.37
Shares outstanding ³	302,090,435
Market capitalisation ³	\$112 million
FUM ¹	\$2.2 billion
FY15 EPS guidance	2.49 – 2.63 cents per share
FY15 dividends	Forecast 1.50 cents per share (fully franked)
Total shareholder return ³	38.8% (1 Year)

Who are we?

Highly experienced real estate team, Independent Responsible Entity, well supported platform

Board of Directors



Chris Aylward
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



Clive Appleton
Non-Executive 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



Howard Branchley
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



Tim Slattery
Executive Director

- Over 12 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



Geoff Brunson
Independent Chairman



Howard Branchley
Non-Executive Director



Michael Johnstone
Independent Director



Michael Groth
Alternate for Howard Branchley



Jennifer Horrigan
Independent Director

Management Team

Leadership Team



Chris Aylward
Executive Chairman

- See left



Tim Slattery
Executive Director

- See left



Michael Groth
Chief Financial Officer

- Over 18 years experience
- Previously with KPMG Abbey plc (now part of the Santander Group) and Ofgem



Michael Doble
CEO – Real Estate Securities

- Over 25 years experience in the real estate funds management industry
- Previously with ANZ and Knight Frank



Laurence Parisi
Fund Manager – Industria REIT

- Over 13 years experience
- Previously Head of Real Estate Research at Citi Investment Research and Credit Suisse covering the AREIT sector



Michael Suckling
Head of Direct Property Funds

- Over 25 years experience in property and corporate finance
- Previously at Deloitte

Joint Venture Partners



Miles Wentworth
CEO – Generation Healthcare REIT

- Over 20 years experience
- Overall responsibility for the day to day management and performance of Generation Healthcare REIT, including formulating and implementing the strategy for the Fund, capital management and investor relations



Chris Adams
Director – Generation Healthcare Management P/L

- Over 20 years experience
- Worked in property industry in Australia, New Zealand and the United Kingdom, including over 15 years experience in the areas of health sector property acquisitions, transaction structuring, large scale hospital developments and portfolio management

What's driving our business?

Attractive Industry Dynamics and Market Position

1

Australian superannuation assets \$1.8 trillion¹; forecast to grow to \$3 trillion by 2020²

2

Income-orientated investment products attractive

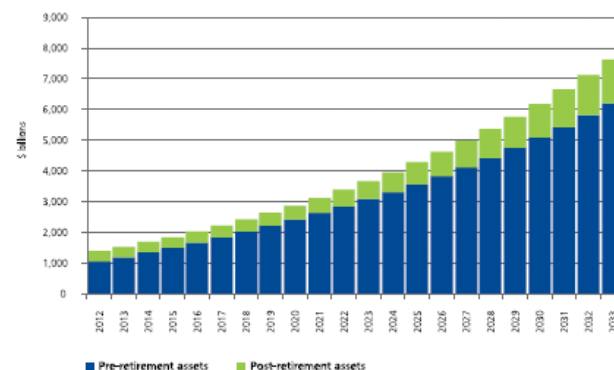
3

APN's 'property for income' commercial property investments well positioned

4

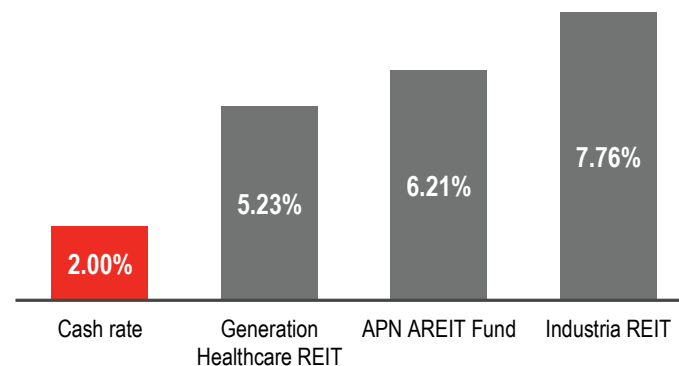
Brand and reputation as an experienced and trusted manager continues to provide us with an advantage

Projected superannuation assets 2012 - 2033



Source: Deloitte Actuaries & Consultants, 2013

Approximate investment yield comparisons³



¹ Source: ASFA Superannuation Statistics May 2014

² Source: Deloitte Dynamics of the Australian Superannuation System 2013

³ Indicative as at 28 April 2015, refer market announcements and trading prices for latest information

How are we going?

A solid start to 2015, with strong investment performance...

Securities

- AREIT Fund monthly net inflows of ~\$17.5 million average
- Asian operations transitioning to Melbourne

Generation Healthcare REIT (ASX: GHC)

- \$45.8 million expansion into aged care sector
- Organic growth pipeline enhanced with commercial in-principle terms agreed for Casey Stage 2

Direct

- APN Coburg North Retail Fund successfully launched
- Sale of 'The Marketplace, Auburn'

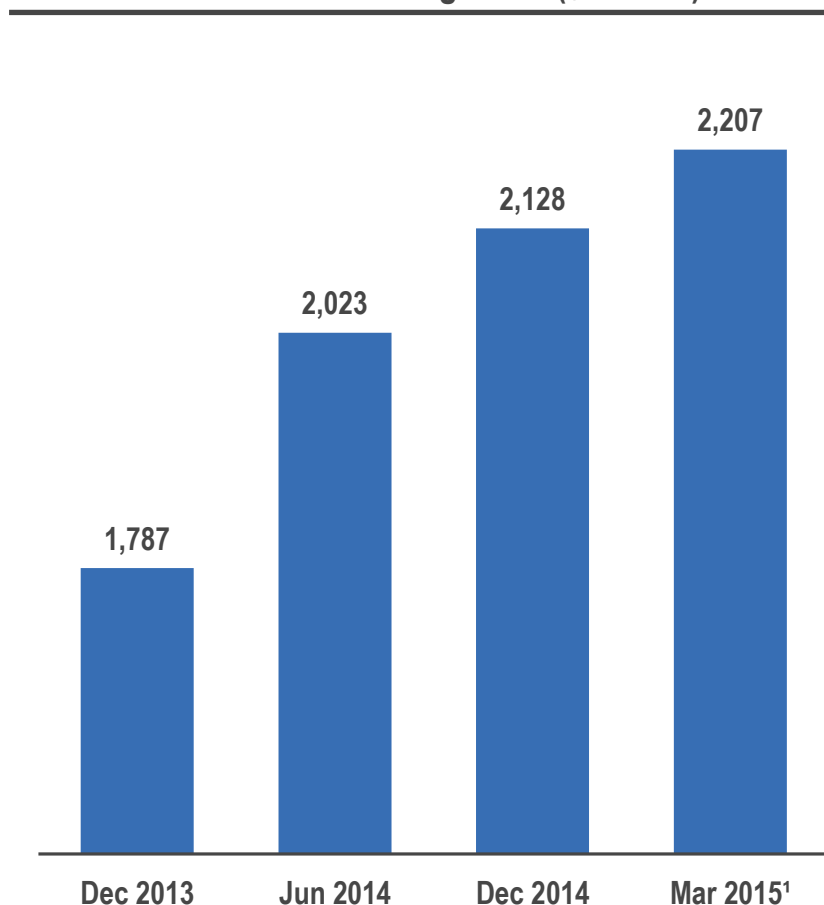
Industria REIT (ASX: IDR)

- Leasing progress achieved
- Asset recycling underway

Financial performance

- FY2015 Earnings guidance: Operating earnings **after** tax to 2.49 – 2.63 cps (pre tax: 3.55 – 3.75 cps)
- Full year final dividend forecast of 0.25 cps (fully franked), bringing the full year fully franked dividend to 1.50 cps

Funds Under Management (\$ million)



1: From continuing operations at 31 March 2015 (pro-forma: GHC transactions (+\$47.2 million) & Auburn sale (-\$73 million))

New products / investment opportunities¹

The logo for Stellar, featuring the word "STELLER" in white, uppercase, sans-serif font on a dark blue rectangular background.

APN Steller Development Fund

- Sophisticated investors
- ~20% IRR, ~1.5x equity multiple
- ~\$20 million of equity, end asset value ~\$120 million
- Six SE Melbourne medium density projects
- Risk parameters: pre-sales, gearing
- Subject to due diligence and document, expect to launch soon

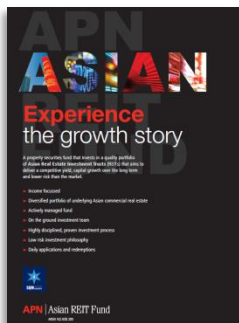


APN Convenience Retail Property Fund

- Initial \$40 million seed portfolio
- ~40% gearing
- ~8 year term
- ~7.25% initial equity distribution yield
- ~15 year weighted average lease expiry
- Subject to due diligence and document, expect to launch soon

¹ Summary only, investors should read relevant offering documentation when available for details and information on risks. Returns are not guaranteed

New products / investment opportunities¹ – continued



APN Asian REIT Fund

- Asian listed commercial property
- 20%+ pa total return since inception
- Below market risk / volatility
- Exposure to Asian growth markets
- ~5.0% current distribution yield
- Daily liquidity
- Independent research ratings
- Same investment process and income philosophy as AREIT Fund



APN AREIT Fund

- Australian listed commercial property
- ~6.5% current distribution yield
- 17.59% pa return since inception (Jan 2009)
- Monthly distributions
- Daily liquidity
- Over \$900 million in FUM
- Multiple awards, exceptionally well supported with research and wraps / platforms

¹ Summary only, investors should read relevant offering documentation when available for details and information on risks. Returns are not guaranteed

What's our view on the market?

- High level of transaction activity in Australian commercial property markets
- Domestic and international buyers active
- Disconnect between transactional and occupier (leasing) markets, particularly across different parts of Australia
- Timing of economic growth uncertain
- 'Low everything' environment
- Much higher income yields on commercial (7-8%) versus residential real estate (3-4%)
- Commercial property with sustainable cash income should be well placed in a low rate environment
- Long lease term assets with modest levels of debt remain attractive investments



Where are we headed?

- Remain focused on putting our investors' interests first
- Simple culture of excellence and continuing to challenge ourselves to improve
- Continue to grow each of our four business divisions
- Continue to manage our costs
- Significantly larger, more efficient (scale), profitable business for our shareholders
- Create and continue to build outstanding opportunities for our team

THANKS AND QUESTIONS



Contact details



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