



22 February 2008

The Manager  
Company Announcements Office  
Australian Stock Exchange Limited  
Level 4, Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

Dear Sir/Madam,

**APN Property Group Limited profit up 39% compared to previous corresponding period**

APN Property Group Limited (ASX code APD) today announced a net profit after tax of \$10.042 million (\$14.941 million before tax) for the half year ending 31 December 2007, up \$2.8 million or 39% from the previous corresponding period to 31 December 2006.

Funds under management for the period ending December 2007 were \$4.6 billion which was \$120 million higher than the previous corresponding period and \$180 million below the figure as at June 2007. While the company secured around \$250 million in funds under management for the half year through funds inflow, new funds and the expansion of existing funds, this was more than offset by falls in the equity market value of the Listed Property Trust sector, which reduced the value of funds under management for the property securities funds by around \$440 million.

Major achievements in the wholesale sector for the half year included the launch of a second development fund. APN Development Fund No 2 was completed in December 2007 with \$105 million in equity commitments being raised from a range of investors. Since December the Fund has already committed to its first development opportunity, securing a development site at 150 Collins Street, Melbourne, which can accommodate an 18,500 square metre office tower.

Managing Director, Mr Clive Appleton, said the company was looking to significantly expand its penetration into the wholesale sector over time and make it a larger component of the APN business. He indicated that the first development fund was on track to exceed target returns to investors and its second development fund was very well placed to take advantage of even greater opportunities which may emerge over the coming 12 months. This should place APN in a strong position to bring a range of new opportunities to the wholesale market and achieve long term performance fees associated with each fund, he said.

APN's open ended retail funds received over \$120 million in net funds inflows for the period. Importantly, these funds performed very well in relative terms, during the very difficult period for the property securities markets for the year ending December 2007. Three of the five funds delivered top quartile performance the remaining two, delivered at the top end of second quartile returns.

Mr Appleton said the strong relative performance of the APN retail funds compared to many of their largest competitors, combined with APN's low risk and income focus, strong brand and extremely sound balance sheet placed it in a very good position in the current climate to increase market share and funds inflow over the next few years.

In the Listed Property Trust sector, APN/UKA European Retail Property Group (AEZ) made an acquisition in December of a shopping centre in Austria for \$104 million. In addition, it completed the creation of a new property syndicate under its new stapled structure. The new fund, the APN Champion Retail Fund, was launched in January 2008 and has already received significant investments.

The Board has declared a interim dividend of 4.5 cents per share. Attached is Appendix 4D (Interim Financial report) and a copy of the results presentation, which provides further details.

For enquiries contact:

Managing Director:  
General Manager, Corporate:  
Director and CIO:

Clive Appleton  
Warren Boothman  
Howard Brenchley

APN Property Group PH:

(03) 8656 1000



Peter Nicholson  
Company Secretary

APN Property Group Limited and its controlled entities (“APD”)  
Appendix 4D – Half-year report for the period ended 31 December 2007

Results for announcement to the market

	Half-year ended 31 December 2007 \$'000	Half-year ended 31 December 2006 \$'000	Movement \$'000	Movement %
Revenue from ordinary activities	26,701	18,098	8,603	47.54%
Profit from ordinary activities after tax attributable to members	10,042	7,224	2,818	39.01%
Net profit attributable to members	10,042	7,224	2,818	39.01%
Basic earnings per share (cents per share)	8.06	6.05		
Diluted earnings per share (cents per share)	7.75	5.87		
Net tangible assets backing (cents per share)	29.29	37.84		
	<b>Amount per security</b>	<b>Franked amount</b>		
Dividend				
<b>Ordinary Shares</b>				
Interim Dividends	4.5 cents	100%		
Previous corresponding period	4.5 cents	100%		
<b>Payment of Interim Dividend</b>				
Record date for determining entitlement		24 March 2008		
Payment date		11 April 2008		

The results detailed in this Appendix 4D represent the consolidated financial results for APN Property Group Limited and its controlled entities for the half-year ended 31 December 2007. The consolidated net profit after income tax for APN Property Group Limited for the half-year ended 31 December 2007 was \$10,042,000.

**Trends in Performance**

Please refer to the media release and investor presentation

**Commentary on results**

Please refer to the media release and investor presentation

**Condensed consolidated income statement  
for the half-year ended 31 December 2007**

	Note	Consolidated	
		Half-year Ended 31 Dec 2007 \$'000	Half-year Ended 31 Dec 2006 \$'000
<b>Continuing operations</b>			
Revenue	3	26,701	18,098
Cost of sales		(3,058)	(1,846)
Gross profit		23,643	16,252
Financial income		672	917
Share of (losses)/profits of jointly controlled entities accounted for using the equity method		(29)	(241)
Administration expenses		(9,265)	(6,502)
Finance costs		(80)	(71)
Profit before tax		14,941	10,355
Income tax expense		(4,899)	(3,131)
<b>Profit for the period</b>		<b>10,042</b>	<b>7,224</b>
Attributable to:			
Equity holders of the parent		10,042	7,224
<b>Earnings per share</b>			
Basic (cents per share)		8.06	6.05
Diluted (cents per share)		7.75	5.87

Notes to the financial statements are included on pages 11 to 13.

**Condensed consolidated balance sheet  
as at 31 December 2007**

	Note	Consolidated	
		31 December 2007 \$'000	30 June 2007 \$'000
<b>Current assets</b>			
Cash and cash equivalents		7,667	21,676
Trade and other receivables		31,648	22,883
Other financial assets		14,587	13,379
Other assets		687	281
<b>Total current assets</b>		<b>54,589</b>	<b>58,219</b>
<b>Non-current assets</b>			
Investments accounted for using the equity method		-	29
Property, plant and equipment		559	618
Goodwill		13,503	13,503
Other intangibles		18,532	274
Deferred tax assets		1,114	3,608
<b>Total non-current assets</b>		<b>33,708</b>	<b>18,032</b>
<b>Total assets</b>		<b>88,297</b>	<b>76,251</b>
<b>Current liabilities</b>			
Trade and other payables		14,174	5,619
Borrowings		396	-
Current tax payables		2,565	3,004
Provisions		643	381
<b>Total current liabilities</b>		<b>17,778</b>	<b>9,004</b>
<b>Non-current liabilities</b>			
Provisions		102	41
Other liabilities		246	173
<b>Total non-current liabilities</b>		<b>348</b>	<b>214</b>
<b>Total liabilities</b>		<b>18,126</b>	<b>9,218</b>
<b>Net assets</b>		<b>70,171</b>	<b>67,033</b>
<b>Equity</b>			
Issued capital	5	50,838	50,636
Reserves		278	274
Retained earnings		19,055	16,123
<b>Total equity</b>		<b>70,171</b>	<b>67,033</b>

Notes to the financial statements are included on pages 11 to 13.

**Condensed consolidated statement of changes in equity  
for the half-year ended 31 December 2007**

	Share capital \$'000	Retained earnings \$'000	Equity- settled employee benefits reserve \$'000	Investment revaluation reserve \$'000	Foreign currency translation reserve \$'000	Attributable to equity holders of the parent \$'000
Balance at 1 Jul 2006	20,949	9,218	178	-	(13)	30,332
Share issue costs capitalised directly in equity	(900)	-	-	-	-	(900)
Translation of foreign subsidiary company	-	-	-	-	49	49
<b>Net income recognised directly in equity</b>	(900)	-	-	-	49	(851)
Profit for the period	-	7,224	-	-	-	7,224
<b>Total recognised income and expense</b>	(900)	7,224	-	-	49	6,373
Payment of dividends	-	(4,682)	-	-	-	(4,682)
Issue of shares under share option plan	295	-	-	-	-	295
Issue of share capital	30,000	-	-	-	-	30,000
Recognition of share-based payments	-	-	94	-	-	94
<b>Balance at 31 Dec 2006</b>	<b>50,344</b>	<b>11,760</b>	<b>272</b>	<b>-</b>	<b>36</b>	<b>62,412</b>
Balance at 1 Jul 2007	50,636	16,123	341	-	(67)	67,033
Gain/(loss) on available-for-sale investments	-	-	-	(1,074)	-	(1,074)
Related income tax	-	-	-	322	-	322
Translation of foreign subsidiary company	-	-	-	-	(348)	(348)
<b>Net income recognised directly in equity</b>	-	-	-	(752)	(348)	(1,100)
Profit for the period	-	10,042	-	-	-	10,042
<b>Total recognised income and expense</b>	-	10,042	-	(752)	(348)	8,942
Payment of dividends	-	(7,110)	-	-	-	(7,110)
Issue of shares under share option plan	202	-	-	-	-	202
Recognition of share-based payments	-	-	1,104	-	-	1,104
<b>Balance at 31 Dec 2007</b>	<b>50,838</b>	<b>19,055</b>	<b>1,445</b>	<b>(752)</b>	<b>(415)</b>	<b>70,171</b>

Notes to the financial statements are included on pages 11 to 13.

**Condensed consolidated cash flow statement  
for the half-year ended 31 December 2007**

	Note	Consolidated	
		Half-year Ended 31 Dec 2007 \$'000	Half-year ended 31 Dec 2006 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		22,694	10,909
Payments to suppliers and employees		(10,577)	(9,282)
Income tax paid		(3,848)	(6,757)
Interest and other costs of finance paid		(80)	(71)
Interest received		672	917
Distribution received		608	112
<b>Net cash provided by/ (used in) operating activities</b>		<b>9,469</b>	<b>(4,172)</b>
<b>Cash flows from investing activities</b>			
Payment for investment		-	(742)
Proceeds on sale of investment		3,014	-
Payment for property, plant and equipment		(85)	(372)
Payment for intangible asset		(1,971)	-
Payment for business combination	7	(17,156)	-
<b>Net cash provided by / (used in) investing activities</b>		<b>(16,198)</b>	<b>(1,114)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		202	30,295
Transaction costs from issue of shares		-	(900)
(Repayment) / proceeds from related party borrowings		(24)	(9,972)
Dividends paid		(7,110)	(4,682)
<b>Net cash provided by / (used in) financing activities</b>		<b>(6,932)</b>	<b>14,741</b>
Net (decrease)/ increase in cash and cash equivalents		(13,661)	9,455
Net effect of foreign exchange translations		(348)	-
Cash and cash equivalents at the beginning of the period		21,676	12,081
<b>Cash and cash equivalents at the end of the period</b>		<b>7,667</b>	<b>21,536</b>

Notes to the financial statements are included on pages 11 to 13.

## Notes to the condensed consolidated financial statements

### 1. Significant accounting policies

#### Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

#### Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2007 annual financial report for the financial year ended 30 June 2007.

### 2. Segment information

Segment information is presented in respect of the consolidated entity's business segments, which are the primary basis of segment reporting. The business segment reporting format reflects the consolidated entity's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

#### Business segments

The consolidated entity comprises of the provision of funds management services, based on the consolidated entity's management reporting system.

The following is an analysis of the revenue and results for the period, analysed by business segment, APN Property Group Limited's primary basis of segmentation.

	<b>Segment revenue</b>		<b>Segment result</b>	
	<b>Half-year ended</b>		<b>Half-year ended</b>	
	<b>31 Dec 2007</b>	<b>31 Dec 2006</b>	<b>31 Dec 2007</b>	<b>31 Dec 2006</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Continuing operations</b>				
On-going management fee - Funds Management	18,257	14,059	6,769	5,948
Transaction fee – Funds Management	8,444	4,039	7,609	3,802
	<b>26,701</b>	<b>18,098</b>	<b>14,378</b>	<b>9,750</b>
Net financing income	–	–	592	846
Consolidated revenue	<b>26,701</b>	<b>18,098</b>		
Share of results of joint venture entities accounted for using the equity method			(29)	(241)
Profit before income tax expense			14,941	10,355
Income tax expense			(4,899)	(3,131)
Profit for the period			<b>10,042</b>	<b>7,224</b>



### 3. Revenue

	Consolidated	
	Half-year Ended 31 Dec 2007 \$'000	Half-year Ended 31 Dec 2006 \$'000
<b>Revenue</b>		
On-going management fee - Funds Management	17,623	13,947
Transaction fee – Funds Management	1,945	4,039
Sundry income	6,525	-
Distribution income	608	112
	26,701	18,098

### 4. Dividends

	Half-year ended 31 Dec 2007		Half-year ended 31 Dec 2006	
	Cents per share	Total \$'000	Cents per share	Total \$'000
<b>Recognised amounts</b>				
<b>Fully paid ordinary shares</b>				
Final dividend	5.5	7,110	4.0	4,682
<b>Unrecognised amounts</b>				
<b>Fully paid ordinary shares</b>				
Interim dividend	4.5	5,860	4.5	5,817

On 22 February 2008, the directors declared a fully franked interim dividend of 4.5 cents per share to the holders of fully paid ordinary shares in respect of the half-year ended 31 December 2007, to be paid to shareholders on 11 April 2008. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is \$5,860,000.

### 5. Issuances, repurchases and repayments of equity securities

	Consolidated	
	No. of shares '000	\$'000
<b>Balance at 1 Jul 2007</b>	129,268	50,636
Share options exercised by employees	-	202
Share options issued under the APN Property Group Employee Share Purchase Plan	955	-
<b>Balance at 31 Dec 2007</b>	130,223	50,838
<b>Balance at 1 Jul 2006</b>	117,063	20,949
New capital raised through placement	11,765	30,000
Share issue costs	-	(900)
Share options exercised by employees	-	295
Share options issued under the APN Property Group Employee Share Purchase Plan	440	-
<b>Balance at 31 Dec 2006</b>	129,268	50,344

On 23 November 2007, 955,000 share options were issued to eligible employees under the APN Property Group Employee Share Purchase Plan. These share options had a fair value at grant date ranging from \$0.7794 to \$0.9193 per share option.

At 31 December 2007, the fair value of the share options issued under this arrangement included in equity-settled employee benefits reserve was \$1,104,000 (2006: \$272,000).

During the half-year reporting period, \$202,000 (2006: \$295,000) of share options issued under the Plan and the Clive Appleton Share Trust have been exercised as a result of the repayment of the outstanding loan as well as through dividend payments.

## 6. Subsequent events

Since the balance date the directors have declared a dividend of 4.5 cents per fully paid ordinary share franked at the corporate tax rate of 30 percent, amounting to \$5,860,000.

Other than the matter discussed above, the directors have not become aware of any other significant matter or circumstances that has arisen since 31 December 2007, that has affected or may affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent years, which has not been covered in this report.

## 7. Acquisition of subsidiaries

On 17 August 2007, the Group acquired 100% of the issued share capital of UK Australasia Limited ("UKA") for cash consideration of \$19,402,000. The UKA's principal activity is property consultancy and management. The acquisition of UKA will result in the Group owning all the shares in APN/UKA Management Limited ("APN/UKA"), the asset manager of APN/UKA European Retail Trust ("AEZ"). This transaction has been accounted for using the acquisition method of accounting.

The net assets acquired in the business combination, are as follows:

	Acquiree's carrying amount before business combination \$'000	Fair Value \$'000
<b>Net assets acquired</b>		
Cash and cash equivalents	2,246	2,246
Trade and other receivables	11,430	11,430
Investment	220	220
Intangibles - Management rights	-	16,350
Trade and other payables	(10,844)	(10,844)
	<u>3,052</u>	<u>19,402</u>
Total consideration, satisfied by cash		<u>19,402</u>
Consideration net of cash acquired		<u>17,156</u>

The initial accounting for the acquisition of UKA has only been provisionally determined at reporting date. UKA and APN/UKA became wholly owned on acquisition. At the date of finalisation of this report, necessary completion financial statements for both companies and other calculations had not been finalised and accordingly, the acquisition balance sheets and purchase consideration paid/payable has only been provisionally determined based on the directors' best estimate of the likely values.

The consideration paid/payable for the combination effectively included the premium paid/payable to acquire the right to the benefit of expected and future development of management fees of AEZ, and accordingly has been separately identified and recognised.

Included in the net profit for the period since acquisition is revenue and net profit of \$1,237,000 attributable to the additional 50% of management fees earned from AEZ.

Had the business combination been effected at 1 July 2007, the revenue of the Group would be \$27,132,000, and net profit \$10,344,000. The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualized basis and to provide a reference point for comparison in future periods.

## 8. Items requiring specific disclosures

On 27 October 2007, the Group has been issued 3,976,605 fully paid ordinary stapled securities at \$1.27 per stapled security, with a value of A\$ 5.1 million (EUR 3.2 million) from APN/UKA European Retail Property Group (AEZ) in satisfaction of management fees owed.

In December 2007, the Company sold its interest in a development site at 150 Collins Street in Melbourne for \$6.5 million. The proceed of the sale has been included as sundry income for the period. This development opportunity will be the first project for APN's recently established Development Fund No. 2 providing it with prospects for early success, in line with APN Development Fund No. 1 which has reported strong results to date.

During the period, the Directors approved capital expenditure of up to \$4.2 million for the acquisition and implementation of the JD Edwards Property Management and Accounting System and the Hyperion Accounting Consolidation System to manage the European activities. At 31 December 2007, included in other intangibles is an amount of \$1.9 million for software development costs incurred and capitalized to date. Completion of the implementation project will occur in stages during 2008.

**9. Investments accounted for using the equity method**

**(a) Interest in jointly controlled entity**

The consolidated entity accounts for its interests in jointly controlled entity using the equity method.

The consolidated entity has the following interest in jointly controlled entity:

	Principal activities	Place of incorporation	Reporting Date	Ownership			
				2007	2006		
APN/UKA Management Limited	Funds management	The Isle of Man	31 December 2007	100%	50%		
APN/UKA Management (No. 2) Limited	Funds management	The Isle of Man	31 December 2007	50%	50%		
	<b>Revenues (100%)</b>	<b>Profit/ (loss) (100%)</b>	<b>Share of jointly controlled entity's net profit/(loss) recognised</b>	<b>Total Assets (100%)</b>	<b>Total Liabilities (100%)</b>	<b>Net assets as reported by jointly controlled entity (100%)</b>	<b>Share of jointly controlled entity's net assets equity accounted</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
2007							
APN/UKA Management Limited	N/A	N/A	(17)	N/A	N/A	N/A	N/A
APN/UKA Management (No. 2) Limited	-	(5)	(12)	2,442	(2,458)	(16)	-
	-	(5)	(29)	2,442	(2,458)	(16)	-

On 17 August 2007, APN/UKA Management Limited became wholly-owned subsidiary on acquisition as described in Note 7.

Results of jointly controlled entity

	Consolidated	
	2007 \$'000	2006 \$'000
Share of jointly controlled entity's (loss)/profit before income tax	(29)	(241)
Share of income tax expense	-	-
Share of jointly controlled entity's net (loss)/profit accounted for using the equity method	(29)	(241)

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## Compliance Statement

1. This Appendix 4D has been prepared in accordance with AASB Standards, the Corporations Act 2001 and Corporations Regulations 2001 and other standards acceptable to ASX.
2. This Appendix 4D and the accounts upon which the report is based use the same accounting policies.
3. This Appendix 4D does give a true and fair view of the matters disclosed.
4. This Appendix 4D is based on accounts that are in the process of being reviewed.



Sign here: \_\_\_\_\_  
Director

Date: 22<sup>nd</sup> February 2008

Print Name: Clive Appleton  
Director

## Commentary on results for the period and trends in performance

**Refer to media release**



# **APN** | Property Group Limited

**Half Year Results**  
**February 2008**

**Clive Appleton**  
**Managing Director**

# Contents

## Highlights

### Key financial results

- Segment results
- Revenue analysis
- Balance Sheet

### FUM analysis

### APN markets & funds

# Highlights

**1<sup>st</sup> half FY08 NPAT of \$10.04m.**

**Basic EPS 8.06 cps.**

**Sale of property option contributed to 1<sup>st</sup> half profit.**

**Half year FF dividend 4.50 cents per share.**

**Strong balance sheet.**

**FUM \$4.6b (\$4.8b 6/07) – LPT market movement impacted FUM.**

**APN retail funds delivered 1<sup>st</sup> & 2<sup>nd</sup> quartile returns to December '07.**

**Launch of new European property fund.**

**Launch of new wholesale fund.**

# Key Half Year Financial Results FY08

	<b>1<sup>st</sup> Half Year FY08</b>	<b>1<sup>st</sup> Half Year FY 07</b>	<b>Full Year FY07</b>
Net Profit before tax (NPBT) \$'000	14,941	10,355	24,750
Net Profit after tax (NPAT) \$'000	10,042	7,224	17,405
Basic Earnings per share (EPS) cents	8.06 EPS	6.05 EPS	14.20 EPS
Diluted EPS (cents)	7.75 EPS	5.87 EPS	13.80 EPS
Dividend per share (DPS) cents	4.50 DPS	4.50 DPS	10.00 DPS



# Segment Results

- Management fees continue to grow
- Upfront fees lower than FY 07

	Total		
	1 <sup>st</sup> Half FY 08	1 <sup>st</sup> Half FY 07	FY 07
<b>Revenue</b>			
Management fees	15,436	11,820	27,447
Upfront fees	1,945	4,039	11,486
Project management fees	828	800	1,683
Sundry Income	6,525	-	-
Distribution Income	608	112	251
Other fees	1,359	1,327	2,511
<b>Total Revenue</b>	<b>26,701</b>	<b>18,098</b>	<b>43,378</b>
Direct costs	3,057	1,846	3,947
Administrative expenses	9,063	6,301	13,574
<b>EBITDA</b>	<b>14,581</b>	<b>9,951</b>	<b>25,857</b>

# Segment Results (Retail & Europe)

- Management fees in Europe continue to build in part, due to UKA acquisition

	Retail			Europe		
	1st Half FY 08	1st Half FY 07	FY 07	1st Half FY 08	1st Half FY 07	FY 07
<b>Revenue</b>						
Management fees	11,650	11,395	23,460	3,058	-	2,979
Upfront fees	119	1,145	4,598	1,826	2,894	6,888
Project management fees	-	-	-	-	-	-
Sundry Income	-	-	-	-	-	-
Distribution Income	19	15	45	589	-	57
Other fees	-	-	-	-	-	-
<b>Total Revenue</b>	<b>11,788</b>	<b>12,555</b>	<b>28,103</b>	<b>5,473</b>	<b>2,894</b>	<b>9,924</b>
Direct costs	2,045	1,873	4,184	895	(481)	(458)
Administrative expenses	1,876	1,286	3,240	2,259	1,217	3,406
<b>EBITDA</b>	<b>7,867</b>	<b>9,396</b>	<b>20,679</b>	<b>2,319</b>	<b>2,158</b>	<b>6,976</b>

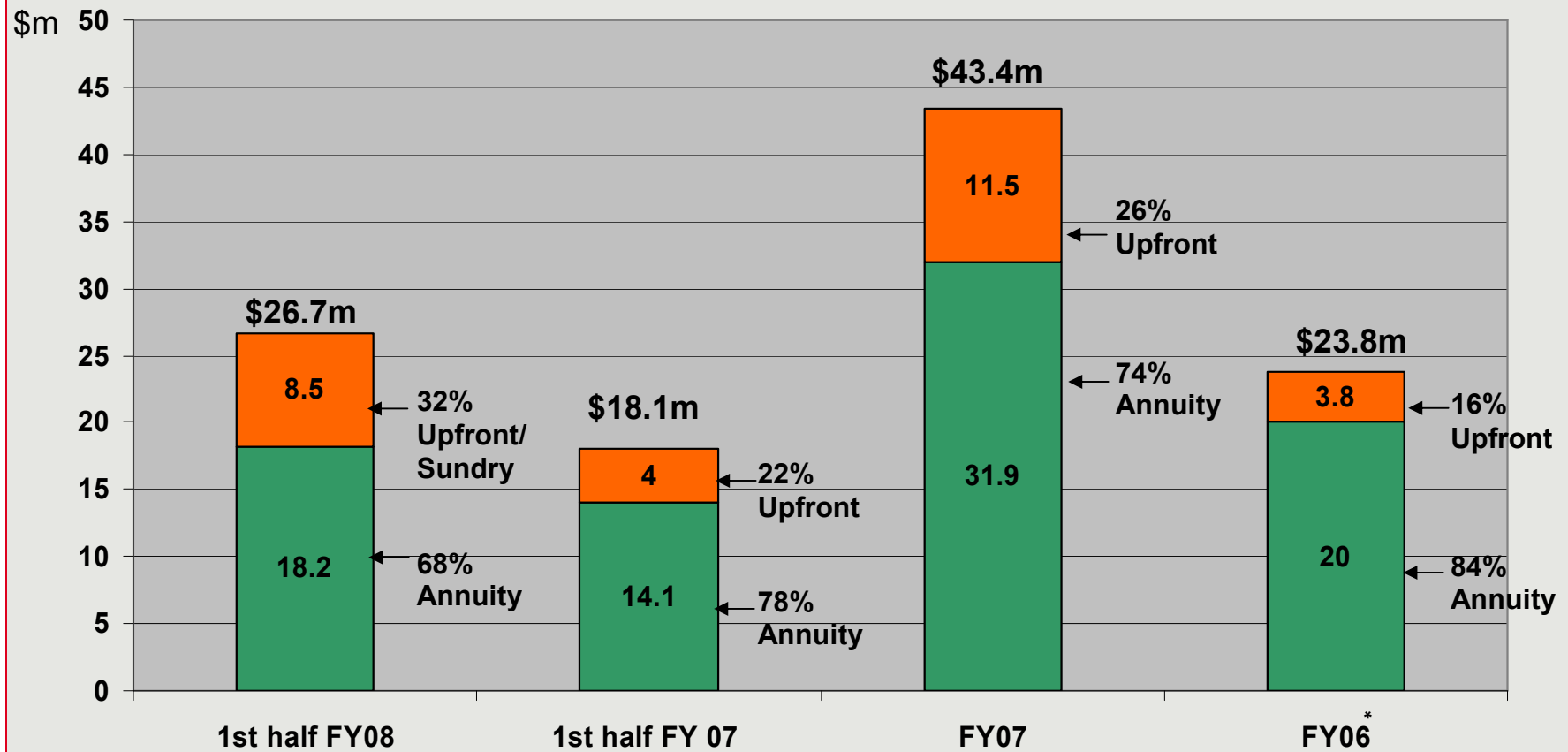
# Segment Results (Wholesale & Registry)

- Significant profit from wholesale due to sale of option over development site.

	Wholesale			Registry & Corp		
	1 <sup>st</sup> Half FY 08	1 <sup>st</sup> Half FY 07	FY 07	1 <sup>st</sup> Half FY08	1 <sup>st</sup> Half FY 07	FY 07
<b>Revenue</b>						
Management fees	728	425	1,008	-	-	-
Upfront fees	-	-	-	-	-	-
Project management fees	828	800	1,683	-	-	-
Sundry Income	6,500	-	-	25	-	-
Distribution Income	-	97	149	-	-	-
Other fees	-	-	-	1,359	1,327	2,511
<b>Total Revenue</b>	<b>8,056</b>	<b>1,322</b>	<b>2,840</b>	<b>1,384</b>	<b>1,327</b>	<b>2,511</b>
Direct costs	274	454	-	(157)	-	221
Administrative expenses	1,170	669	1,349	3,758	3,129	5,579
<b>EBITDA</b>	<b>6,612</b>	<b>199</b>	<b>1,491</b>	<b>(2,217)</b>	<b>(1,802)</b>	<b>(3,289)</b>

# Revenue analysis – Half Year Results FY08

- Total income from annuity style earnings for 1<sup>st</sup> half FY 08 continues to grow in absolute terms



\* Excludes revenue from discontinued operations

# Balance Sheet Review

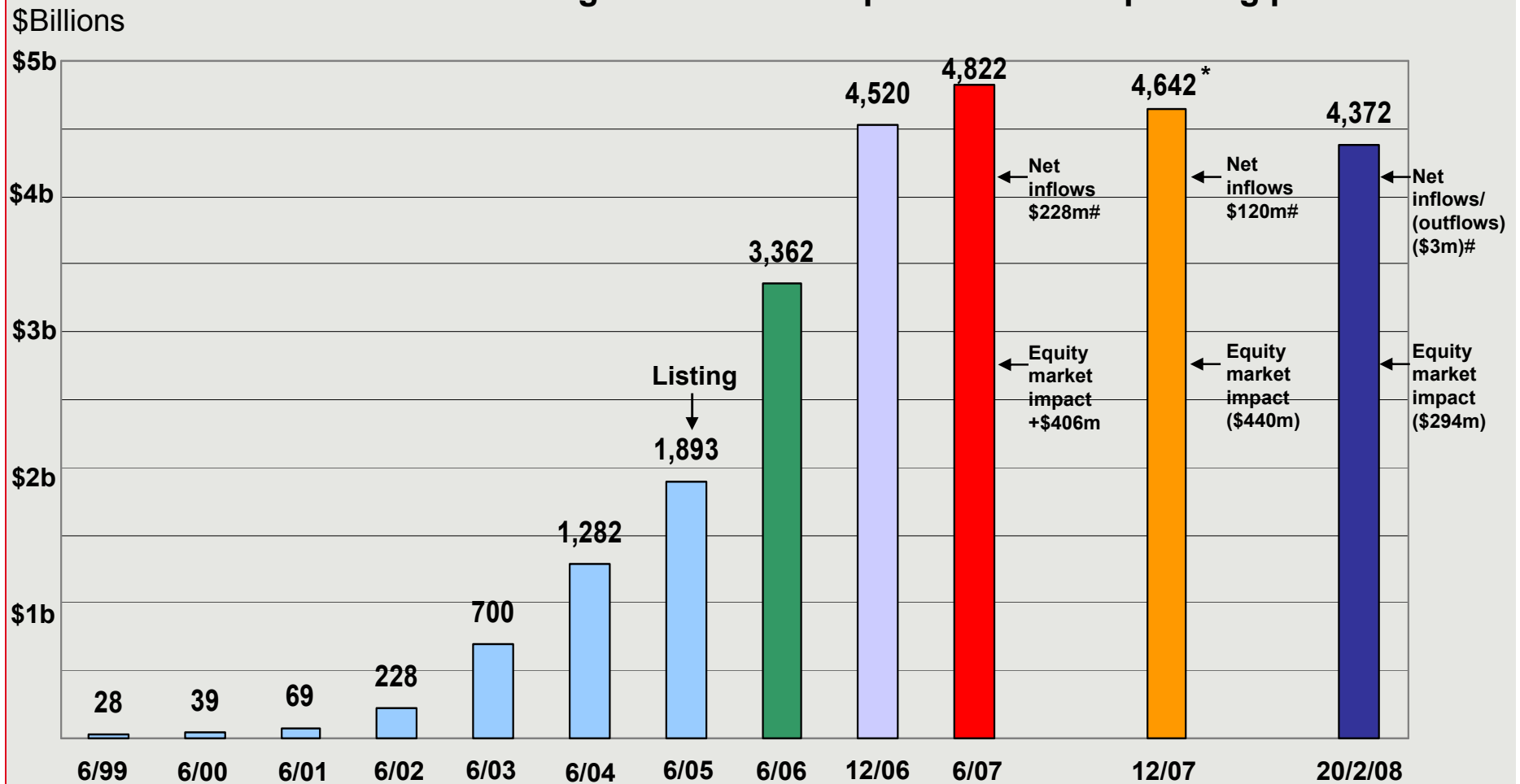
- Balance sheet remains strong with nominal debt (\$0.8m)\*
- Ability to promote further fund development/expansion

	<b>Dec 07</b>	<b>June 07</b>
<b>Total Assets</b>	\$88m	\$76m
<b>Liabilities</b>	\$18m	\$9m
<b>Net Assets</b>	\$70m	\$67m

*\* Bank guarantees also exist for \$5.5 million post Dec 07*

# Growth in Funds Under Management

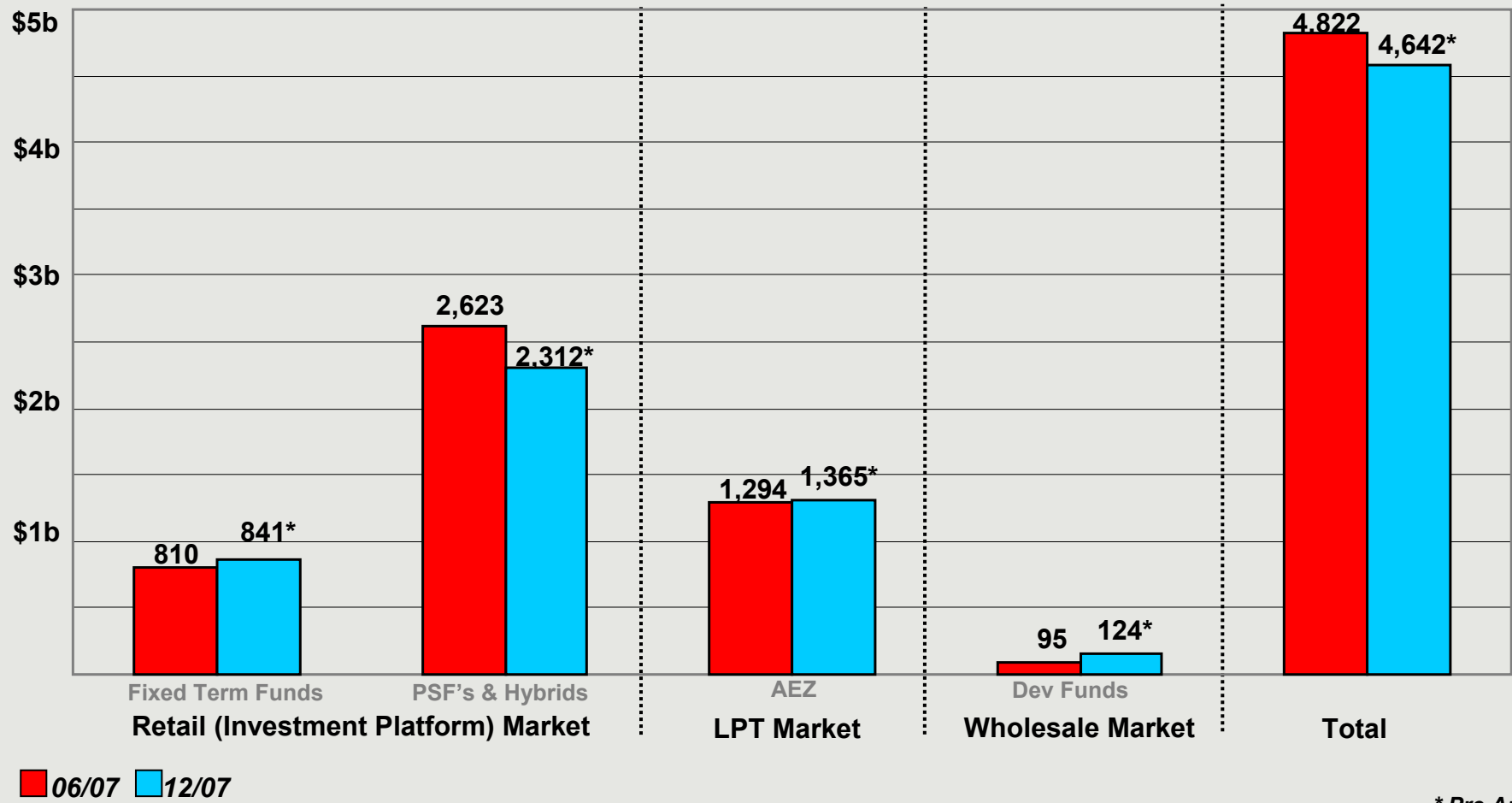
Funds Under Management ahead of previous corresponding period



\* Pre Audit # Excludes equity raised from new funds

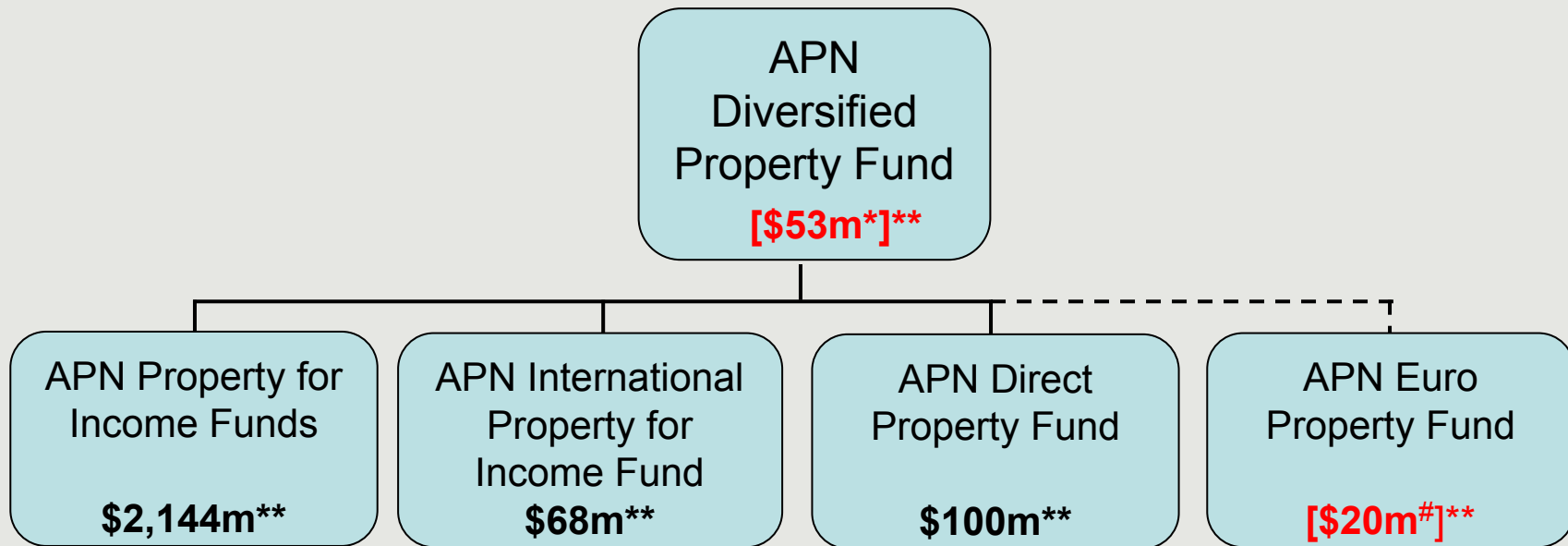
# FUM Breakdown by markets

- FUM down 3.7% or \$180m in 6 months to 31/12/07\*
- LPT market movements had the most significant impact on FUM (↓\$440m)



\* Pre Audit

# Retail Platform – Open ended



- Net reduction in FUM \$320m (market impact ↓\$440m).
- Euro Fund being expanded to platforms
- Consideration being given to open PFIF No.1 (currently closed).
- Relative Fund performance very strong (1<sup>st</sup> or 2<sup>nd</sup> quartile) compared to traditional major competitors.
- Opportunity to reinforce low risk style and potentially increase market share.
- New dealer groups added and strong goodwill with existing groups.
- No material increase in redemptions.

\* FUM included in underlying funds

# FUM included in Poland & Vienna Funds

\*\* Pre-Audit 31/12/2007



# How APN continuous issuer funds performed to 31 December 2007

- APN funds performed well compared to peers
- Total returns since inception remain strong
- Should reduce pressure on redemptions & provide opportunity to further promote low risk style

APN Fund	One year total return to December 2007	Morningstar category rank for one year to 31/12/07 APN ranking v's Peers	Two year total return p.a. to December 2007	Three year total return p.a. to December 2007	Five year total return p.a. to December 2007	Performance since inception p.a. to December 2007
APN Property for Income Fund	(4.70%) – LPT Index (8.4%)	12/114	12.15%	13.00%	15.43%	14.93% (inception 8/1998)
APN Property for Income Fund # 2	(8.57%) – LPT Index (8.4%)	31/114	7.88%	-	-	9.01% (inception 6/2005)
APN International Property for Income Fund	(9.00%)	2/24	6.21%	9.52%	-	15.58% (inception 8/2004)
APN Direct Property Fund	15.72%	8/36	15.42%	-	-	14.18% (inception 9/2005)
APN Diversified Property Fund	8.09%	2/6 (Lonsec Peer group comparison – no Morningstar data available)	12.28%			11.77% (inception 9/2005)

\* Source: Morningstar & Lonsec peer analysis

# Retail – Closed end (Australian Funds)\*

Australian Fixed Term Funds  
\$586m\*

- APN National Storage Property Trust - \$363m\*
  - APN Property Plus Portfolio - \$97m\*
  - APN Regional Property Fund - \$86m\*
  - APN Retirement Properties Fund - \$41m\*
- 
- Overall returns strong for year to 31 December 2007.
  - Australian direct property market continues to perform well underpinned by low office vacancies & strong retail sales.
  - May see impact over time on valuations based on re-rating of property IRR's.

\* Pre-Audit 31/12/07

# Retail – Closed end (European Funds)\*

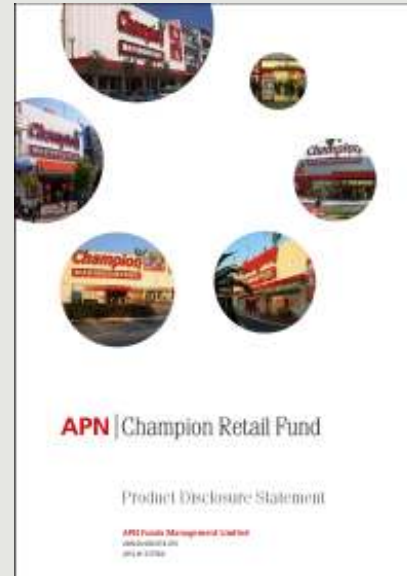
European Fixed Term Funds  
\$254m\*

- Existing Funds

- APN/UKA Vienna Retail Fund - \$159m\*.
- APN/UKA Poland Retail Fund - \$96m\*.

- New Fund

- APN Champion Retail Fund launched January 2008 seeking to raise \$56m in equity (total FUM \$105m). \$27m raised as at 31 Jan 08.
- Unlisted & low risk fund anticipated to be attractive in current market.
- Fees for APD & AEZ & opportunity to tap new markets.
- Target Markets:
  - Hybrid PSF's, Super Funds & high net worth clients
  - APN Euro Property Fund: capital sourced from financial adviser market



\* Pre-Audit 31/12/07

# ASX Listed Property Trusts – AEZ

- Acquisition in December in Austria, A\$104 million
- Launched APN Champion Retail Fund in January 2008.
- AEZ half year results to be re-leased 28/2/08.



*Pictures of Traisenpark, Austria*



# Wholesale Market

## APN Development Fund No 1

- Fund performing ahead of IRR targets (18% IRR)
- Total end value of developments estimated at \$1.25b.

	<b>Base Fee</b>	<b>Development Mgt. Fee</b>	<b>Performance Fee</b>
<b>FUND FEES</b>	Minimum \$0.45m p.a or 1.25% of invested capital.	Capped at 2% of total project costs (ex. land).	1/3 of amount where IRR on equity > 14%.



*567 Collins Street, Melbourne*

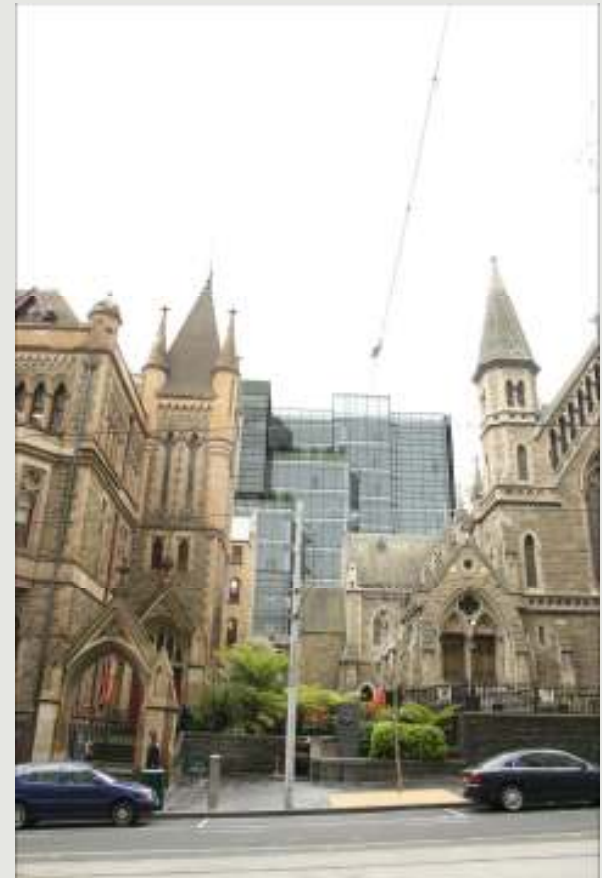


# Wholesale Market

## APN Development Fund No 2

- Successful close December 07 raising \$105m in equity commitments, gearing capacity 70%.
- Fund secured first development opportunity with 150 Collins Street, Melbourne, (18,500sqm office tower).
- Well positioned to take advantage of new opportunities and supported by underlying strength of commercial property markets.
- Total end value of developments estimated at \$1.25b.

	<b>Base Fee</b>	<b>Development Mgt. Fee</b>	<b>Performance Fee</b>
<b>FUND FEES</b>	Minimum \$0.45m p.a. or 1.25% of invested capital.	Capped at 2.5% of revenue.	1/3 of amount where IRR on equity > 14%.



150 Collins Street, Melbourne

Continue to explore new wholesale opportunities.

# Summary

- Opportunities remain to continue to grow the business, particularly in wholesale space in short term and ability to increase market share in retail space.
  
- Risks include:
  - Continued volatility in LPT market
  - Increased redemptions from property to cash
  
- Mitigating factors:
  - Strong brand & dealer group loyalty
  - Strong performance of retail funds v's peers
  - Presence on dealer group model portfolios



# For further information

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# Appendix 1

Market	Fund & investors	Type of fund	FUM \$m at 12/07	Maximum LVR %	Current LVR %	Debt Maturity	
Financial Advisors / Retail	<b>Investment Platform/Retail Market (open ended continuous issuer funds)</b>						
	1	APN Diversified Fund	Umbrella Fund investing in Funds 2,4,5	[53]*	Nil	Nil	Nil
	2	APN Property for Income Fund 2	Australian Property Securities	656	Nil	N/A	N/A
	3	APN Property for Income Fund	Australian Property Securities	1,488	Nil	N/A	N/A
	4	APN International Property for Income Fund	International Property Securities	68	Nil	N/A	N/A
	5	APN Direct Property Fund	Direct Property	100	65%	58%	12/2011 & 08/2010
	6	APN Euro Property Fund	Umbrella Fund investing in Funds 10,11	[20]*	Nil	N/A	N/A
	<b>Retail market (Fixed term Australian syndicates)</b>						
	7	APN National Storage Property Trust (operating to 11/2008)	Direct Property	363	60%	64%#	11/2008
	8	APN Property Plus Portfolio (operating to 06/2012)	Direct Property	97	65%	62%	10/2010 & 10/2012
	9	APN Retirement Properties Fund (operating to 12/2008)	Direct Property	41	50%	24%	06/2008
<b>Retail market (Fixed term European syndicates)</b>							
10	APN/UKA Vienna Retail Fund (operating to 09/2013)	International Direct Property	159	76%	70%	09/2013	
11	APN/UKA Poland Retail Fund (operating to 12/2011)	International Direct Property	96	61%	56%	12/2011	

# In discussions to address \* Included in underlying funds

# Appendix 1

Market	Fund & investors	Type of fund	FUM \$m at 12/07	Maximum LVR %	Current LVR %	Debt Maturity	
Institution s/ Retail	<b>PSF &amp; Equity funds/retail (Listed Property Trusts)</b>						
	12	APN/UKA European Retail Property Group (ASX: AEZ)	International Direct Property	1,365	TBA##	TBA##	TBA##
	13	APN Regional Property Fund (BSX)	Direct Property	68	65%	58%	10/2009
Wholesale	<b>Wholesale super/industry funds</b>						
	14	APN Development Fund	Development	95#	70%	53%	Project finance
	15	APN Development Fund 2	Development	29#	65%	2%	Project finance
<b>Total</b>			<b>4,642</b>				

# Based on invested rather than committed capital  
## To be advised post release of half year result 28/2/2008