



**Annual General Meeting
Wednesday 21 November 2018
Commencing at 9.00am**

**Hall & Wilcox
Level 11, Rialto South Tower
525 Collins Street
Melbourne Vic 3000**

Meeting Script

APN Property Group Limited
Annual General Meeting – Wednesday 21 November 2018 at 9.00 am

Introduction

Good morning Ladies and Gentlemen and welcome to the fourteenth Annual General Meeting of APN Property Group Limited. As it is now 9.00 am and we have a quorum present, I have pleasure in declaring the meeting open.

My name is Chris Aylward and I am the Non-Executive Chairman of APN Property Group Limited.

Introduce Directors

I would like to commence by introducing my fellow Directors:

- **Tim Slattery** – who has been an executive director since 2014, Chief Executive Officer since January 2017 and Managing Director since October 2017;
- **Clive Appleton** – who is an independent director, has been a director since 2004 and is also the chair of the Nomination and Remuneration Committee.
- **Howard Brenchley** – who is an independent director and has been a director since 1998; and
- **Tony Young** – who has been an independent director since December 2015 and is also the chair of the Audit & Risk Committee.

Also present in the audience today is:

- **Chantal Churchill** - who is the Company Secretary; and
- **Michael Groth** – who is the Chief Financial Officer.

Introduce Advisors

and from our advisors:

- **James Morvell** 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, **Peter Caldwell** 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 **Julie Stokes**.

Notice of Meeting

The Notice of Annual General Meeting, which includes twelve items of business, and accompanying Stapling Booklet has been sent to all shareholders, and with your agreement, I propose to take it as read.

Minutes of Previous Meeting	<p>The last meeting of members was held on 23rd November 2017.</p> <p>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.</p>
Presentation of FY18 Results and Outlook	<p>The purpose of this meeting is to review the financial year ended June 2018 and to give you the opportunity to discuss the affairs of the Company, including the Stapling Proposal for the Company as set out in the Stapling Booklet. There are also a number of resolutions which are important for the effective running of the company.</p> <p>I would like to start by calling on Tim Slattery to review the FY18 results and provide an outlook for our company.</p> <p><i>[Tim to lectern]</i></p> <p><i>[Power Point Presentation]</i></p> <p><i>[Chris to lectern]</i></p>
Conclude Address	<p>Thank you Tim.</p> <p>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 are appreciated.</p> <p>I will now move to the formal business of the meeting.</p>
Admission Cards	<p>You should have received a coloured admission card when you registered at the meeting here today. These cards will be required by those wishing to participate in the formal business of the meeting.</p> <ul style="list-style-type: none"> ▪ Yellow cards have been issued to all shareholders and proxyholders entitled to speak and vote at this meeting. ▪ Blue cards have been issued to non-voting shareholders entitled to speak however not entitled to vote. ▪ Red cards have been issued to visitors who are not entitled to speak or vote. ▪ Shareholders attending in their own right who have also been appointed as a proxy will have been issued with more than one card.

If you have been issued with an incorrect card, please see the registration staff now.

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

Financial Statements and Reports *“To receive and consider the Financial Report, the Directors’ Report and the Auditor’s Report, each for the financial year ended 30 June 2018.”*

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.

[Questions / Discussion]

Thank you

If there are no *[further]* questions, as this matter does not require a vote, we will move to the next item of business.

Pre-amble to Resolutions The remaining items are resolutions for your consideration. As there are eleven resolutions and each must be separately considered by shareholders, I propose to keep the process as short as possible by noting in advance, the following items:

- Resolution 1 is an advisory resolution only. It does not bind the Board or the Company although the Board will certainly give due consideration to the outcome of this resolution;
- Resolutions 2, 3, 5, 6, 7, 8, 10 and 11 are ordinary resolutions and will be passed if more than 50% of the votes of those present and eligible to vote (including by proxy) are cast in favour of the resolution;
- Resolutions 4 and 9 are special resolutions and will be passed if more than 75% of the votes of those present and eligible to vote (including by proxy) are cast in favour of the resolution;
- The resolutions are set out in the Notice of Meeting and Stapling Booklet and as each is considered it will be shown on the screen beside me together with a summary of the proxy instructions received by the Company Secretary in respect of that resolution;
- I intend to vote all open proxies that I hold **in favour** of the resolutions;
- Finally, when called upon to vote, would you please do so

by raising your hand showing clearly the yellow card.

**Remuneration
Report
(pp 24 - 34
Annual Report)**

[Resolution 1]

Item 2 is the adoption of the remuneration report contained in the 2018 Annual Report.

The Corporations Act requires the preparation of a Remuneration Report and that a resolution be put to members that the remuneration report be adopted.

Voting on the resolution is not binding on the company or the directors. However, as previously noted, the board takes seriously the views of members on this matter which will be given proper consideration when we review our remuneration practices and policies.

Does any shareholder wish to speak in relation to the resolution or ask any questions?

[Questions / Discussion]

Thank you

Put to Vote

I now put to the meeting the resolution that the Remuneration Report for the financial year ended 30 June 2018 be adopted.

**Re-election of Mr
Howard Branchley
as a Director**

[Resolution 2]

The next item is the re-election of Director.

I am pleased to propose the re-election of Mr Howard Branchley as an Independent Director.

Howard Branchley will retire by rotation in accordance with clause 4.3(c) of the Constitution and, being eligible, offers himself for re-election.

The following information has been provided by Mr Branchley in support of his re-election as a Director.

Howard has a long history in the Australian property investment industry with over 30 years' experience analysing and investing in the sector.

Howard joined the APN Group in 1998 and was responsible for establishing the APN Funds Management Limited (APN FM) business. In this capacity he developed a suite of new property securities and direct property funds, including the flagship APN AREIT Fund and the APN Property for Income Fund, both

market leading property securities funds in Australia.

Prior to joining the APN Group, Howard was co-founder and research director of Property Investment Research Pty Limited, one of Australia's leading independent research companies, specialising in the property fund sector.

Howard is also a director of APN FM (since 1998), National Storage Holdings Limited (since 2014) and National Storage Financial Services Limited (since 2015), both listed as National Storage REIT (ASX Code: NSR).

The Board determined that Howard should be regarded as an independent director of the Company from March 2018.

Does any shareholder wish to speak in relation to the resolution or ask any questions?

[Questions / Discussion]

Thank you

Put to Vote

I now put to the meeting the resolution to re-elect Mr Brenchley as a Director of the Company.

Re-election of Mr Tony Young as a Director

[Resolution 3]

I am pleased to propose, the re-election of Mr Tony Young as an Independent Director.

Tony Young will retire by rotation in accordance with clause 4.3(c) of the Constitution and, being eligible, offers himself for re-election.

The following information has been provided by Mr Young in support of his re-election as a Director.

Tony is a professional investor with a significant investment in APN as well as a number of other real estate investments.

Tony is also an advisor to Morningstar Australia, a leading global provider of independent fund management and equity investment research; the co-owner of Timebase Pty Limited, an Australian online law library/legal database and other services provider; and co-founder of Aspect Huntley (Australia's leading internet equity research company and publisher of Huntleys Your Money Weekly and IFA) which was sold to Morningstar in 2006.

Tony qualified as a Chartered Accountant in 1980 with Pricewaterhouse. In the 1980s he qualified as a member of

Securities Institute of Australia and the Australian Institute of Bankers. His early career as an analyst included time at Westpac, Macquarie Bank, James Capel Australia (Head of Equity Capital Markets), First Pacific Stockbrokers (founding shareholder/director) and Credit Suisse First Boston (Head of Research).

He is director of a number of private companies involved in investment and research industries and is also an active counsellor with Lifeline Australia.

Does any shareholder wish to speak in relation to the resolution or ask any questions?

[Questions / Discussion]

Thank you

Put to Vote

I now put to the meeting the resolution to re-elect Mr Young as a Director of the Company.

**Approval of 10%
Placement Capacity**

[Resolution 4]

We now move to the special resolution for the approval of the issue of shares up to 10% of the shares on issue.

ASX Listing Rule 7.1A allows eligible companies such as APN to seek approval by special resolution at its Annual General Meeting to issue shares up to 10% of its issued capital over a period of up to 12 months after the Annual General Meeting, in addition to those shares issued under the 15% annual placement capacity.

The issue of new shares is not presently intended, but the opportunity may arise over the course of the next 12 months. However, your approval today will ensure that the company maximises its flexibility to raise capital in order to respond quickly to new opportunities.

Does any shareholder wish to speak in relation to the resolution or ask any questions?

[Questions / Discussion]

Thank you

Put to Vote

I now put to the meeting the special resolution approving the issue of shares up to 10% of the shares on issue.

*[Requires 75% of
those voting to vote in
favour]*

Approval to amend terms of issue of securities under the APN Property Group Timothy Slattery Executive Share Plan

[Resolution 5]

We move now to a resolution in relation to the Timothy Slattery Executive Share Plan.

The Directors established the Timothy Slattery Executive Share Plan in 2016, and shareholders approved the grant of rights in respect of up to 7.5 million ordinary shares to Mr Slattery in accordance with that plan.

Several amendments to grant of rights to Mr Slattery were approved by the Directors in April 2018, as summarised in the notice of meeting. Importantly, Mr Slattery's performance hurdles have not changed, and the maximum equity in the Company that can be issued to Mr Slattery under the outstanding rights issued under the plan remains at 7.5 million shares at 40 cents per share.

Your approval is required for these amendments on the basis that ASX Listing Rule 10.14 requires shareholder approval for the issue of shares to a director of the company under an employee incentive scheme. In addition, shareholder approval is required because the company is considered to be financially assisting Mr Slattery to acquire shares in the company under the plan for the purposes of the Corporations Act. Given the amendments affect the issue of shares to Mr Slattery, your approval is sought for these and all other purposes.

Does any shareholder wish to speak in relation to the resolution or ask any questions?

[Questions / Discussion]

Thank you

Put to Vote

I now put to the meeting the resolution to amend the terms of issue of securities under the Tim Slattery Executive Share Plan.

Approval of the issue of securities under the APN Property Group Timothy Slattery Executive Share Plan

[Resolution 6]

We now move to a further resolution in relation to the Timothy Slattery Executive Share Plan.

The Plan has also been amended so that in the event that the Company becomes part of a stapled structure, the securities issued under the plan would be stapled securities rather than solely shares.

Under Listing Rule 7.1, the Company must not issue or agree to issue securities exceeding 15% of its ordinary shares on issue in the previous 12 months without shareholder approval. There is an exception to this rule where the issue is under an employee incentive scheme that has been approved by shareholders within the previous three years. While issues under the Tim Slattery Executive Share Plan were approved as an exception to the 15% annual placement capacity in 2016, fresh approval is required due to the revised terms of the plan.

The amendments in relation to the stapling are necessary for the Tim Slattery Executive Share Plan to operate if the Stapling Proposal is implemented.

Does any shareholder wish to speak in relation to the resolution or ask any questions?

[Questions / Discussion]

Thank you

Put to Vote

I now put to the meeting the resolution to approve of the issue of securities under the Timothy Slattery Executive Share Plan as an exception to Listing Rule 7.1.

Approval of the issue of securities under the APN Property Group Employee Performance Rights Plan

[Resolution 7]

We will now consider a resolution in relation to the APN Property Group Employee Performance Rights Plan.

The Employee Performance Rights Plan was approved by shareholders in 2014.

The Employee Performance Rights Plan has also been amended so that in the event that the Company becomes part of a stapled structure, the securities issued under the plan would be stapled securities rather than shares.

In the same way as the Tim Slattery Executive Share Plan, the issue of securities under Employee Performance Rights Plan requires the approval of shareholders for the issue to be exempt from the Company's 15% annual placement capacity limit in Listing Rule 7.1.

The amendments in relation to stapling are necessary for the Employee Performance Rights Plan to operate if the Stapling Proposal is implemented.

Does any shareholder wish to speak in relation to the resolution or ask any questions?

[Questions / Discussion]

Thank you

Put to Vote

I now put to the meeting the resolution to approve of the issue of securities under the APN Property Group Employee Performance Rights Plan as an exception to Listing Rule 7.1.

Approval of issue of shares under the APN Property Group Employee Share Gift Plan

[Resolution 8]

We move to a resolution in relation to the APN Property Group Employee Share Gift Plan.

The Employee Share Gift Plan was established in 2007 and amended in 2014. Under the Gift Plan, permanent full-time and part-time employees of the Company may be offered shares in the Company for no consideration, up to a prescribed limit.

As the Gift Plan has not been approved since 2014, the issue of shares under the Plan requires the approval of shareholders to be exempt from the Company's 15% annual placement capacity in Listing Rule 7.1.

Does any shareholder wish to speak in relation to the resolution or ask any questions?

[Questions / Discussion]

Thank you

Put to Vote

I now put to the meeting the resolution to approve of the issue of securities under the APN Property Group Employee Share Gift Plan as an exception to Listing Rule 7.1.

Approval to Amend the Constitution

[Resolution 9]

The next resolution is a special resolution seeking approval to amend the constitution of the Company.

In accordance with the Corporations Act, a company may amend its constitution by members passing a special resolution. The amendments to the Constitution of the Company that are proposed allow for the Company to become part of a stapled structure.

Importantly, if and when stapling applies, the amended Constitution would prevent any dealing in shares in the Company unless there is an equivalent dealing in the securities stapled to those shares.

The Stapling Booklet sets out the constitutional amendments in

further detail.

The Stapling Proposal is conditional on this Resolution 9 being passed, as the Stapling Proposal cannot be implemented without the requisite powers and mechanical terms being included in the Company's constitution.

Shareholders should be aware, however, that the amendments to the constitution are not conditional on the Stapling Proposal being approved. However, the proposed amendments to the constitution are only operative where the Company is part of a stapled structure.

Does any shareholder wish to speak in relation to the resolution or ask any questions?

Thank you

I have tabled the proposed amended Constitution at this meeting.

Does any shareholder wish to speak in relation to the resolution or ask any questions?

[Questions / Discussion]

Thank you

Put to Vote

[Requires 75% of those voting to vote in favour]

I now put to the meeting the resolution to amend the constitution, as reflected in the document I have tabled at this meeting.

Stapling proposal

[Resolution 10]

We now move to the final two resolutions for this AGM, which both relate to the Stapling Proposal.

Under the Stapling Proposal, the Company is proposing to undertake a restructure of its corporate and operating structure in order for the group to become a stapled entity. The stapled group would be comprised of the Company and a new registered managed investment scheme, the APD Trust. If the Stapling Proposal is implemented, each ordinary share in the Company would be stapled to an ordinary unit in the APD Trust on a one for one basis.

The first of the stapling resolutions relates to the stapling proposal itself. This resolution is conditional upon resolution 9,

concerning the constitutional amendments, and resolution 11, concerning the proposed capital reduction, being approved by shareholders.

If the Stapling Proposal is approved by shareholders, it will remain conditional on two regulatory requirements being satisfied.

These conditions are:

- first, the ATO providing a draft class ruling regarding certain income tax implications to shareholders in the Company on terms satisfactory to the Directors; and
- second, the responsible entity of the APD Trust, which is currently APN Funds Management Limited in an interim capacity, being replaced with another responsible entity.

Further details regarding the Stapling Proposal and the relevant regulatory conditions is set out in the Stapling Booklet that accompanied the notice of meeting. I would like to draw shareholders' attention to a few key aspects of this proposal and the Directors' rationale for proposing it at this AGM.

Most importantly, the Stapling Proposal is consistent with the Group's focus on enhancing its scale and diversifying its operations across parts of the property investment market and the property investment cycle though:

- acquisition;
- management;
- funds management; and
- passive property holding activities.

One of the Group's key strategies to achieve this is to increase its co-investment in APN managed property funds, thereby increasing its recurring earnings and building on the scale of our integrated business model.

The Board believes that the Stapling Proposal will be an important evolutionary step in achieving the Group's objectives by providing a more efficient structure for the Group to undertake and increase its property investment and property management activities.

The stapled structure will also bring the Group's structure in line with other listed property fund managers, providing a more

transparent benchmarking of performance and potential for the APD securities to be re-rated.

Equally as important, should the regulatory conditions be satisfied, the Stapling Proposal is not expected to give rise to any additional risks for APD Shareholders. The general business risks of an investment in the APD Group will remain the same before and after the Stapling Proposal is implemented.

For these reasons, your Directors unanimously recommend that you support the Stapling Proposal by voting in favour of this resolution.

Does any shareholder wish to speak in relation to the resolution or ask any questions?

[Questions / Discussion]

Thank you

Put to vote

I now put to the meeting the resolution to approve the Stapling Proposal.

Capital reduction

[Resolution 11]

We move now to the final resolution at today's meeting, which relates to the capital reduction required to give effect to the Stapling Proposal.

Once the regulatory conditions as outlined in the Stapling Booklet are satisfied, shareholders in the Company will be issued units in the APD Trust by the Company compulsorily applying funds from a capital return and dividend to shareholders to subscribe for those units. The Company will return an amount of up to 7.5 cents per share to shareholders through this mechanism.

No payment is required from shareholders in relation to the Stapling Proposal, as the proceeds of the capital reduction and dividend will be applied by the Company on your behalf to subscribe for units in the APD Trust. The capital return will only occur if the Stapling Proposal is implemented.

The Corporations Act requires the approval of shareholders for the Company to undertake a capital return. I also note that this resolution was conditional upon resolutions 9 and 10 being approved by shareholders.

Put to vote

I now put to the meeting the resolution to approve the capital

reduction.

General Business

[Conclusion]

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.

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.

APN Property Group Limited
Chief Executive Officer and Managing Director's Address

Ladies and gentlemen welcome to APN Property Group Limited's 2018 annual general meeting.

[Slide – Overview]

A many of you will know, APN Property Group is a specialist real estate investment manager. We focus exclusively on commercial property and we invest with a principal goal of generating excellent risk-adjusted returns for our investors through delivering reliable cash income streams. At 30 June APN's Funds Under Management stood at \$2.8 billion, including our two ASX listed REITs as you can see summarised on the slide.

[Slide – FY2018 Financial Achievements]

APN delivered a strong set of financial results in 2018, including a 12% increase in operating earnings after tax, our key profit measure, to \$8.2 million which was comprised 97% of income from recurring sources. We also delivered a 27% increase in statutory profit, a 12% increase in funds under management and a fourth successive annual dividend increase to 2.25 cents per share fully franked. APN finished the year in a strong balance sheet position with \$15 million in cash and net tangible assets of \$118 million or 37.7 cents per share against a closing share price of 45 cents per share.

[Slide – FY2018 Operational Achievements]

Our funds delivered strong, income based returns for FY2018 – delivering on our 'property for income' investment philosophy. We are pleased to report the APN Asian REIT Fund increased in size by over 85% for the year and in our direct property activities we delivered a series of strong leasing and asset management results including over 13,600 sqm of leasing transactions at Industria REIT taking occupancy to 95%. The successful initial public offering and ASX listing of the \$340 million Convenience Retail REIT on the ASX was a key achievement for the year, which I'm pleased to report has exceeded its key PDS profit forecast (Funds From Operations per security) since listing.

[Slide – Strong performance over five years]

APN's Board and management team have a long term view on operating the company. We therefore also measure our success on a longer term basis. Over the past five years, APN has delivered compound annual growth in its recurring income of 15.5% and over 10% per annum in Funds Under Management. We have also increased our dividend over 80% over this period. I believe this demonstrates the effectiveness of our strategy to build shareholder value by increasing the scale of our operations and our competitive advantage being our track record, expertise, governance and our co-investment capability. We have also delivered these results using modest levels of debt, without the acquisition of goodwill through M&A and while leaving the company in a strong financial position and with significant future growth opportunities.

[Slide – Market outlook and APN's positioning]

In terms of some high level comments on the market, we are starting to see more evidence of conditions moderating. For certain assets and markets competition between buyers is softening which we expect will continue to lead to an improvement in the number and attractiveness of buying opportunities. While there has been significant commentary in the media, we continue to have access to debt finance on attractive terms for the types of investments we are focusing on and similarly we don't expect a slow down in residential real estate to cause a major dislocation in commercial property markets, although certainly it is contributing to more negative sentiment. APN is exceptionally well positioned in the market conditions we see emerging, with low levels of debt

in our funds and in excess of \$20 million in cash on our balance sheet (on completion of the Nowra Fund settlement and after allowing for our licence requirements). This capital is available to assist and accelerate the delivery of our growth initiatives.

[Slide – Growth opportunities]

APN remains exceptionally well placed. There is strong underlying demand from investors looking for reliable income-based property investments. In addition, we are actively progressing new funds as well as opportunities to make further selective acquisitions which we believe will add value for investors in our existing funds. We have included a selection of these opportunities on the slide. To demonstrate our activity which is sometimes not always easy to see from outside the business, over the 2018 financial year we reviewed in excess of \$1.4 billion of direct property acquisitions and we have calculated our pricing was on average 12% below the eventual sale price, noting that a significant number of buyers were offshore investors. We have maintained a disciplined approach to date which we will continue to employ as we pursue further growth initiatives.

[Slide – Earnings and dividend guidance]

In terms of how we are tracking so far in FY2019 on our earnings, which again only includes items which we believe are reasonably certain, I'm pleased to confirm we continue to expect to deliver operating earnings after tax of 2.40 – 2.90 cents per share and a dividend of 2.25 cents (fully franked), in each case subject to current market conditions continuing.

[Slide – Stapling proposal]

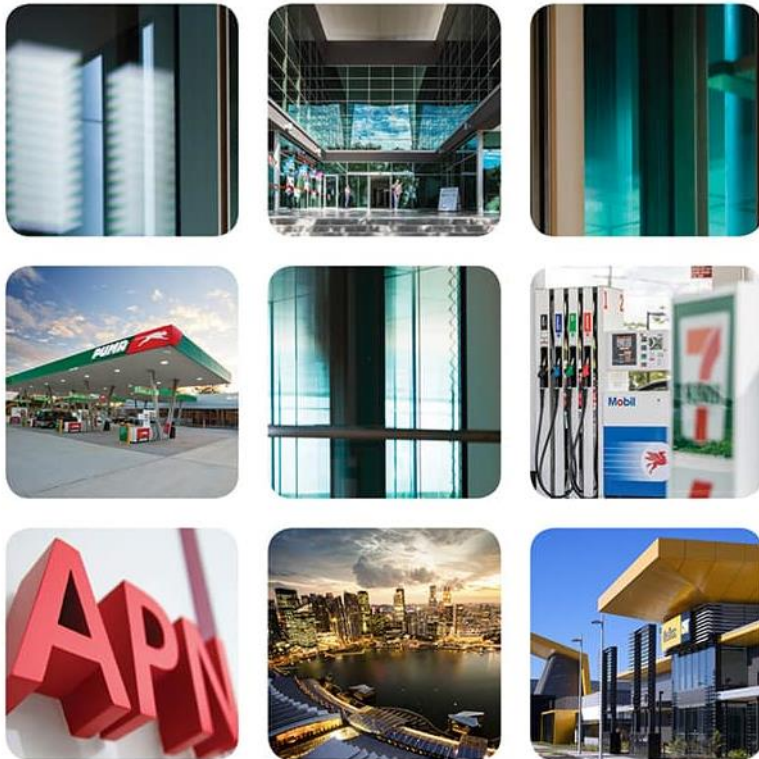
Moving ahead, I would like to make a few comments regarding the stapling proposal before shareholders today. The Board has reviewed APN's capital structure and has determined to recommend moving the company's activities and investments to a stapled structure. A stapled structure operates with a unit in a trust is contractually linked with a share in the company, with the two 'stapled' together and traded as a single unit on ASX. This move will bring APN into line with the majority of ASX listed property fund managers, may improve the cost of capital for the company enhancing its growth potential as well as increasing distributions to shareholders. This proposal remains subject to a series of key conditions and approvals before implementation will be possible. One of those steps includes approval by shareholders today.

[Slide – Stapling proposal indicative financial impact]

In terms of high level financial impact, on the following slide you can see that subject to a series of assumptions an increase in annual distributions of approximately 22% may be achieved, noting that the tax treatment of the components of this distribution will differ from what APN is currently delivering to its shareholders.

The stapling proposal resolutions will be considered later at the formal part of the meeting which will be continued by Chris to whom I'll now hand back to.

Thank you again for your attendance today and your support throughout the year.



2018 ANNUAL GENERAL MEETING PRESENTATION

21 NOVEMBER 2018
www.apngroup.com.au
ASX Code: APD

APN | Property Group

Introduction



Presenting

Chris Aylward
Chairman



Clive Appleton
Independent Director



Howard Brenchley
Independent Director



Tony Young
Independent Director



Presenting

Tim Slattery
Managing Director &
Chief Executive Officer



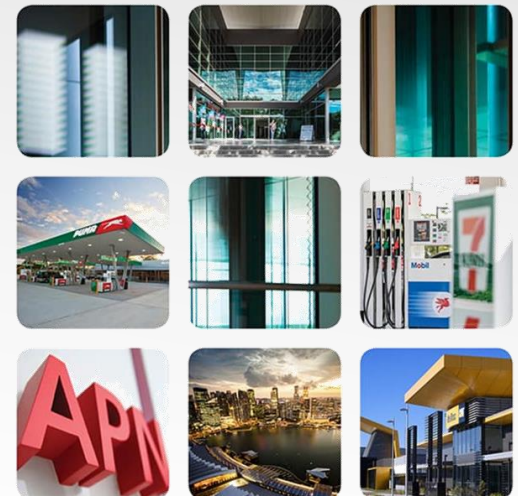
Chantal Churchill
Company Secretary



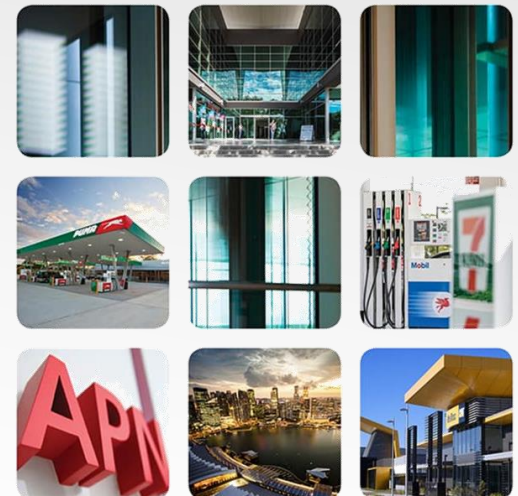
Michael Groth
Chief Financial Officer

Agenda

- Welcome and Chairman's introduction
- Business review
- Formal business of the meeting
- Meeting close



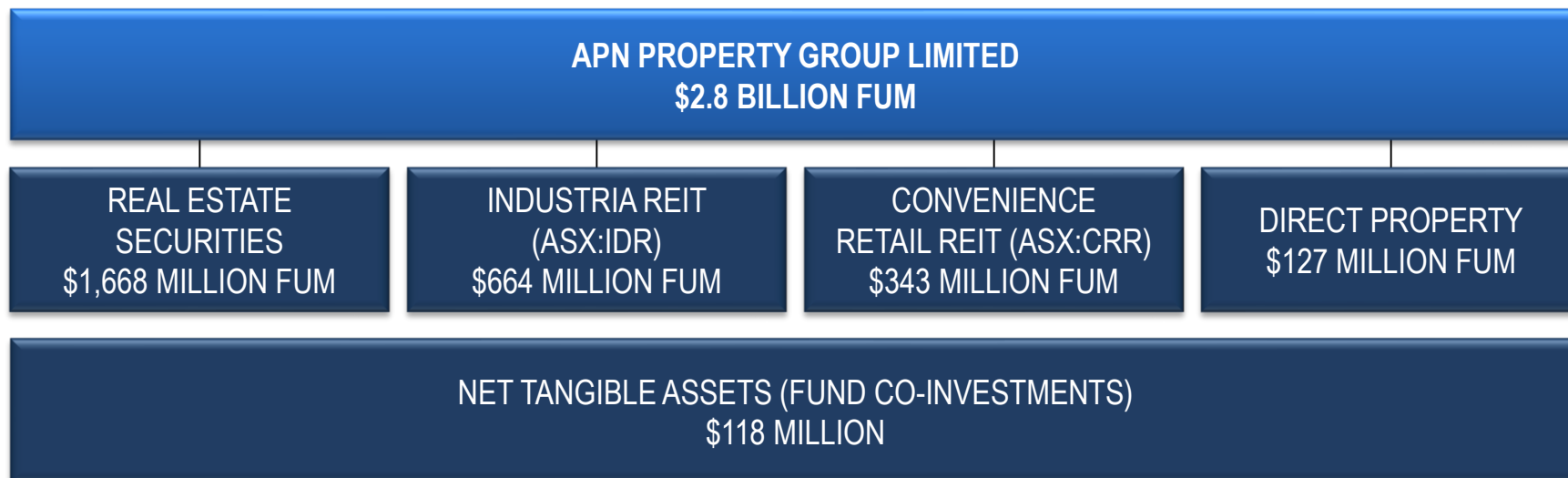
BUSINESS REVIEW



Overview

Specialist real estate investment manager with a 'Property for income' focus

As at 30 June 2018



- ▶ Established 1996
- ▶ 12 Funds, 102 properties
- ▶ Melbourne based
- ▶ Office, industrial, retail and other real estate investments
- ▶ Listed and unlisted funds, direct and indirect (listed property securities)
- ▶ Institutional and retail investors
- ▶ Key competitive advantages: expertise, track record, governance co-investment capability

FY2018 financial achievements

OPERATING EARNINGS ¹	\$8.2 million ▲ 12% pcp, 2.63 cents per share (cps) Statutory NPAT: \$13.6 million ▲ 27% pcp 97% income from recurring sources
FUM	\$2.8 billion ▲ \$308 million, 12% ²
DIVIDENDS	2.25 cps fully franked ▲ 13% Interim: 1.25 cps Final: 1.00 cps
BALANCE SHEET	NTA: 37.7 cps Cash: \$15.0 million ³
TOTAL SHAREHOLDER RETURN ⁴	1 year: 16.5% 3 years: 26.5% pa

1. Operating earnings is an unaudited after tax metric used by management as the key 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, business development expenses and realised / unrealised fair value movements on the Group's co-investments and investment properties.
2. 12% increase based on 30 June 2017 FuM of \$2.5 billion excluding pro-forma adjustment. Increase of 7% on 30 June 2017 Pro-Forma FuM of \$2.6 billion, refer to FY2017 result announcement for further information.
3. Includes cash held in trust for underlying funds managed by the Group of \$0.3 million and \$5.0 million for AFS Licences.
4. Per annum as at 30 June 2018. Includes reinvestment of dividends at market price on dividend payment date and divisor adjustment for standardised calculation where required.

FY2018 operational achievements

Strong income focused returns achieved across the group

- ✓ Securities funds continue to generate strong income performance – true to 'property for income' label
 - FUM increased over \$130 million, Asian REIT FUM increased 85%
 - Leadership succession plan implemented
- ✓ Strong performance by Industria REIT
 - Continued client engagement generated 13,600 sqm of leasing
 - Growth in net tangible assets per security of 5.1% to \$2.70 per security
 - Strong balance sheet post refinance and revaluation gains
- ✓ Successful ASX listing of Convenience Retail REIT
 - Four properties acquired for \$27.4 million¹ post IPO²
 - Portfolio valuation \$340 million, FUM up 11.4% since IPO
 - FY2018 FFO exceeded PDS guidance
- ✓ Value focused and active approach taken to Direct Property division growth
 - \$580 million offers submitted, over \$1.4 billion assessed
 - Launched APN Nowra Property Fund
- ✓ Capital structure / stapling review complete – proposal put to 2018 AGM

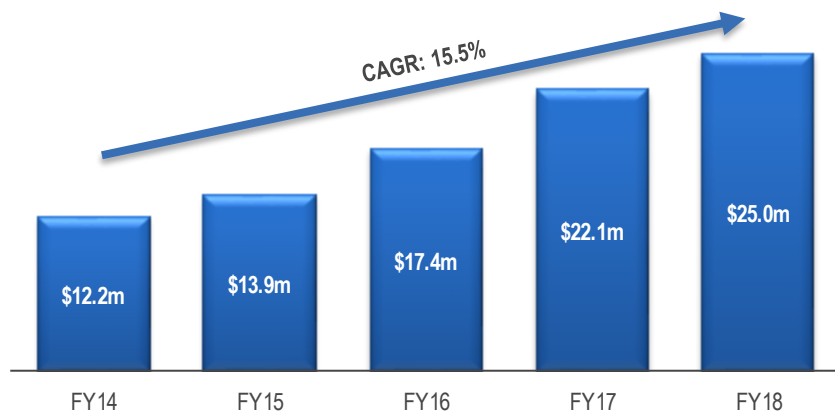


1. Total purchase price excluding transaction costs. Unconditional sale contract for Puma Mt Larcom entered into on 17 August 2018. Refer creit.com.au for further information.

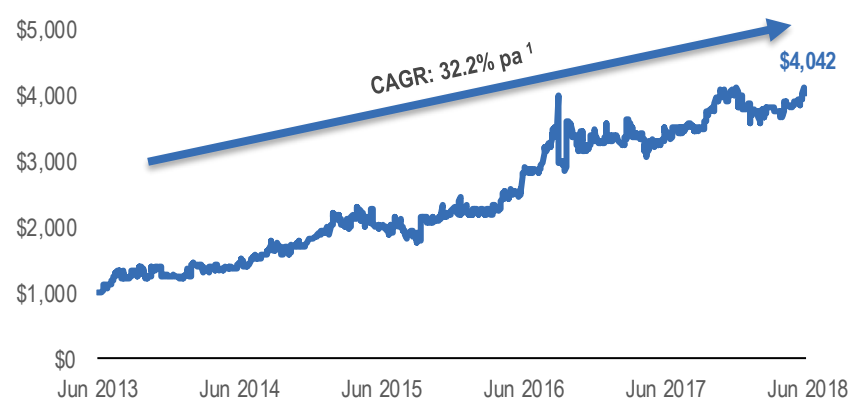
Strong performance over five years

Dividend covered with recurring income and has increased 80% over this period

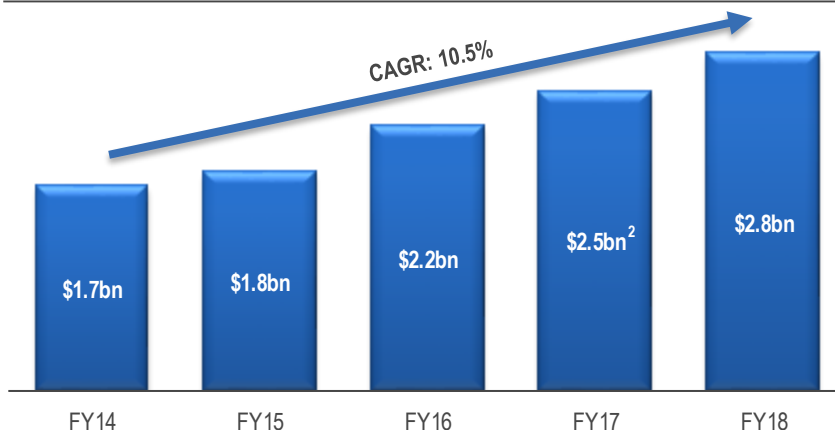
Recurring Income Growth



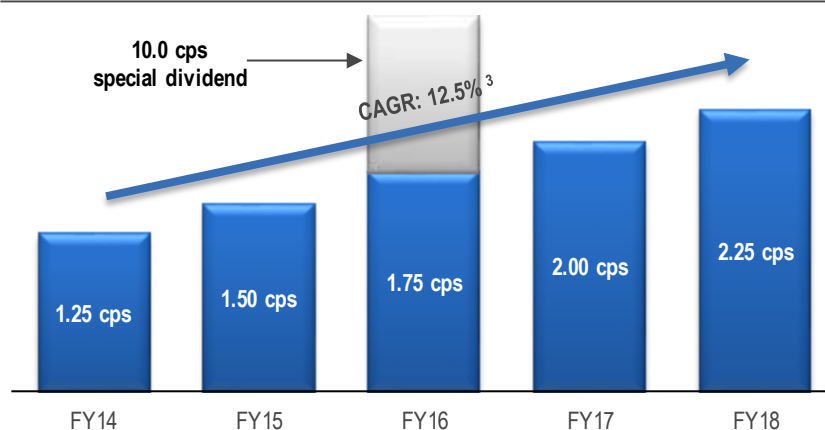
Total Shareholder Return



Funds Under Management



Dividends



1. Per annum as at 30 June 2018. 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 CRR.
3. Excludes special dividend of 10 cps

Market outlook and APN's positioning

- Market conditions moderating (pricing softening for certain assets / markets) increasing buying opportunities
- Debt finance: available on competitive terms for income-producing assets with reasonable leverage
- Residential slow-down by unlikely to cause a major commercial property market dislocation but contributing to negative sentiment
- APN well positioned for better buying opportunities:
 - Debt at lower end of target ranges for funds including IDR and CRR (31% and 31.7% at June 2018)
 - APD balance sheet in excess of \$20 million in cash (post Nowra Fund sell down and after licence requirements)
- Strong, income-based investment performance - commercial property as an investment to generate reliable and growing income continues to be an attractive risk-reward proposition
- Maintain disciplined approach to acquisition opportunities



Growth opportunities

New Fund Opportunities

- New wholesale real estate securities mandates
- Asian REIT Fund
- New real estate securities strategies being reviewed
- Individual and portfolio level acquisition opportunities (IDR, CRR, Direct Funds)
- New syndicates
- New direct property institutional mandates

Growth Potential

- Stapling proposal
- Operating leverage – significant scalability (fixed cost base)
- Sector M&A
- Long term view on value creation

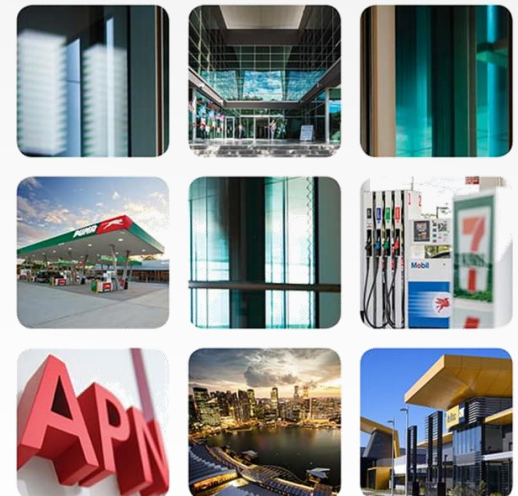


Earnings and dividend guidance

Re-affirm operating earnings after tax guidance, subject to continuation of current market conditions

		FY2018		FY2019
		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		2.35 – 2.65 cps	2.63 cps	2.40 – 2.90 cps
Dividend	Determined with reference to the amount and composition of operating profit after tax	2.00 cps (fully franked)	2.25 cps (fully franked)	2.25 cps (fully franked)

STAPLING PROPOSAL



Stapling proposal – update

Background

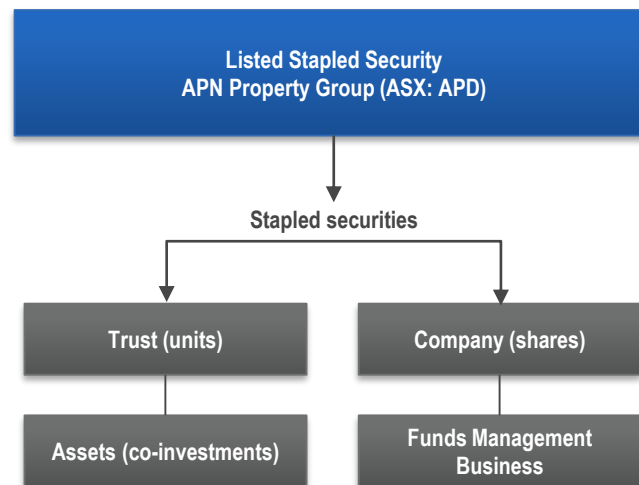
- Stapled structure is essentially a trust contractually linked with a company – with stapled units traded on ASX as single securities
- Board has reviewed APN's capital structure

Potential Benefits and Rationale

- It is consistent with APN's focus and objectives
- Ability to enhance synergies, leverage opportunities and scale from APN's business model
- Enhances APN's strategy to increase recurring revenues
- Brings APN in line with majority of listed property fund managers
- Encourages and supports access to additional new capital and may improve APN's cost of capital, enhancing the growth potential of the Group

Conditions, Process and Timing

- Implementation requires approval by Board and by shareholders
- Subject to customary conditions, including ASX, ASIC approvals and obtaining additional Australian Financial Services Licence and a tax class ruling from ATO (for the benefit of shareholders)
- Expect Q1 – Q2 calendar 2019 completion



Please refer to important notes regarding the stapling proposal on the following page

Stapling proposal – indicative financial impact

Proposed stapled group - pro-forma key assumptions (for indicative purposes only):

- Requisite shareholder approval is obtained
- Majority of co-investments (75% CRR and 100% each of IDR and APN Asian REIT Fund) transferred to stapled Trust effective 1 July 2018.
Current market based rates for professional advisory costs and additional listing fees and compliance costs
- Stapling implemented via a distribution (part capital return, part dividend) to all shareholders which is compulsorily applied to acquire new units in the trust (APD seeking ruling from ATO that no part of the capital return will be treated as a dividend for tax purposes)
- Trust is 'flow through' for income tax purposes and no material adverse tax consequences arise as a result of the change
- Continuation of current market conditions (ie the same basis upon which the current FY2019 guidance is provided)

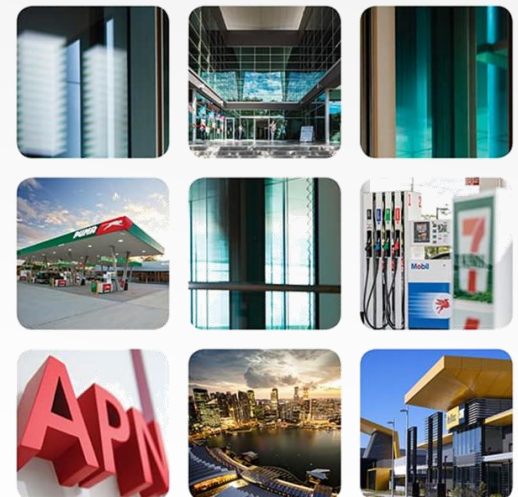
Cents per share	Current structure FY19 Guidance	Proposed stapled group Pro-forma FY19 Indicative Guidance (Approximate Only)	Change
Operating Earnings after Tax	2.40 – 2.90	2.90 – 3.50	▲ 16 - 21%
Dividend / distribution components:			
Company dividend (fully franked)	2.25	0.85	▼ 1.40
Trust distribution – Fund payment (partially tax deferred)	-	1.90	▲ 1.90
Total	2.25	2.75	▲ 0.50 (▲ 22%)
Payout ratio	88%	86%	-

Important notes

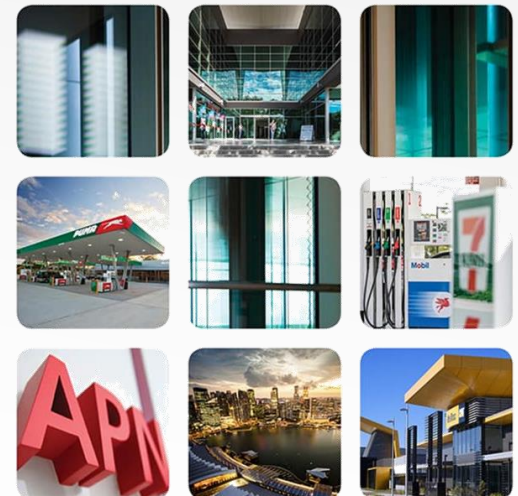
The pro-forma information above has been prepared based on best estimate assumptions available as at the date of this presentation and, when taken as a whole, are believed to be reasonable. However, pro-forma forecast information is subject to inherent risks, uncertainties and assumptions, and may be affected by a variety of known and unknown risks, variables and other factors, many of which are beyond the control of APN and which could cause actual events or results to differ materially from the expectations, events, results, values, performance or achievements expressed or implied in any forward-looking statement. Deviations are both normal and to be expected in such forward looking statements. The stapling proposal contains a number of assumptions and positions that have not yet been finalised / agreed, and therefore are not fact. Accordingly, shareholders are cautioned not to place undue reliance on the pro-forma information presented above as it only reflects views held and information available as at the date of this presentation.

There is no certainty or guarantee that the stapled entity structure will be implemented, or if implemented that it will deliver greater returns to APN shareholders, will improve the Group's cost of capital or will allow for more income to be distributed. The capital return is also likely to give rise to a capital gains tax event in respect of certain shareholders.

THANK YOU



FORMAL BUSINESS OF THE MEETING



Resolution 1

Remuneration Report – advisory resolution

“That the Remuneration Report for the financial year ended 30 June 2018 be adopted.”

Summary of Proxy instructions				
	For	Open	Against	Abstain
Votes	67,143,963	1,168,812	424,803	116,210
Percentage	97.68%	1.70%	0.62%	-

Resolution 2

Re-election of Director

‘That Howard Brenchley, 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
Votes	174,907,522	1,161,046	630,128	9,528,500
Percentage	98.99%	0.66%	0.36%	-

Resolution 3

Re-election of Director

‘That Tony Young, 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
Votes	184,733,450	1,161,046	159,000	173,700
Percentage	99.29%	0.62%	0.09%	-

Resolution 4

Approval of 10% Placement Capacity

‘That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of 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
Votes	184,305,561	1,173,812	739,923	7,900
Percentage	98.97%	0.63%	0.40%	-

Resolution 5

Approval of amended terms of issue of securities under the APN Property Group Timothy Slattery Executive Share Plan

That the variations to the terms of issue of performance rights granted to Timothy Slattery under the APN Property Group Timothy Slattery Executive Share Plan, which are described in the Explanatory Notes, be approved for the purposes of:

- a) section 260C of the Corporations Act; and*
 - b) Listing Rule 10.14,*
- and all other purposes.'*

Summary of Proxy instructions

	For	Open	Against	Abstain
Votes	176,856,541	1,122,146	693,099	55,410
Percentage	98.98%	0.63%	0.39%	-

Resolution 6

Approval of the issue of securities under the APN Property Group Timothy Slattery Executive Share Plan

‘That all issues of securities under the APN Property Group Timothy Slattery Executive Share Plan, as varied in the manner described in the Explanatory Notes, be approved as an exception to Listing Rule 7.1.’

Summary of Proxy instructions

	For	Open	Against	Abstain
Votes	176,856,541	1,122,146	693,099	55,410
Percentage	98.98%	0.63%	0.39%	-

Resolution 7

Approval of the issue of securities under the APN Property Group Employee Performance Rights Plan

‘That all issues of securities under the APN Property Group Employee Performance Rights Plan, as varied in the manner described in the Explanatory Notes, be approved as an exception to Listing Rule 7.1.’

Summary of Proxy instructions

	For	Open	Against	Abstain
Votes	176,919,207	1,123,556	673,433	11,000
Percentage	98.99%	0.63%	0.38%	-

Resolution 8

Approval of the issue of Shares under the APN Property Group Employee Share Gift Plan

‘That all issues of securities under the APN Property Group Employee Share Gift Plan, the terms of which are described in the Explanatory Notes, be approved as an exception to Listing Rule 7.1 and for all other purposes.’

Summary of Proxy instructions

	For	Open	Against	Abstain
Votes	176,641,792	1,123,556	950,848	11,000
Percentage	98.84%	0.63%	0.53%	-

Resolution 9

Proposed amendments to the Constitution

‘That the Constitution be amended, with effect from the close of the Annual General Meeting, in the manner set out in the Stapling Booklet.’

Summary of Proxy instructions				
	For	Open	Against	Abstain
Votes	182,935,638	2,955,222	139,750	196,586
Percentage	98.34%	1.59%	0.08%	-

Resolution 10

Stapling Proposal

‘That, subject to the passing of Resolution 9 and Resolution 11 and the Regulatory Conditions being satisfied:

- a) the Stapling Proposal as set out in the Stapling Booklet be approved;*
- b) entry into the Stapling Deed (as described in the Stapling Booklet) be approved; and*
- c) the transfer by the Company of the APD Trust Assets to the APD Trust (in the manner set out in the Stapling Booklet) be approved.’*

Summary of Proxy instructions

	For	Open	Against	Abstain
Votes	183,016,014	2,943,382	159,000	108,800
Percentage	98.33%	1.58%	0.09%	-

Resolution 11

Capital Reduction

‘That, subject to the passing of Resolution 9 and Resolution 10 and the Regulatory Conditions being satisfied, for the purposes of Part 2J.1 of the Corporations Act and for all other purposes, approval is given for the capital of the Company to be reduced by the Company returning to each registered holder of fully paid ordinary shares in the Company as at the Record Date (as defined in the Stapling Booklet) an amount up to 7.5 cents per share, which will comprise a portion of the funds to be applied on behalf of shareholders in the Company to subscribe for APD Trust Units pursuant to the Stapling Proposal as set out in the Stapling Booklet.’

Summary of Proxy instructions

	For	Open	Against	Abstain
Votes	182,947,784	2,953,812	163,800	161,800
Percentage	98.32%	1.59%	0.09%	-

Important Notice and Disclaimer

This investor presentation (**Presentation**) has been prepared by APN Property Group Limited (ACN 109 846 068, APD.ASX) (**APN**). This Presentation contains summary information about APN and one or more of the funds managed by APN Funds Management Limited (**APNFM**) (ACN 080 674 479, AFSL No. 237500). APNFM is a wholly owned subsidiary of APN and the responsible entity and issuer of the APN Property Group products. Information contained in this presentation is current as at 21 November 2018. This Presentation contains summary information about APN and one or more of its funds. The information in this Presentation is of general background and does not purport to summarise all information that an investor should consider when making an investment decision. It should be read in conjunction with APN's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (**ASX**) which are available at www.asx.com.au or APN's website www.apngroup.com.au. Not all assets depicted are necessarily owned by APN or any entity managed by APN. Figures may not sum due to rounding. Currencies are generally presented in Australian dollars and times are references to Melbourne times except where the context requires otherwise.

This Presentation is for information purposes only and is not financial product or investment advice or a recommendation to acquire entitlements or shares in APD or interests in any fund managed by APNFM. This Presentation is not a prospectus or a product disclosure statement under the *Corporations Act 2001* (Cth) (**Corporations Act**) nor is it an offering document under any other law, does not constitute an offer, invitation, solicitation or recommendation with respect to the subscription for, purchase or sale of any security, nor does it form the basis of any contract or commitment and has not been lodged with ASIC. The information in this Presentation has been prepared without taking into account the investment objectives, financial circumstances, taxation position or particular needs of investors. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek appropriate legal, financial and taxation advice appropriate to their jurisdiction. Except as required by law, no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions, or as to the reasonableness of any assumption, contained in this Presentation.

By reading this presentation and to the fullest extent permitted by law, APN and its related bodies corporate, shareholders or respective directors, officers, employees, agents or advisors (collectively, **Related Parties**):

- a) do not accept any responsibility for any interpretation that any recipient or any other person may place on this Presentation or for any opinion or conclusion that any recipient or any other person may form as a result of examining the information contained in this Presentation; and
- b) do not accept any liability, whether direct or indirect or consequential, for any loss, damage, cost, expense, outgoing, interest, loss of profits or loss of any kind (**Losses**) suffered or incurred by any person (whether foreseeable or not) as a result of or by reason of or in connection with the provision or use of information contained (or not contained) in this Presentation, or of any recipient or its representatives or advisors acting on or relying on any information provided or referred to in or omitted from this Presentation or any other written or oral opinions, whether the Losses arise in connection with any negligence, default or lack of care on the part of APN and its Related Parties or any other cause.

Each recipient of this presentation acknowledges and agrees that:

- a) they will rely entirely upon their own assessment and advice in relation to the business, assets, financial position and affairs of APN, including conducting independent inquiries, due diligence or analysis with appropriate legal, financial, taxation and other advice, as required; and
- b) any opinions expressed in this presentation are based on the knowledge and approach of the persons forming the opinion at the date that the opinion was formed and may have ceased or may in the future cease to be appropriate in the light of subsequent knowledge or attitudes.

This Presentation contains "forward-looking" statements. Forward looking words such as, "expect", "anticipate", "should", "could", "may", "predict", "plan", "will", "believe", "forecast", "estimate", "target" and other similar expressions are intended to identify forward-looking statements. Forward-looking statements, opinions and estimates provided in this Presentation are based on estimates and assumptions related to future business, economic, market, political, social and other conditions that, while considered reasonable by APN, are inherently subject to significant uncertainties and contingencies. Many known and unknown factors could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements. Such factors include, but are not limited to: operating and development risks, economic risks and a number of other risks and also include unanticipated and unusual events, many of which are beyond APN's ability to control or predict. Past performance is not necessarily an indication of future performance. The forward-looking statements only speak as at the date of this Presentation and, other than as required by law, APN and its Related Parties disclaim any duty to update forward looking statements to reflect new developments. To the fullest extent permitted by law, APN and its Related Parties make no representation and give no assurance, guarantee or warranty, express or implied, as to, and take no responsibility and assume no liability for, the authenticity, validity, accuracy, suitability or completeness of, or any errors in or omission, from any information, statement or opinion contained in this Presentation.

Contact details



Tim Slattery
Chief Executive Officer
+613 8656 1000
tim.slattery@apngroup.com.au



Michael Groth
Chief Financial Officer
+613 8656 1000
mgroth@apngroup.com.au



APN Property Group Limited Follow [@apngroup](https://twitter.com/apngroup)

ASX Code: APD

APN Property Group Limited
Level 30, 101 Collins Street,
Melbourne, Vic 3000
apngroup.com.au