



Annual General Meeting

**Friday 20th November 2009
Commencing, 10.00 am**

**Stamford Plaza
Edinburgh Room
Level 1, West Tower
111 Little Collins Street,
Melbourne Vic 3000**

Order of Proceedings

APN Property Group Limited
Annual General Meeting – Friday 20 November 2009 at 10.00 am

Order of Proceedings

Introduction

Good morning Ladies and Gentlemen and welcome to the fifth Annual General Meeting of APN Property Group Limited. As it is now 10:00 am and we have a quorum present, I have pleasure in declaring the meeting open.

My name is John Harvey and I am the Chairman of APN Property Group Limited, though I should note that I will retire both as Chairman and Director at the conclusion of this meeting. The reasons for this will be outlined later.

Introduce Directors

I would like to commence by introducing my fellow Directors:

- Mr David Blight the Group Managing Director.
- Mr Chris Aylward, an executive Director, who will succeed me as Chairman at the conclusion of this meeting.
- Mr Clive Appleton, Executive Director responsible for APN's Real Estate Private Equity division.
- Mr Howard Brenchley, Executive Director.
- Mr Michael Butler, who retires at the end of this meeting and does not seek re-election.
- Mr Andrew Cruickshank, who retires at the end of this meeting and does not seek re-election.

Introduction of Consultants

We also have present in the audience:

- Mr Noel Batrouney and Mr James Morvell, from our legal advisors, Hall & Wilcox who are available to assist in answering any technical legal questions concerning the business of the meeting.
- Our auditor, Mr Peter Caldwell and Mr Paul Radici from Deloitte Touche Tohmatsu who are 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 Mr Tom Watson.

Notice of Meeting

The Notice of Annual General Meeting, which includes 3 items of business, has been sent to all shareholders, and with your agreement, I propose to take it as read.

Minutes of Previous Meeting

The last meeting of members was held on Thursday, 13th November 2008.

The minutes of this meeting have been signed as a correct record and the Secretary will make them available to any member who wishes to inspect them.

Introduce Group Managing Director

The purpose of this meeting is to review the year ended June 2009 and to give you the opportunity to discuss the affairs of the Company. There are also a number of resolutions which are important for the effective running of the company.

I would like start by calling on the Group Managing Director, Mr David Blight to provide his address on the results and outlook for our company.

[David to lectern]

Group Managing Director's Address

Ladies and gentlemen, I'd like to present to you the results of a very challenging 2009 financial year.

[Power Point Presentation – refer Appendix]

Outline of Board Restructure

[David to continue...]

I'd like to address also, the changes to be made to the Board structure and membership.

APN Group has for many years operated with predominantly, the same Board of directors for both APN Funds Management (APN FM), the responsible entity overseeing the governance of the suite of funds, and APN Property Group Limited.

As the APN business evolves and the regulatory environment increases in complexity, it is important that we now separate these Boards into independent decision making bodies and ensure potential conflicts of interest are minimised and managed appropriately.

To that end we have made the following changes to the Board of APN FM, the responsible entity for the APN funds:

Mr Geoff Brunson was recently appointed as Director. Geoff has had a long and distinguished career in investment banking spanning more than 25 years. Until June 2009 he was Managing Director and Head of Investment Banking of Merrill Lynch International (Australia) Limited. He is a member of the Australian Takeovers Panel and Chairman of ING Private Equity Access Limited.

Mr Michael Butler, Mr Andrew Cruickshank, Mr Chris Aylward and Mr Clive Appleton have now retired as Directors of APN FM.

As a result of these changes, the Board of APN Funds Management now comprises:

- Mr John Harvey (Independent Chairman)
- Mr Geoff Brunson (Independent Director)
- Mr David Blight (Group Managing Director)
- Mr Howard Brenchley (Executive Director)

The appointment of a further independent director will be announced shortly.

When complete, the Board of APN FM will comprise five Directors, three of whom will be independent of the business and importantly also, independent of the Board of APN Property Group. This will ensure that the responsibility for managing the interests of each Fund and its investors is completely independent of managing the interests of APN, the Fund Manager.

Changes will also be made to the Board of APN Property Group. As set out in the explanatory notes to the Notice of AGM, the following changes will occur at the conclusion of this meeting;

- Mr John Harvey, being the ongoing Chairman of APN FM, will step down from the APN Board; and
- Mr Michael Butler and Mr Andrew Cruickshank will retire from the APN Board.

Mr Butler and Mr Cruickshank, having also resigned from the Board of APN FM will today end their association with APN. Both gentlemen have had a long connection with APN and I'd like to thank them for their valuable contributions.

Mr Cruickshank was a co-founder and former Managing Director of APN. His association dates back to 1996.

Mr Butler joined APN in 2005 as an independent Director and has been instrumental in helping the Company develop its protocols and disciplines through its early years as a public company.

As a result of these changes, the Board of APN Property Group will comprise:

- Mr Chris Aylward (Executive Chairman);
- Mr Clive Appleton (Executive Director);
- Mr Howard Brenchley (Executive Director), subject to his re-election at this meeting today;
- Mr David Blight (Group Managing Director)

An independent non executive director is to be appointed shortly.

Apart from the independent director to be appointed, each director is an executive of the business and each a significant shareholder in the Company.

The Board considers that the separation of the boards will assist in enhancing the identification and management of conflicts of interest and related party transactions within the APN Group.

All directors of APN Funds Management have a legal obligation to put the interests of investors in the respective managed funds, ahead of their own, and those of APN.

By having a majority of independent directors on the Board of APN Funds Management, none of whom are directors of APN Property Group, the Board is confident that conflicts of interest and related party transactions will be appropriately identified and managed.

I'm happy to take questions on these matters or on any issue relevant to the Company. I'm sure the Chairman will allow ample time later in the meeting for questions.

Thank you for your attention. I'll now hand back to the Chairman to continue the meeting.

[John to lectern]

Chairman Comments Thank you David.

Ladies and Gentlemen, I'm sure you appreciate the circumstances in which we have operated during the past twelve months. The financial results were disappointing, as was our inability to pay a dividend.

As David has indicated, the business remains sound with a strong balance sheet, no debt and cash reserves of more than \$13 million.

We are seeing some evidence of growth in revenues, compared with the second half of FY09, although earnings derived from Funds under Management in Europe are still quite uncertain.

It remains difficult to forecast what the likely results for the current year will be. Much of our revenues are determined by reference to the value of the funds we manage; and these in turn are determined by the value of properties in which these funds invest, either directly or indirectly, through listed securities. We do not currently expect to record any further material write downs in asset values, but even this cannot be forecast with any degree of confidence, particularly in Europe.

Provided there are no more write downs, we expect to deliver a result that will enable the payment of a dividend in 2010. The amount of a dividend will be largely determined by the extent of any recovery in property market values in Australia and Europe and its influence on APN's managed funds portfolio.

I'd like to conclude these comments by acknowledging my fellow directors, all our staff, and the many consultants and advisors who have contributed to APN during the past 12 months. Though the results do not reflect it, their efforts during this time have been considerable and should be appreciated.

I would particularly like to recognise the work of Mr Butler and Mr Cruickshank for their contributions to APN. They leave today with our heartfelt thanks. I'd also like to acknowledge, you the shareholders. Your support of APN through these times is important and we hope we can reward your patience very soon.

Conclude Address Thank you for your attention ladies and gentlemen. I will now move to the formal matters of the meeting.

Ordinary Business The first item of business is

**Item 1
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 2009."

Ladies and gentlemen, these reports are open for discussion. If you have any questions or comments relating to this item, please raise your yellow admission card. Would you please begin by stating your name clearly.

[Questions / Discussion]

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

**Item 2 Remuneration
Report** Item 2 refers to the remuneration report contained in the Directors Report in the 2009 Annual Report.

**(pp 23-33
Annual Report)** The Corporations Act requires the preparation of a remuneration report, which must contain certain information, including:

- (a) an explanation of the company's policy and process for determining the remuneration of its key management personnel;

- (b) the relationship between the company's remuneration policy and the company's performance; and
- (c) the remuneration details for the five executives who received the highest remuneration for that financial year.

The Act also requires companies to put to members, a resolution that the remuneration report be adopted.

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

I now put to the meeting the motion

"That the Remuneration Report for the financial year ended 30 June 2009 be adopted."

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

[Questions / Discussion]

Proxies

For this resolution, proxy instructions have been received by the secretary. A summary of these instructions is set out on the screen behind me.

I intend to vote all open proxies that I hold in favour of the resolution.

Item 2 Remuneration Report

I now put to the meeting the resolution that the Remuneration Report be adopted.

Put to Vote

**Item 3
Re-election of
Director**

The next item is the re-election of a Director and I am pleased to propose the resolution for the re-election of Mr Howard Brenchley.

**Election of Howard
Brenchley**

As noted in the Explanatory Notes accompanying the Notice of Meeting, Mr Brenchley has been a director of the Company since its incorporation in 2004 and of APN Property Group companies since 1998.

Mr Brenchley has had a high profile as a property trust industry investor, researcher and commentator for over 20 years. Prior to joining APN Funds Management Limited in 1997, Mr Brenchley was research director of Property Investment Research Pty Limited, an independent Australian research company, specialising in the property trust sector.

Mr Brenchley has been primarily responsible for the development of APN's retail funds management business and its suite of funds. He continues to oversee all investment strategy, product management and product development for APN's retail funds.

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

This is an appropriate time to also invite questions or comment about the current restructuring of the Boards.

[Questions / Discussion]

Thank you

Proxies

For this resolution, proxy instructions have been received by the secretary. A summary of these instructions is set out on the screen behind me.

I intend to vote all open proxies that I hold in favour of the resolution.

Item 3

**Re-election of
Howard Brenchley**

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

Put to Vote

General Business

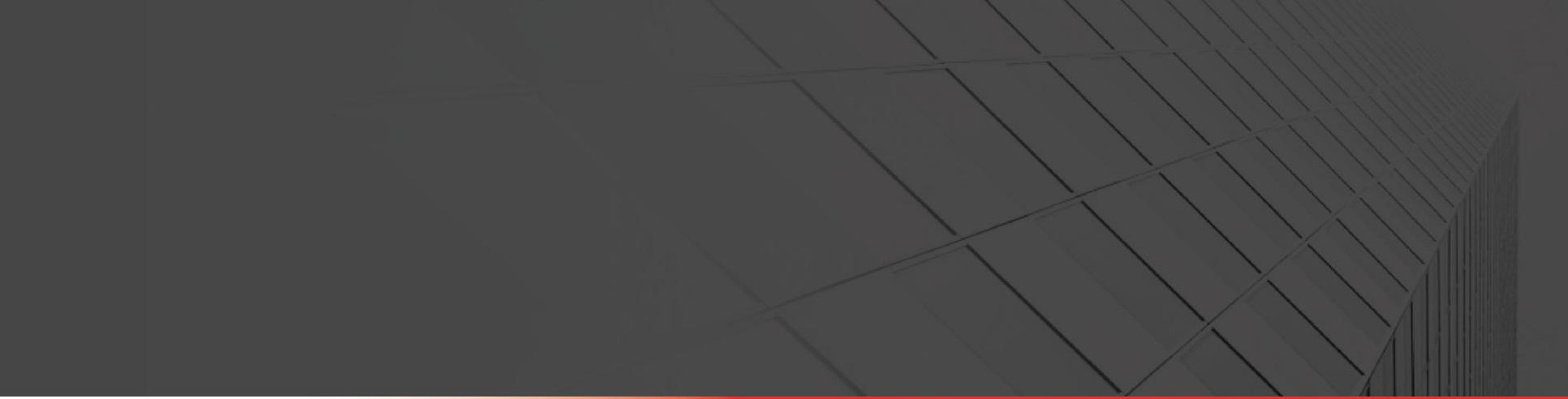
Ladies and Gentlemen, this completes the formal business of the meeting.

However, as I indicated earlier, I would be happy to take any general questions you may have.

[Questions]

Meeting Close

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

Annual General Meeting

20 November 2009

APN Property Group full year results summary

- Underlying profit after tax (from operations) \$5.5m
- Loss after tax from impairment and other FV adjustments \$27.5m
- Statutory loss after tax \$22.0m
- Net Assets \$41.3m, including \$13.3m cash at bank – no debt
- FUM: \$2.8b – impacted by market movement of AREITs and property valuations
- Preserved our cash reserves
- No dividend for FY09

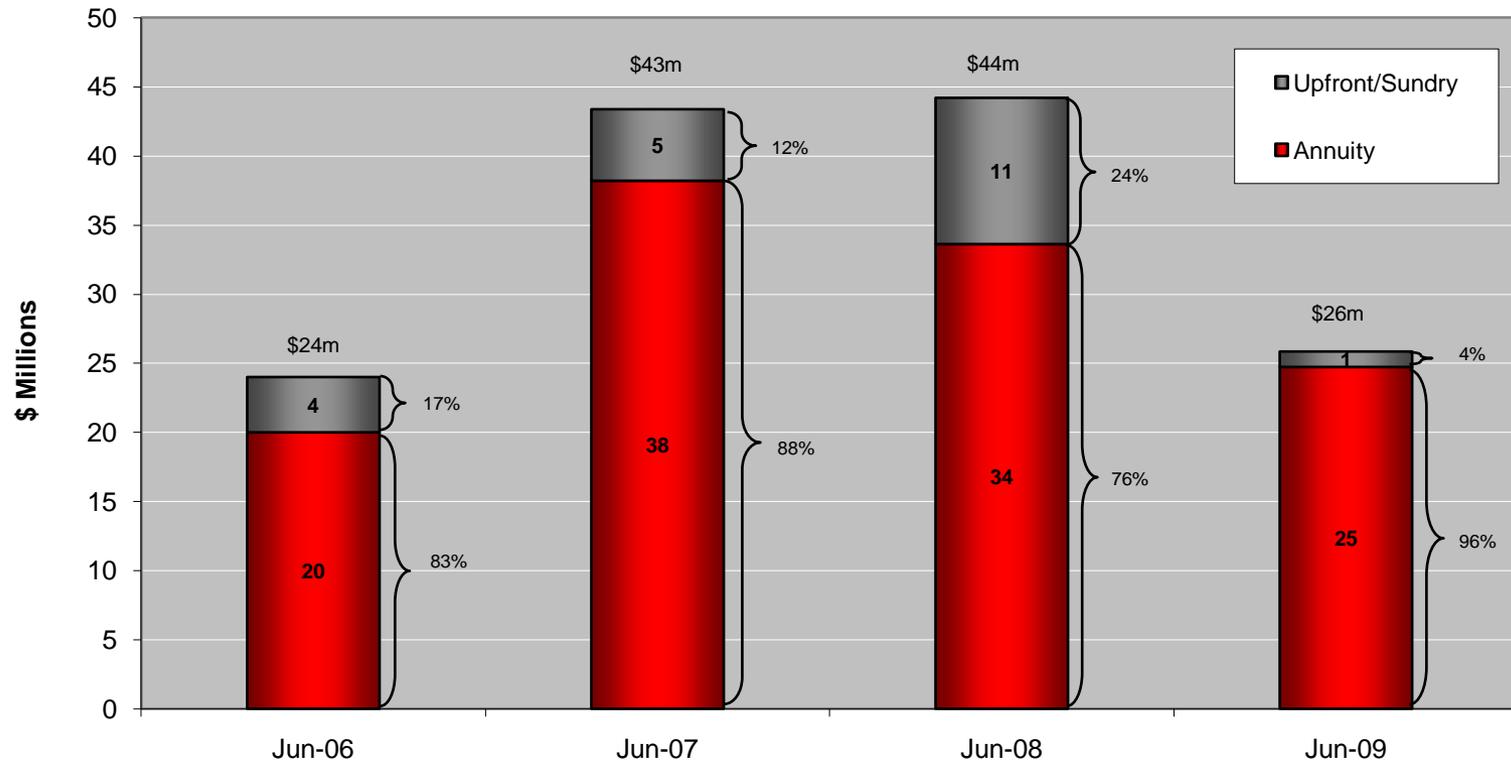
FY2009 Achievements

- AEZ
 - Full strategic review completed
 - Options identified and progressing
 - Lender negotiations progressing well
- AREIT fund launched
- Corporate profile, website revamped
- All HR policies reviewed, updated and simplified
- Property sales of \$88m for unlisted funds
- Planning approval for The Capitol, South Yarra
- Property Plus Portfolio stabilised - distributions reinstated
- Distribution team strengthened
- Corporate Governance strengthened
- Staff Incentive Plan formalised

Key financial results FY09

\$'000	1 st Half Year FY09	2 nd Half Year FY09	Full Year FY09	Full Year FY08
Revenue	15,848	10,331	26,179	44,193
Underlying profit after tax (from operations)	4,812	694	5,506	13,379
Add impairment and fair value adjustments (net of tax)				
- impairment of intangibles	-	(17,855)	(17,855)	-
- impairment of receivables	-	(4,578)	(4,578)	-
- write down of investments	(3,512)	(1,598)	(5,110)	(3,278)
Net profit after tax (NPAT)	1,300	(23,337)	(22,037)	10,101
Basic earnings per share (EPS) cents	1.07	(19.15)	(18.08)	7.74

Revenue analysis – Full Year Results FY09



96% of FY09 revenue is annuity style

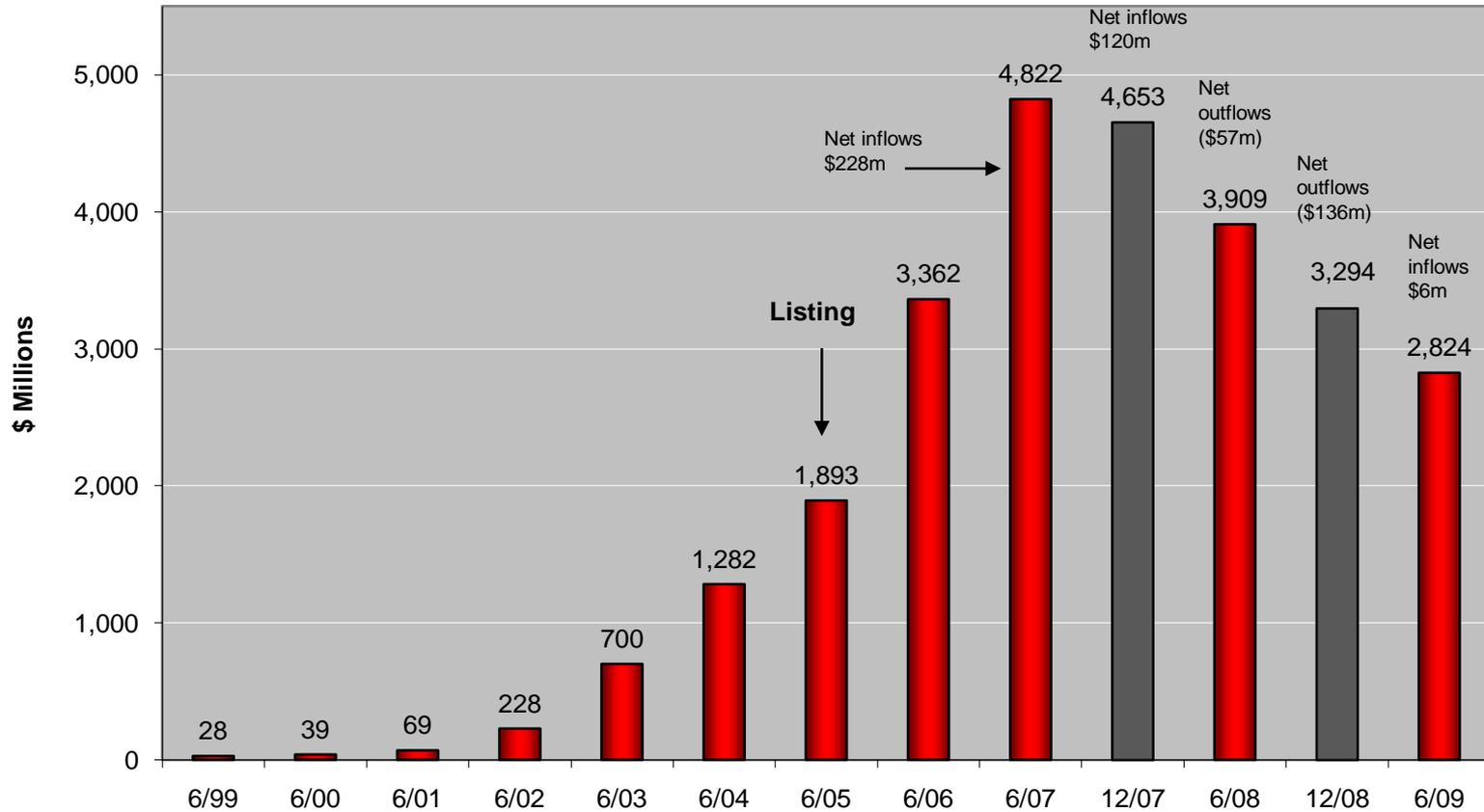
Balance sheet review

- Balance sheet is strong with \$13.3m cash and no debt
- Ability to develop new funds, grow existing funds

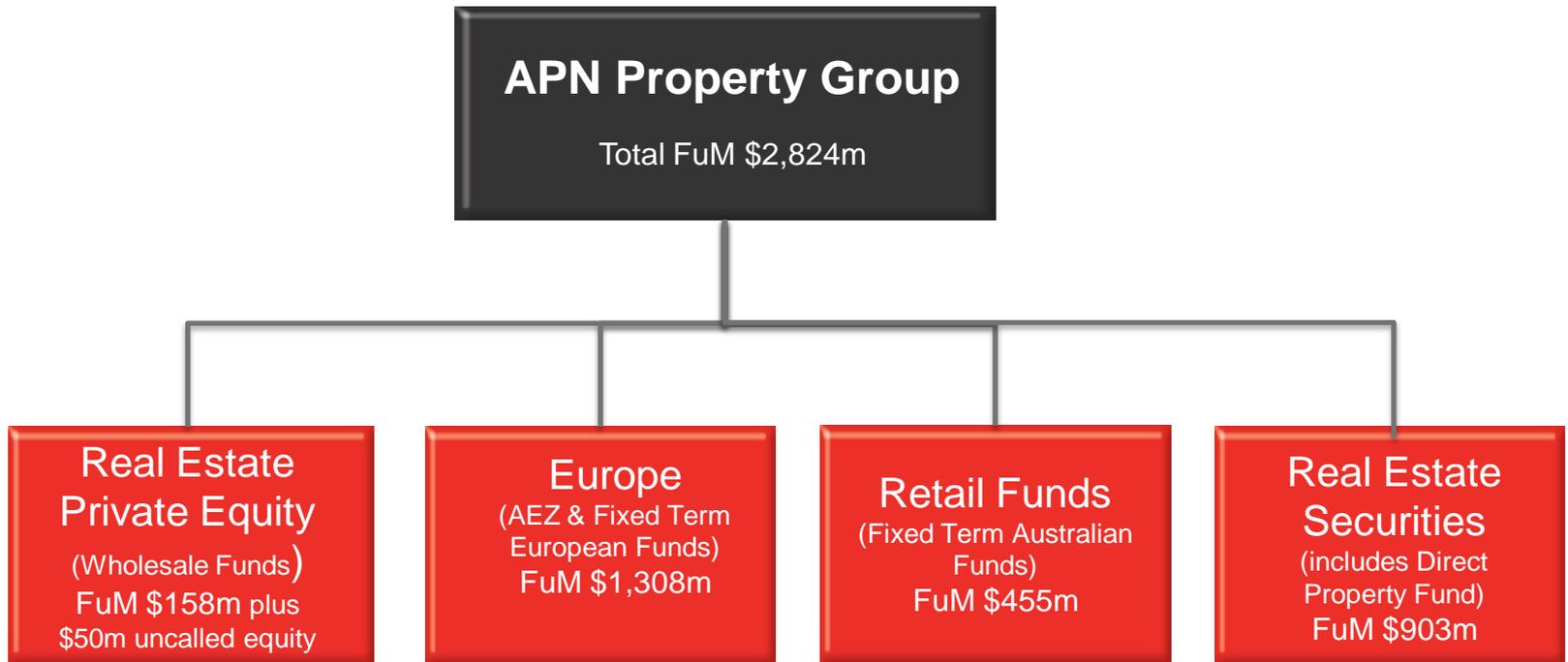
Balance Sheet	June 09	June 08
Tangible Assets	\$36.2m	\$46.8m
Intangible Assets	\$13.2m	\$30.1m
Total Assets	\$49.4m	\$76.9m
Liabilities ¹	\$8.1m	\$11.0m
Tangible Net Assets	\$28.1m	\$35.8m
Total Net Assets	\$41.3m	\$65.9m

¹ Trade and other payables, tax liability payable and provisions

Growth in Funds under Management (FuM)

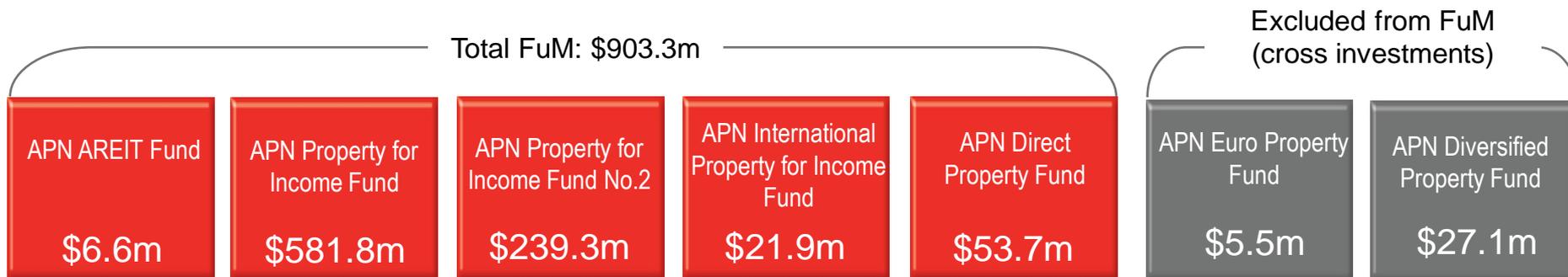


APN Property Group – business structure



- Four business divisions, each providing products to different market segments
- Private Equity and Real Estate Securities both growth engines for the business

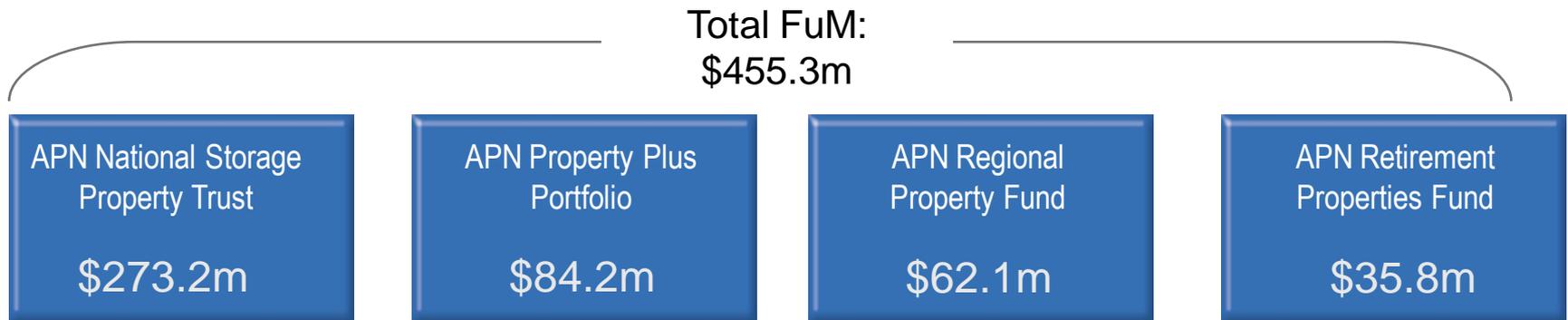
Retail platform – open ended property securities funds



- Net reduction in FuM of \$772m
- Funds temporarily closed to applications and redemptions. Significant decline in the value of AREITs resulted in the proportion of illiquid assets in the funds reaching unacceptable levels
- Limited negative sentiment from investors/advisers to date
- New APN AREIT Fund launched Jan 2009
 - An AREIT only fund with equivalent composition to the APN Property for Income Fund (ex unlisted property)
 - Created in response to feedback from advisers keen to exploit current buying opportunities in AREIT sector



Retail – fixed term Australian funds



- 1H CY2009 direct market values declined in line with further weakening in cap rates
- Rental earnings generally increased and total interest costs fell
- Fall in values expected to moderate over the next six to twelve months
- APN National Storage Property Trust and APN Regional Property Fund have suspended distributions in order to amortise debt
- Funds have high WALE and strong tenancies
- Management of banking facilities continue to be the major focus in FY2010

Retail – fixed term European funds

Total FuM:
\$387.7m

APN Poland Retail Fund \$82.4m

- Market impact on values and income levels significant
- Banking covenants exceeded following December 2008 valuations
- Debt restructure with bank in progress
- Distributions suspended
- Scheduled end date: Dec 2011

APN Vienna Retail Fund \$181.4m

- Property value and income levels performing well in a steady Austrian market
- No banking covenant breaches
- Distributions suspended to retain cash to maximise balance sheet strength
- Distribution policy and balance sheet position under ongoing review
- Scheduled end date: Oct 2013

APN Champion Retail Fund \$123.9m

- Real estate income growth from minimum 2% annual indexation
- Hedging position addressed
- No financial covenant issues
- Sale of asset being considered
- Subject to market conditions, distributions expected to recommence FY2010

AEZ – Listed European Fund

Earnings

- Underlying profit from operations after tax \$23.8m (4.37 cps)
- Fair value losses on hedging contracts (\$92.9m) and investment property (\$240.9m) contributing to an AIFRS loss of \$309.4m for FY2009
- Losses partially offset by appreciation in Euro vs AUD on net assets

Balance Sheet

- Total Assets \$1,112m
- Look-Through Gearing 67.7%
- NTA \$0.33 per security (\$0.42 per security excluding deferred tax liability)¹
- Operational cash flow being applied to reduce Group debt
- Currency exposure significantly reduced

Property Portfolio

- Portfolio is holding up reasonably well
- Full year net property income €38.5m (8.4% decrease on pcp)²
- 100% of portfolio independently valued (18.3% decline since June 2008)
- Occupancy 90.2% by income (94.6% at June 2008)
- 99% retail (by income)

Notes

- ¹ Deferred tax liabilities are provided for under AIFRS to reflect taxes which may be paid if properties were sold directly instead of selling relevant holding companies
- ² Compared with prior corresponding period in EUR on a like for like basis, excluding any impact of management fees

AEZ – Current financial position

- AEZ retains the support of its lenders
- Discussions regarding December 2008 covenant breaches continuing (3 RBS facilities and Deutsche Bank hedging agreement)
- No additional financial covenant breaches since 31 December 2008
- Several non-financial covenant breaches and potential / actual cross defaults triggered
- Current position:
 - No loans have been called for repayment
 - AEZ remains within all interest cover and debt service covenants
 - Detailed resolution strategies presented and being actively progressed with lenders
 - AEZ is not a forced seller of any asset
- Key lenders closely involved and working constructively with development of recapitalisation proposal

Real Estate Private Equity - APN Development Fund No. 1

- Fixed term fund terminating in 2012
- 7 institutional investors
- Committed equity of \$110m, fully invested
- Fund IRR target of 18% remains achievable (current forecast 15% – 18%)
- Fund projects
 - **Yatala, Qld** – industrial land subdivision, completed and 90% sold
 - **Coolumn, Qld** – industrial land subdivision, completed and sold
 - **Graystone, Qld** – property development & investment company – continuing business, currently holding \$100m in property assets
 - **567 Collins St, Vic** – proposed 50,000 sqm office building in Melb CBD – with DA
 - **South Yarra, Vic** – mixed use property development site – with DA



The Capitol - South Yarra

Real Estate Private Equity - APN Development Fund No. 2

- Fixed term fund terminating in 2014
- 6 institutional investors
- Committed equity of \$105m - \$53m invested to date
- Fund IRR target of 18% remains achievable (current forecast 15% – 18%)
- Fund projects
 - 150 Collins St, Vic – proposed 20,000 sqm CBD office tower - with planning approval
 - Industry Village, Vic – 10 lot, office/industrial park in Port Melbourne – lot 1 complete



Industry Village – Port Melbourne



150 Collins Street

APN Property Group – summary

- Difficult operating environment for real estate fund managers
- AEZ resolution a continuing priority
- FUM of \$2.8b at 30 June 2009
- AREIT Fund launched during the year. Other opportunities under review
- Sound balance sheet with cash reserves of \$13m and no debt
- Management platform intact and positioned for growth
- No dividend paid in FY2009
- Internal efficiencies and operations improved significantly

***House largely in order, sound balance sheet,
focus on Europe resolution and Group growth opportunities***

APN Property Group – the road ahead

- Stabilisation of existing products – AEZ, PFIF stable, NSPT, Poland
- Scale up selected unlisted funds
- Increase market share in retail market
- Grow real estate private equity funds and RE securities capabilities
- Continued and intense focus on ***investment performance*** and ***service***
- M&A opportunities
- Explore growth opportunities in Asia Pacific

APN Property Group – Corporate Governance

- Restructure of both Boards

- APN Funds Management Limited
 - **John Harvey** (Independent Chairman)
 - **Geoff Brunsdon** (Independent Director)
 - **David Blight** (Group Managing Director)
 - **Howard Brenchley** (Executive Director)
 - An Independent Director to be appointed

- APN Property Group Limited
 - **Chris Aylward** (Executive Chairman)
 - **Clive Appleton** (Executive Director)
 - **David Blight** (Group Managing Director)
 - **Howard Brenchley** (Executive Director)
 - An Independent Director to be appointed

Summary of proxy instructions received

Resolution	For	Open	Against	Abstain
1. Receive accounts	No vote required			
2. Consider Remuneration report	43,268,046	819,035	680,247	1,318,271
3. Re-elect Howard Brenchley	44,106,185	819,035	13,350	1,147,029