



INVESTOR PRESENTATION

23 OCTOBER 2019

www.apngroup.com.au
ASX Code: APD

APN | Property Group

APN Property Group Overview



APN Property Group Video
<https://youtu.be/YeC01KvX0iA>

APN Property Group: specialist real estate investment manager

- Exclusive focus on commercial real estate
- 'Property for income' investment philosophy
- Focus on reliable cash rental income streams
- Active management approach
- Investment experience and expertise
- Alignment: ~30% owned by Board and management, \$100 million+ manager equity fund co-investment
- Governance: Regulated by ASIC, ASX, independent trustee board

ESTABLISHED 1996

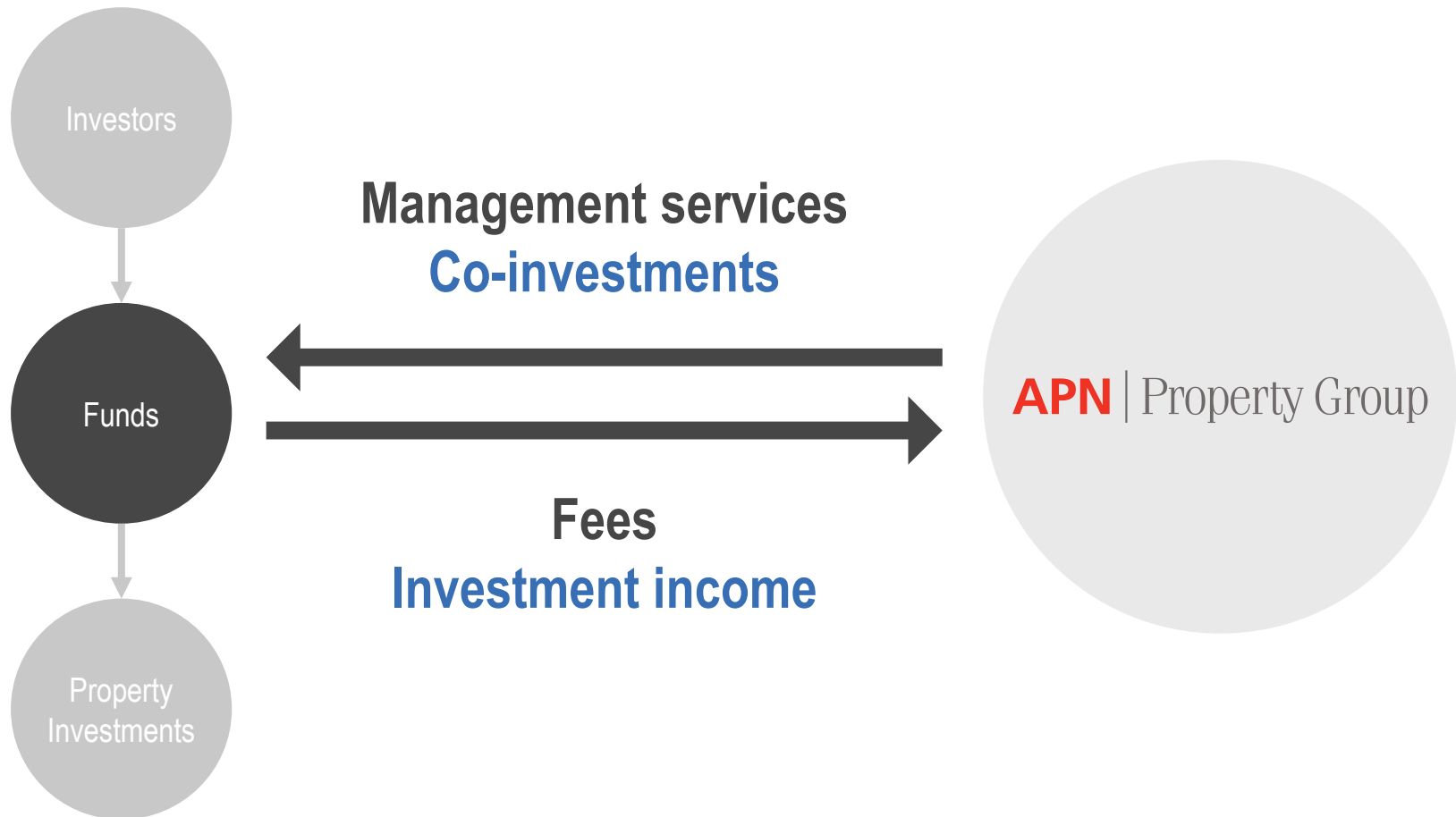
\$2.9 BILLION
FUM

12 FUNDS
105 PROPERTIES

48 STAFF



How does APN generate its earnings?



Group and funds overview

As at 30 June 2019

FUNDS UNDER MANAGEMENT

\$2,929 MILLION

CO-INVESTMENTS & CASH

\$126 MILLION NET TANGIBLE ASSETS

REAL ESTATE
SECURITIES
\$1,684 MILLION

- Listed Australian and Asian REITs
- Diversified underlying property sectors
- Fully Liquid
- Open-ended

APN INDUSTRIA REIT
\$744 MILLION
(ASX: ADI)

- Direct property
- Industrial and office
- ASX listed
- Fully liquid

APN CONVENIENCE
RETAIL REIT
\$359 MILLION
(ASX: AQR)

- Direct property
- Convenience retail
- ASX listed
- Fully liquid

DIRECT PROPERTY
\$142 MILLION

- Direct property
- Office, retail, mixed use
- Fixed term

CASH
\$16 MILLION

CO-INVESTMENTS
\$127 MILLION

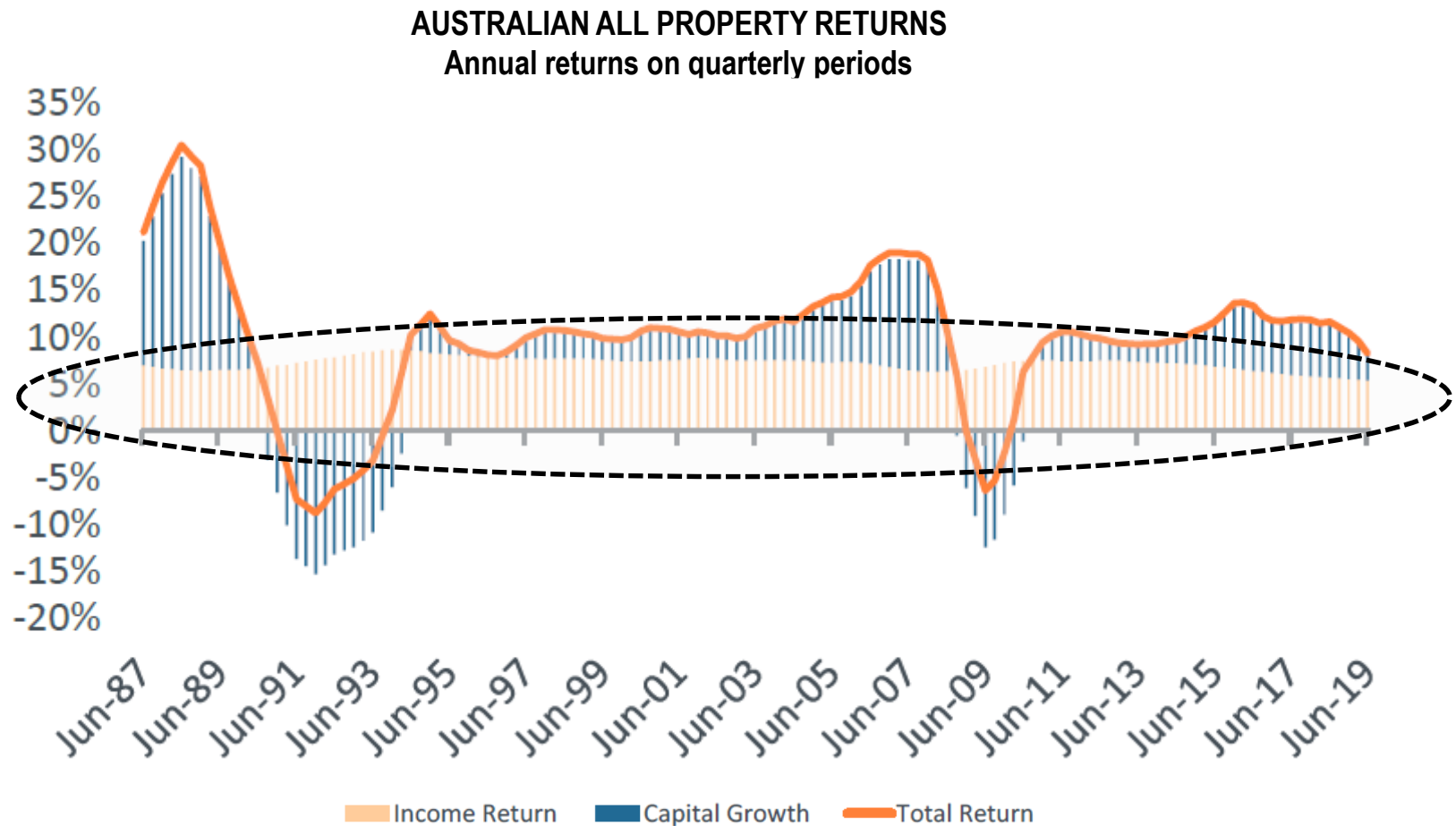


What do our products do?

PROPERTY FOR INCOME

- ✓ Real assets 'bricks and mortar'
- ✓ Cash rental income
- ✓ Reliable income streams
- ✓ Long term leases
- ✓ Quality businesses as tenants
- ✓ Relatively high cash distribution yields
- ✓ Relatively low levels of debt

How is commercial property as an income investment?

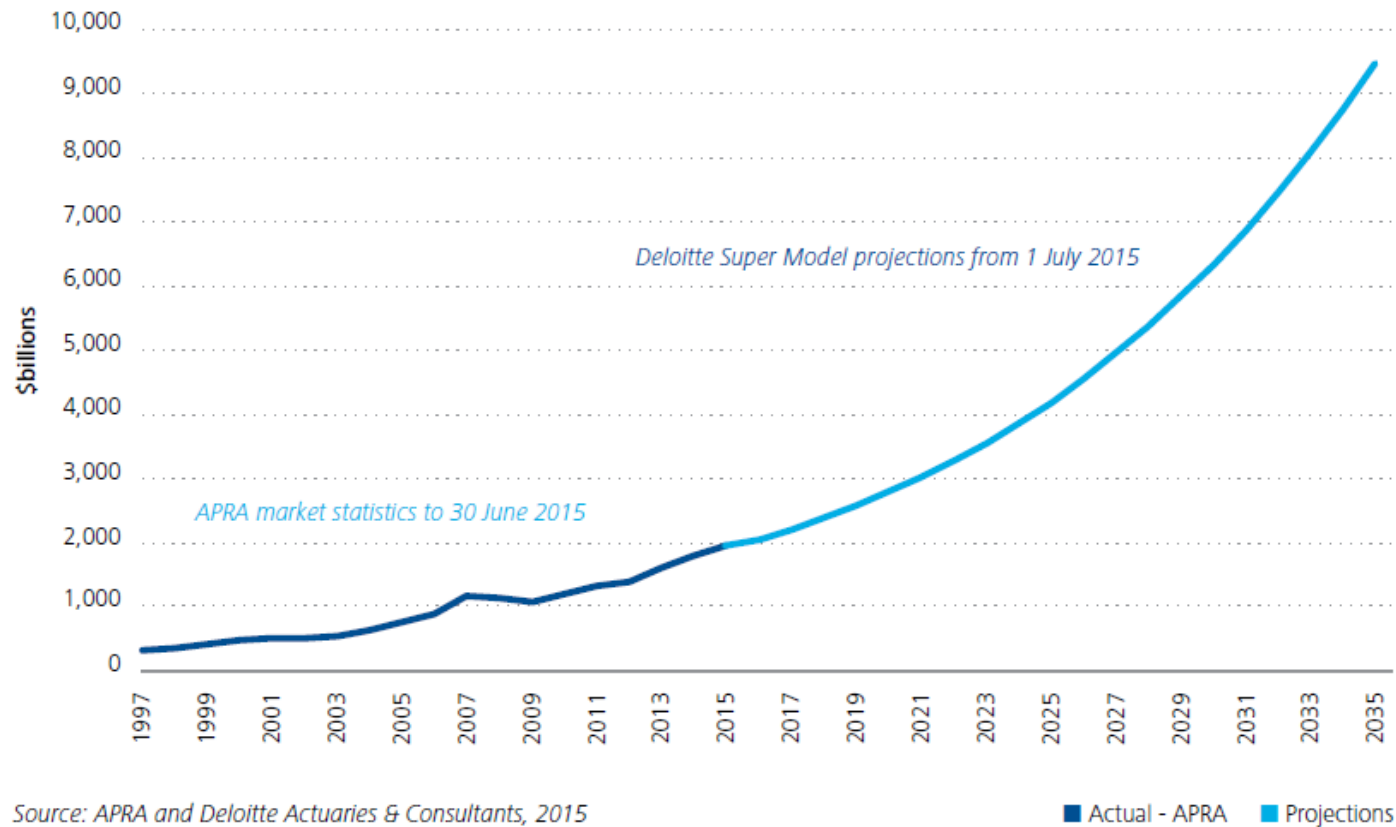


Source: PCA / MSCI

What's driving our business?

Attractive Industry Dynamics...

Australian superannuation assets \$2.8 trillion¹ and growing



¹ Source: Rice Warner 2018

² Source: Deloitte Dynamics of the Australian Superannuation System November 2015

What's driving our business?

Need for retirement income...



5.7%^{pa}* **APN AREIT Fund**
Current running yield

Reliable monthly income made easy

Delivering **monthly income** and the flexibility to top up or withdraw your investment daily.

The **APN AREIT Fund** invests in high quality Australian listed commercial property.

 11.93%^{pa}** total return over 5 years to 30 September 2019

 Minimum investment amount \$1,000

 Award winning fund manager with over 20 years experience

APN | Property Group

apngroup.fund/areit | **1800 865 221**

*As at 30 September 2019, based on the annualised distribution rate and latest daily entry price.

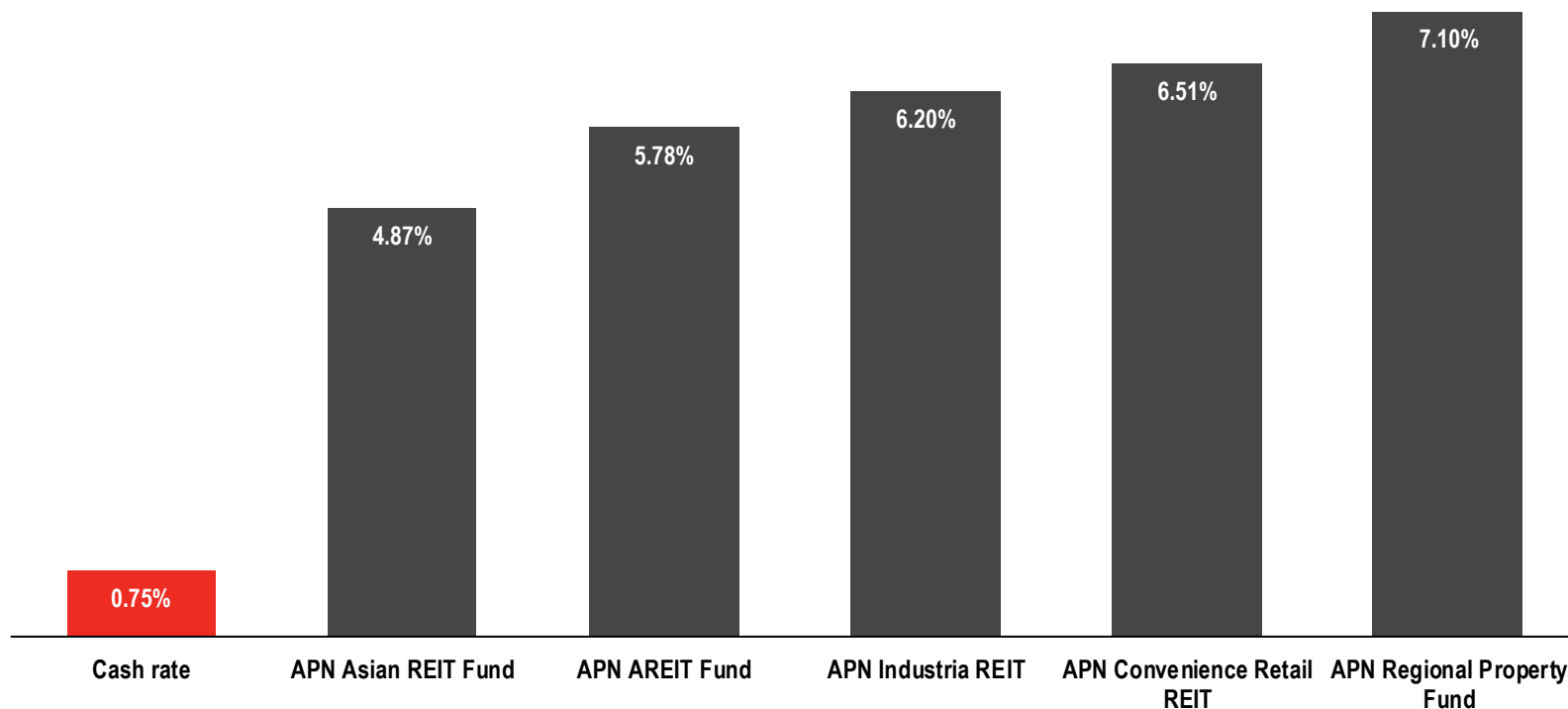
** Returns after all fees and expenses, assuming distributions are reinvested. Distributions are not guaranteed and past performance is not an indicator of future returns or performance.

In considering an investment in the APN AREIT Fund, you should obtain a copy of the relevant Product Disclosure Statement (PDS) and consider its content. A copy of the PDS and application form is available from APN Funds Management Limited (APNFM) (ACN 080 674 479, AFSL No. 237500), Level 30, 101 Collins Street, Melbourne, Victoria 3000 or by visiting www.apngroup.com.au or by contacting APNFM on 1800 865 221. APNFM recommends that you obtain financial, legal and taxation advice before making any financial investment decision.

What's driving our business?

Strong and growing demand for income-orientated investment products...

Approximate investment yield comparisons¹



¹ Different risk / return profiles. Distribution yields based on 30 September 2019 closing prices based off either current monthly distribution rates or FY20 forecast distribution rates. Subject to assumptions, risks and uncertainties. Refer to respective funds (www.apngroup.com.au) for further details. Past performance is not necessarily and indicator of future performance.

APN Industria REIT

Leading office and industrial property portfolio

- Focus on providing productive and cost effective workspaces to business across Australia
- Objective of delivering strong and growing cash income generation
- Major capital city focus on Australia's Eastern seaboard
- Approximately 50:50 office and industrial
- Created in 2013 through portfolio acquisition and ASX IPO by APN
- APN and its funds together are the largest investor in APN Industria REIT



Key information (ASX Code: ADI)

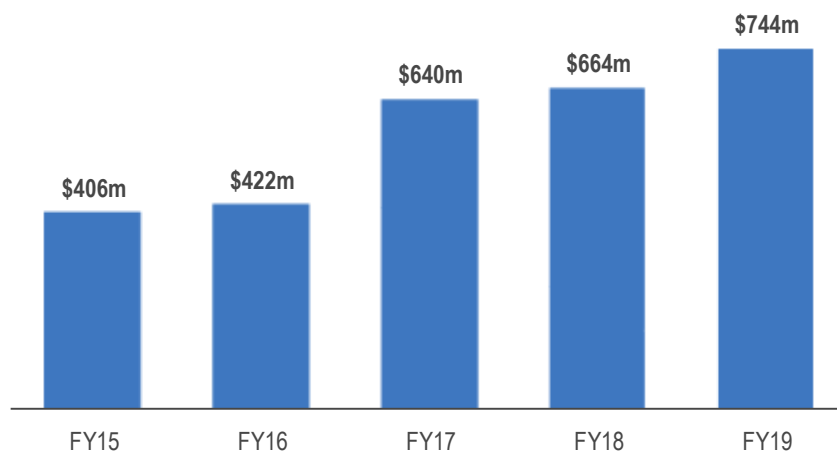
Metrics

Market Capitalisation ¹	\$524m
Funds Under Management	\$744m
Forecast FY20 Distribution Yield ²	6.2%
Distribution frequency	Quarterly
Occupancy	97%
WALE (by area)	6.1 years
Gearing	30.0%
Index inclusion	S&P/ASX 300

1. As at 30 June 2019

2. Based on 30 September 2019 security price

FUM Growth



APN Convenience Retail REIT

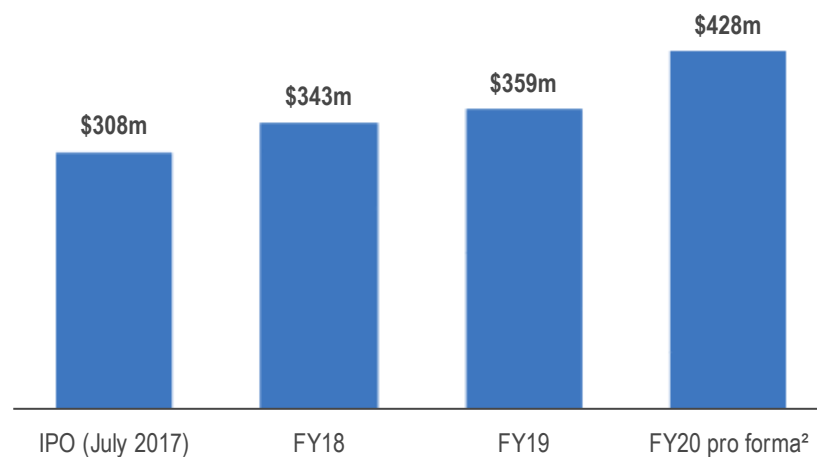
Long lease term, non-discretionary retail focus

- Solely focused on non-discretionary, convenience retail properties
- Services stations leased to Woolworths / EG Group, 7-Eleven, Viva Energy, Puma Energy and others
- Listed on ASX by APN in 2017
- Successfully completed of a \$38m institutional placement in October 2019 to partly fund a \$74.6m portfolio acquisition
- APN has a significant co-investment stake of 15.7% (including APN's funds) at 30 June 2019



Raceview Convenience Centre, QLD

FUM Growth



Key information (ASX Code: AQR)

Metrics

Market Capitalisation ¹	\$308m
Funds Under Management ²	\$428m
Forecast FY20 Distribution Yield ³	6.5%
Distribution frequency	Quarterly
Occupancy ²	100%
WALE (by income) ²	11.7 years
Gearing	35.0%

1. As at 18 October 2019 following allotment of New Securities from institutional placement

2. 30 September 2019 pro forma following Acquisitions and Equity Raising announced on 11 October 2019

3. Based on 30 September 2019 security price and FY20 distribution guidance of 21.8 cents per security

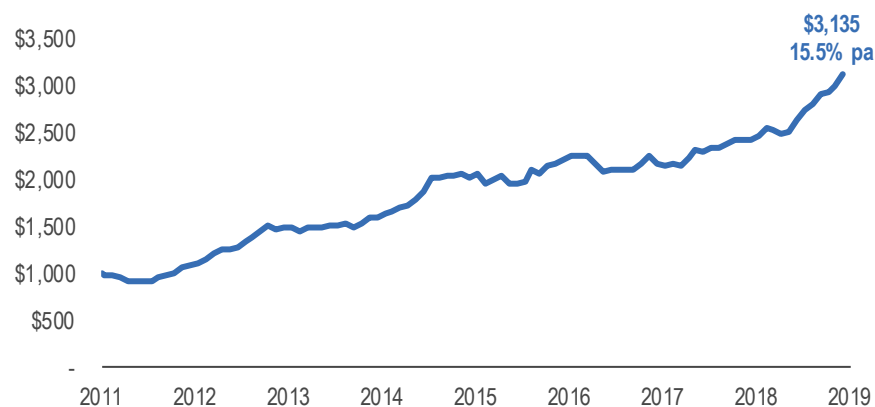
APN Asian REIT Fund

Listed Asian commercial real estate

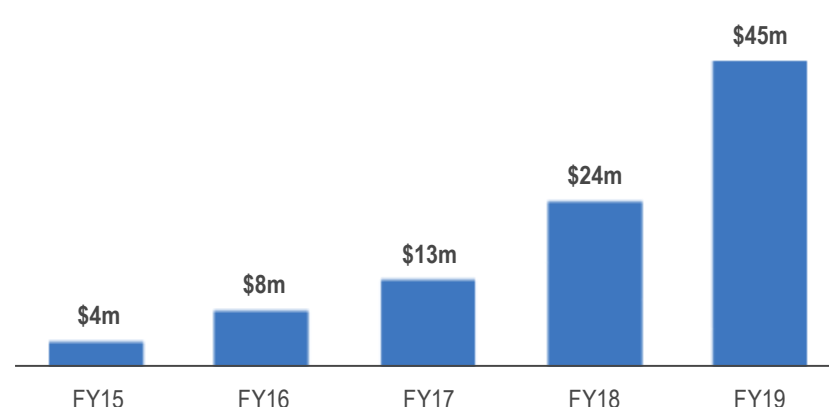
- Asian REIT Fund \$45 million of FUM at 30 June 2019, up 88%
- Delivers APN's Property for Income investment process into growing Asian commercial property markets – Singapore, Hong Kong, Tokyo
- Substantial, multi-generation growth potential is continuing with over 50% of the world's entire population in the region
- Independent research ratings, SQM Research 'Superior' rating reaffirmed in June 2019
- Diversification delivering lower risk (below market volatility)
- Distribution yield 4.9% pa (September 2019) paid monthly
- Delivered 28.9% return during FY2019 (15.5% pa since inception¹)



Performance - \$1,000 invested since inception¹



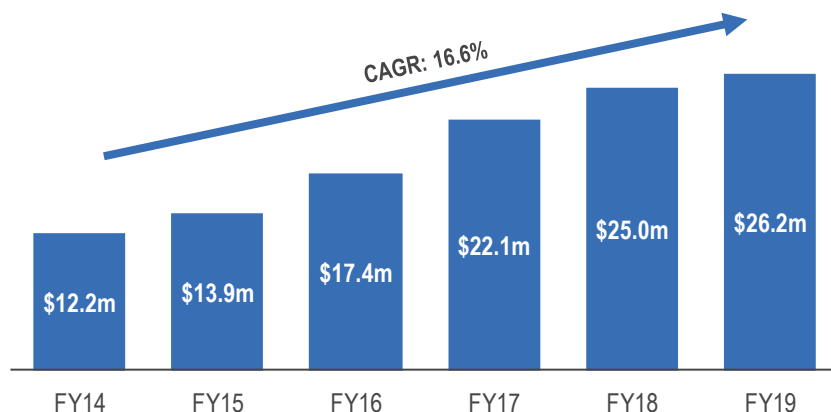
FUM Growth



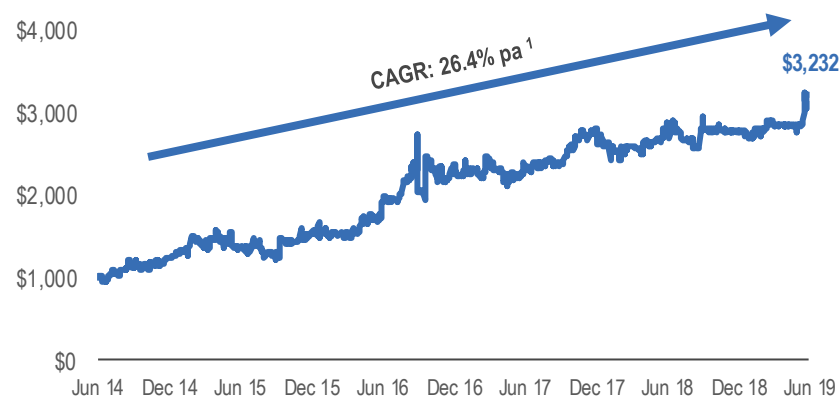
1. APN Asian REIT Fund performance. Net of fees. Assumes reinvestment of distributions since inception. Inception 19 July 2011 to 30 June 2019.

Sustained business, profit and dividend growth

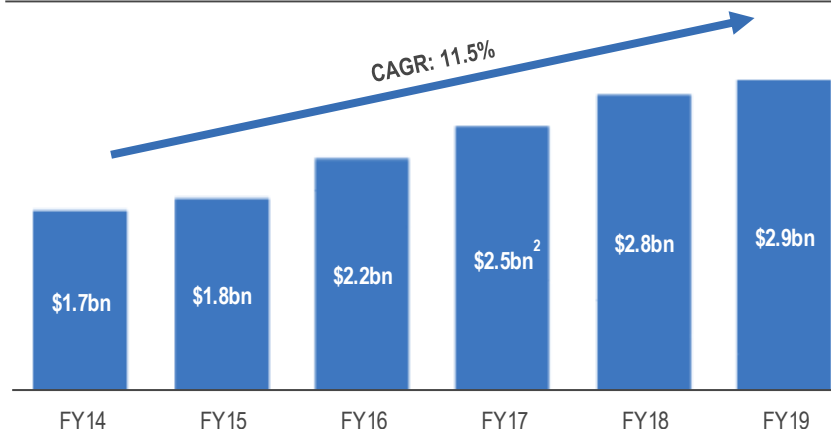
Recurring Income Growth



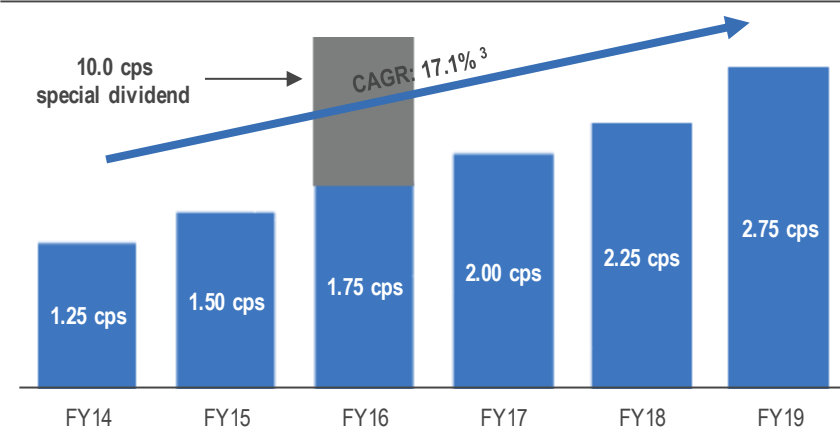
Total Shareholder Return



Funds Under Management



Dividends

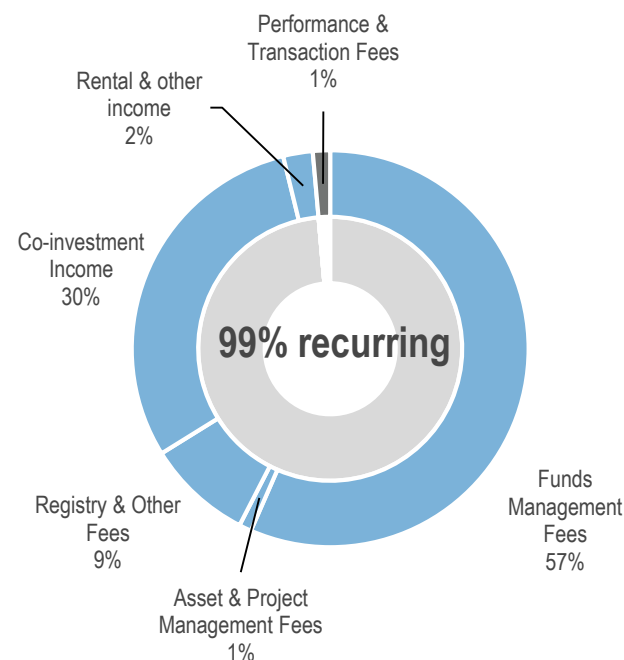


1. Per annum as at 30 June 2019. Includes reinvestment of dividends at market price on dividend payment date and divisor adjustment for standardised calculation where required assuming \$1,000 invested 5 years ago
2. 30 June 2017 FUM of \$2.5 billion. Pro-Forma 30 June 2017 FUM of \$2.6 billion, includes \$113 million of asset acquisitions not complete at balance date but scheduled to settle before 31 October 2017 by AQR.
3. Excludes special dividend of 10 cps

Income Statement - strong operating earnings growth

Income Statement (\$000s)	FY2019	FY2018	Change
Funds management fees	15,038	14,195	▲ 6%
Performance & transaction fees	374	670	▼ 44%
Asset & project management fees	269	127	▲ 112%
Registry & other fees	2,289	2,215	▲ 3%
Total Net Funds Management Income	17,970	17,207	▲ 4%
Co-investment income	7,985	6,780	▲ 18%
Rental and other property related income	640	1,649	▼ 61%
Total Net Income	26,595	25,636	▲ 4%
Employment costs	(10,345)	(10,498)	▼ 1%
Occupancy costs	(678)	(682)	▼ 1%
Sales and marketing costs	(710)	(761)	▼ 7%
Other costs	(2,051)	(2,119)	▼ 3%
Depreciation & amortisation	(141)	(204)	▼ 31%
Finance income/(expense)	(88)	(465)	▼ 81%
Operating earnings before tax	12,582	10,907	▲ 15%
Income tax expense	(3,350)	(2,696)	▲ 24%
Operating earnings (after tax and MI)¹	9,232	8,211	▲ 12%
Other non-operating activities ² after tax & MI	5,291	5,347	▼ 1%
Loss from discont. operations after tax & MI	10	7	▲ 43%
Statutory profit after tax & MI	14,533	13,565	▲ 7%
Key performance metrics (cents per share)			
EPS – Operating Earnings	2.94	2.63	▲ 12%
Statutory EPS (diluted basis)	4.67	4.39	▲ 6%

FY2019 Net Income breakdown



1. Operating earnings is an unaudited after tax metric used by the Group as the key measurement of its underlying performance. It adjusts statutory profit for certain non-operating items recorded in the income statement including discontinued operations, 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.

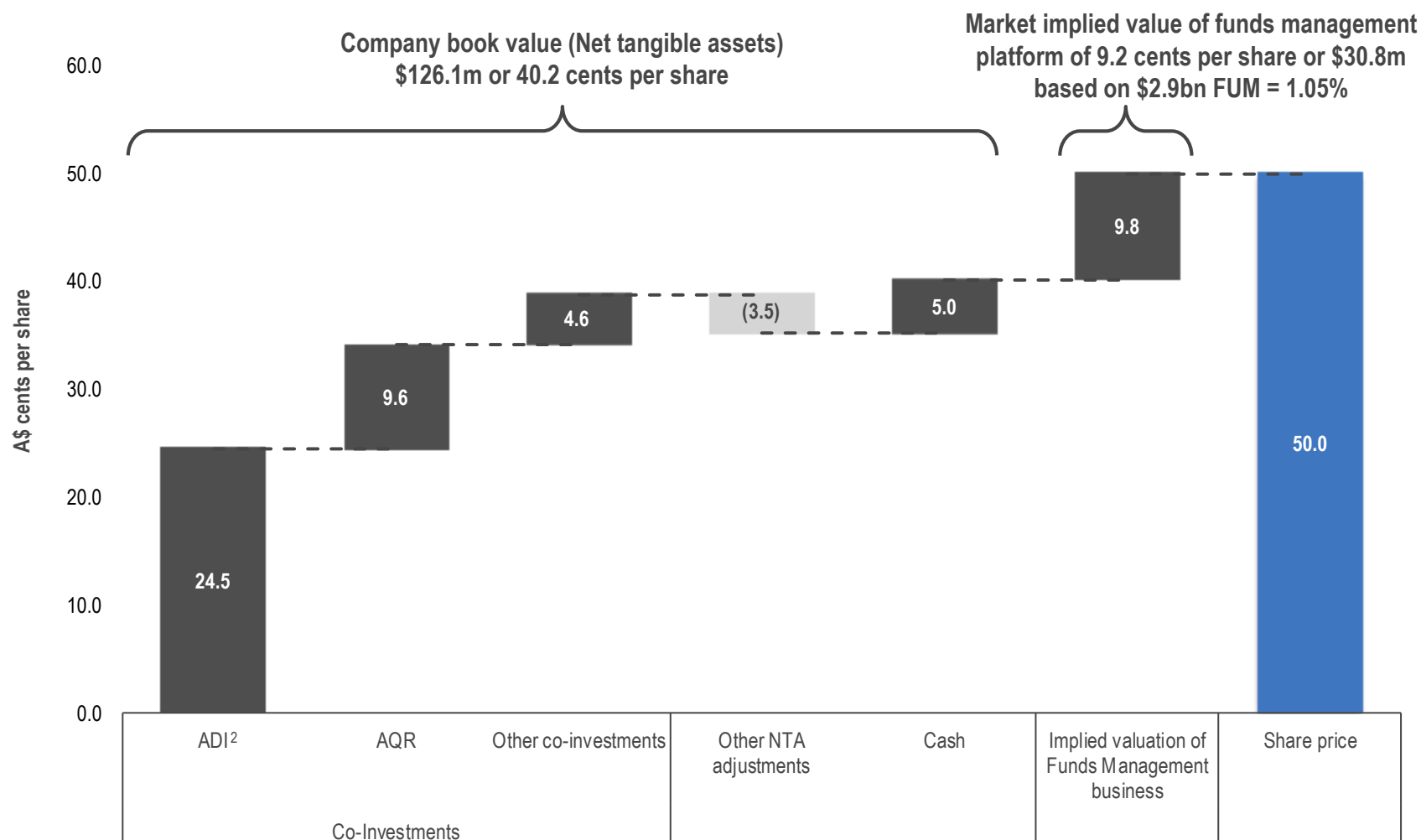
Balance Sheet – well capitalised for future growth

Balance Sheet (\$000s)	June 2019
Cash ¹	15,672
Co-investments	127,472
Investment properties (inc held for sale)	-
Other assets	5,950
Intangible assets	1,756
Total assets	150,850
Trade payables, tax & provisions	17,036
Borrowings	6,004
Net Assets	127,810
Net Tangible Assets	126,054
NTA per share	40.2 cents

¹ Includes cash of \$5.0 million for AFS licence (June 2018: \$5.0 million) and cash held in trust for underlying funds managed by the Group of \$0.7 million (June 2018: \$0.3 million)

Market valuation metrics¹

Forecast FY2020 distribution yield of 6.3%¹



1. Analysis and APN share price as at market close 30 June 2019

2. NTA of 24.5 cents per share is net of debt – refer to financial accounts for further information

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