

APN | Property Group

Half year results - 31 December 2009

David Blight | Group Managing Director

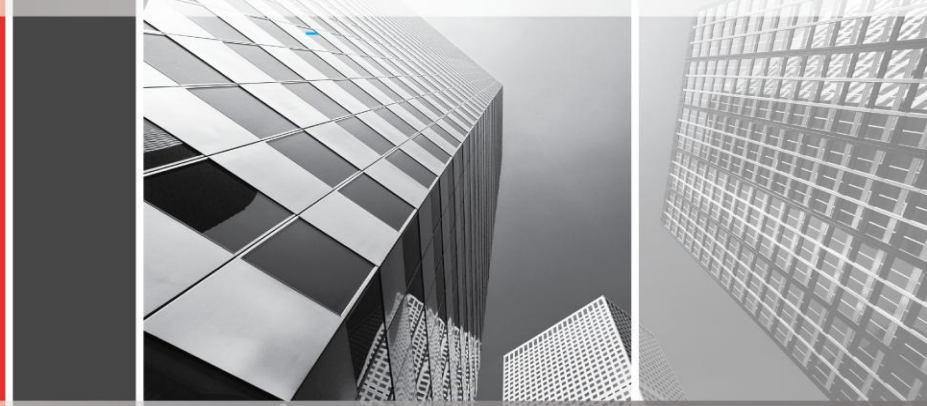
John Freemantle | Chief Financial Officer

26 February 2010

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- APN Property Group – summary and outlook

APN Property Group half year results



Results headlines

- Underlying profit after tax (from operations) \$1.3m
- Gain after tax from fair value adjustments \$0.5m
- Statutory profit after tax \$1.8m
- Interim dividend 1.25 cents per share
- Net assets \$42.8m, including \$11m cash at bank – no debt
- FuM: \$2.7b – stabilising
- AEZ resolution remains the priority for the Group
- Wholesale funds have significant cash reserves and existing development pipeline
- Management platform strengthened
- Seeking new opportunities

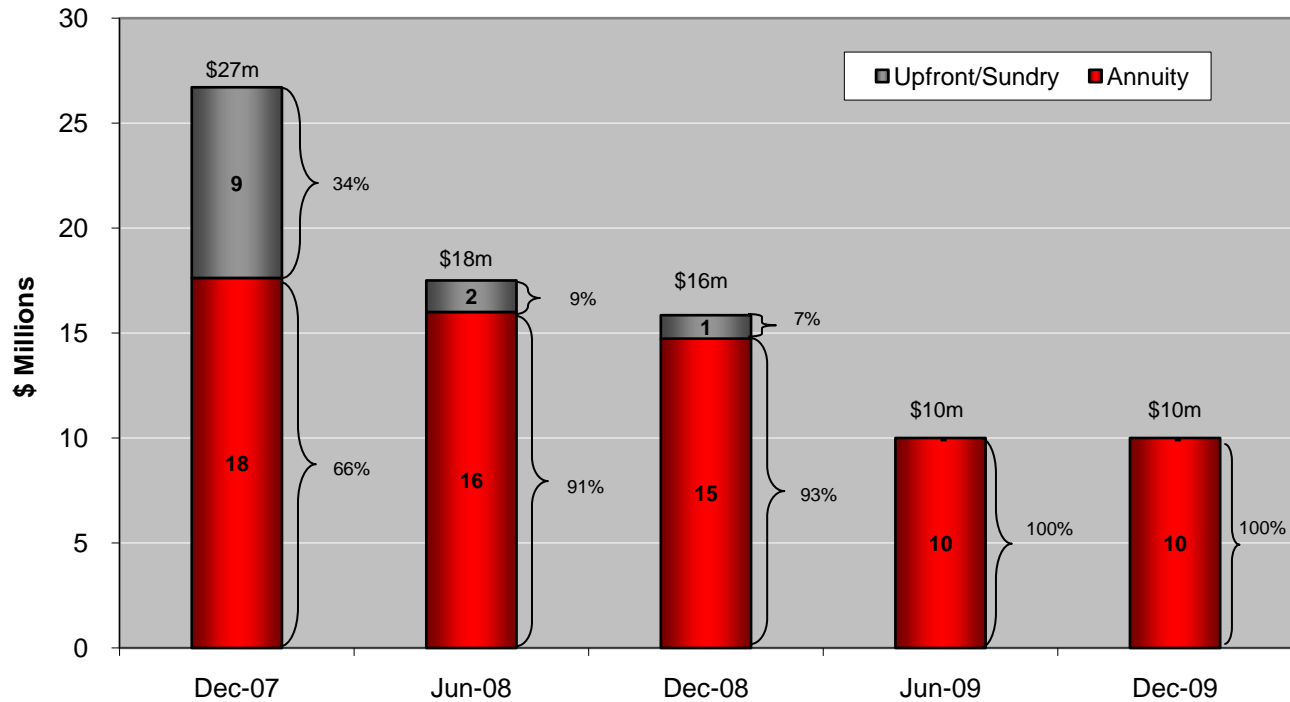
Key financial results – Half year to 31 December 2009

\$'000	Dec 09	Jun 09	Dec 08
Revenue	10,066	10,445	15,734
Underlying profit after tax (from operations)	1,288	694	4,812
Add impairment and fair value adjustments (net of tax)			
- impairment of intangibles	-	(17,855)	-
- impairment of receivables	-	(4,578)	-
- revaluation gains/(loss)of investments	517	(1,598)	(3,512)
Net profit after tax (NPAT)	1,805	(23,337)	1,300
Basic earnings per share (EPS) cents	1.27	(19.15)	1.07

Detailed Profit and Loss Statement

\$'000	Dec 09	Jun 09	Dec 08
Management fees	8,280	8,343	11,044
Transaction fees	-	(67)	1,118
Project management fees	655	901	2,192
Registry & accounting fees	1,091	1,040	1,234
Investment income	37	33	72
Sundry income	3	195	74
Total Revenue	10,066	10,445	15,734
Direct costs	(977)	(820)	(1,376)
Administrative expenses	(7,683)	(7,880)	(8,646)
FX gains – realised/unrealised	349	(470)	1,539
EBITDA before impairment and fair value adjustments	1,755	1,161	7,251
Impairment of intangibles and receivables	-	(24,369)	-
Fair value adjustments	738	(2,283)	(5,017)
EBITDA	2,493	(25,491)	2,234

Revenue analysis – Half Year Results FY10



100% of Dec 2009 revenue is annuity style

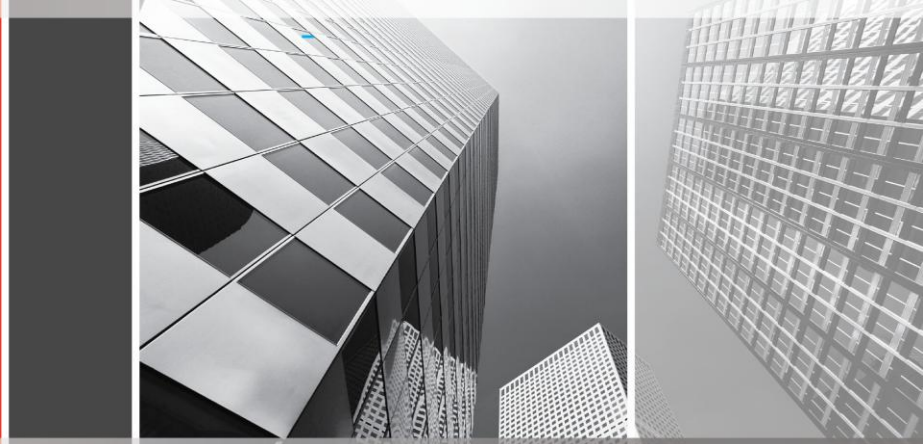
Balance sheet review

- Balance sheet is strong with \$11m cash and no debt
- Ability to develop new funds and grow existing funds

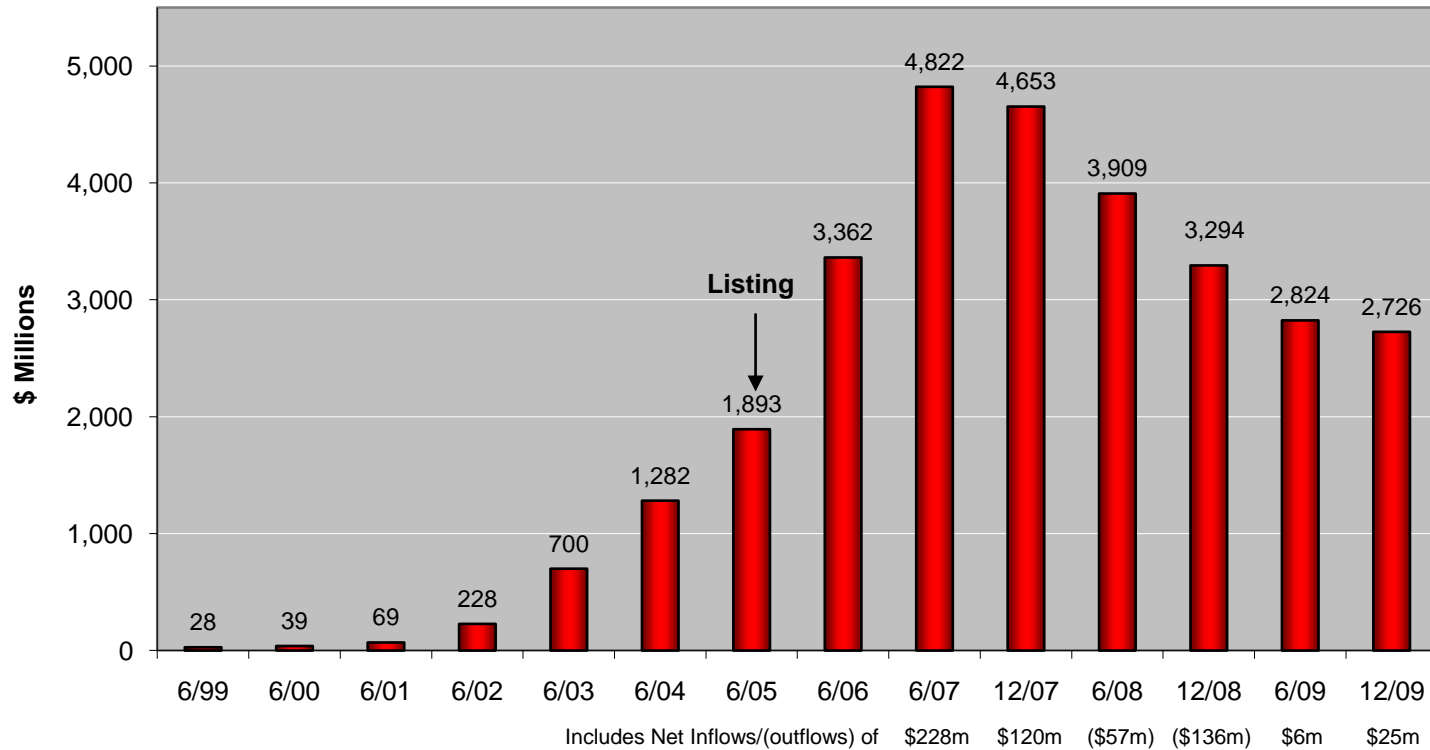
Balance Sheet	Dec 09	June 09
Tangible Assets	34.3m	36.2m
Intangible Assets	13.2m	13.2m
Total Assets	47.5m	49.4m
Liabilities ¹	4.7m	8.1m
Tangible Net Assets	29.6m	28.1m
Total Net Assets	42.8m	41.3m

¹ Trade and other payables, tax liability payable and provisions

FuM analysis and fund performance

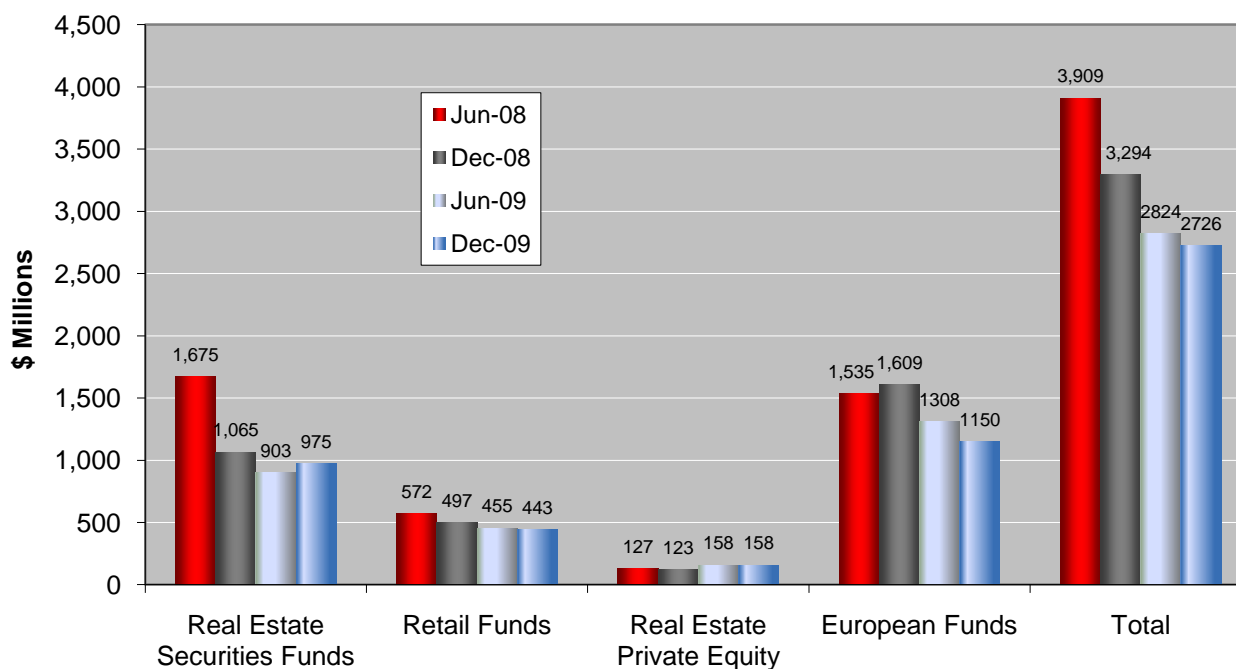


Growth in Funds under Management (FuM)

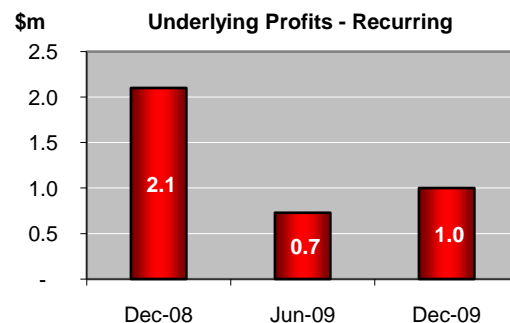
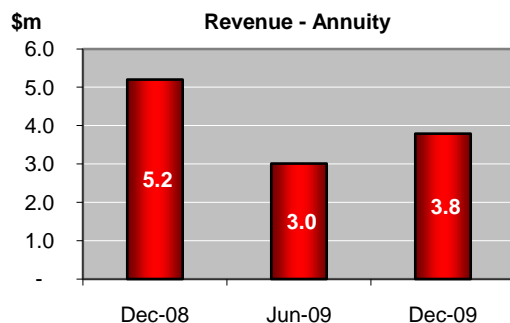
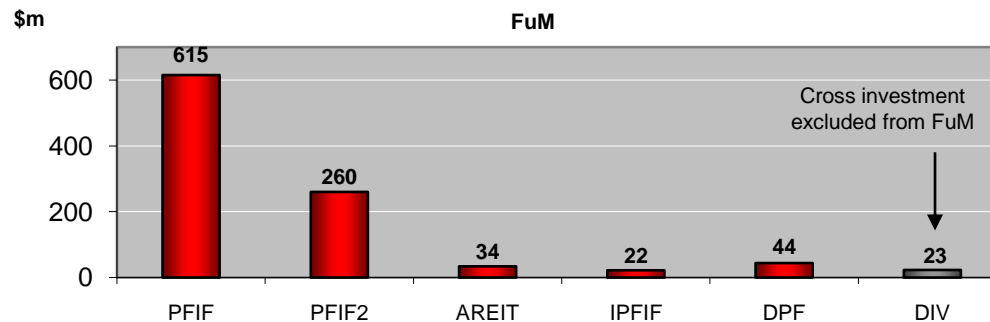
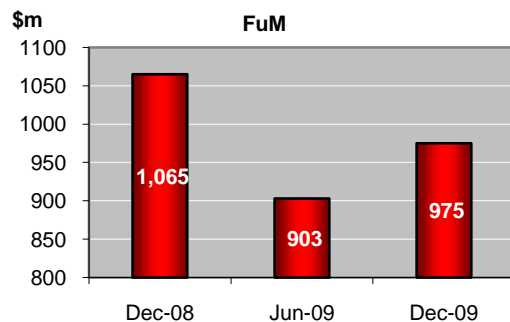


FuM breakdown by product type

- FuM reduced by \$100m for 6 months to 31 December 2009
- Real Estate Securities Funds closed to applications and redemptions for the period (except limited redemption offers)
- FuM movement reflects changes in REIT market and property valuations



Real estate securities funds



- Net increase in FuM of \$72m since June 2009
- APN AREIT Fund launched in January 2009
- APN PFIF and PFIF2 re-opened for applications
- APN PFIF, PFIF2, IPFIF, DPF and DIV made limited redemption offers during the period, but remain closed for redemption requests due to liquidity constraints
- IPFIF to be wound up
- Moderate recovery in AREIT sector

Real estate securities funds performance to 31 December 2009

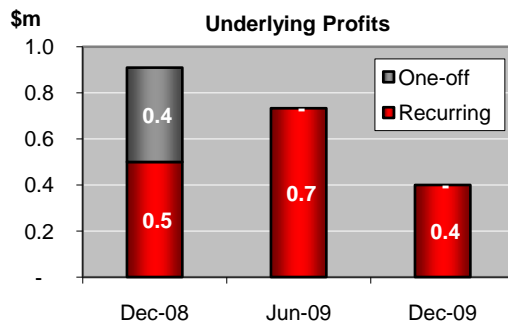
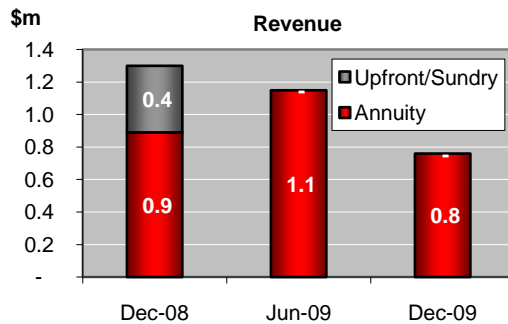
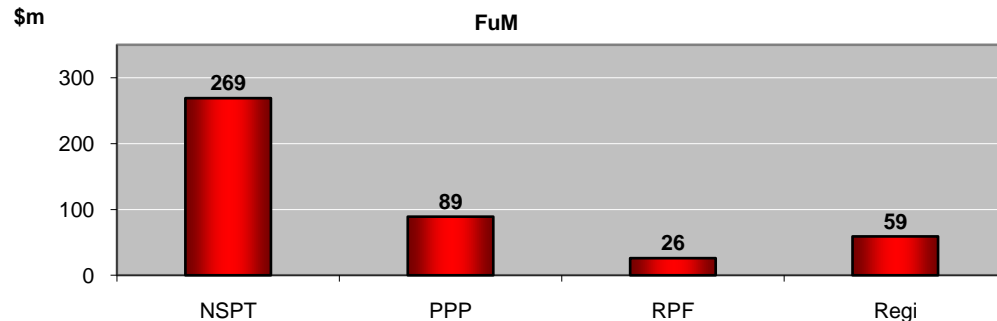
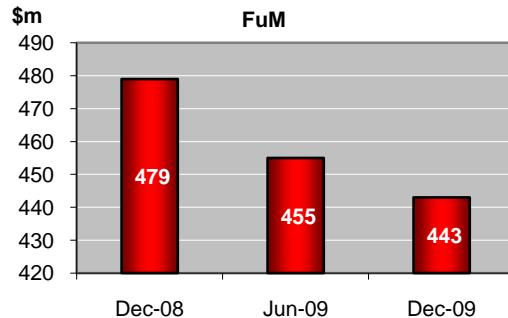
APN Fund	One year total return to 31 Dec 09 ¹	Index	Three year annualised total return to 31 Dec 09	Index	Annualised performance since inception to 31 Dec 09	Index
APN AREIT Fund (AREIT)	–	–	–	–	34.6%	16.6% ²
APN Property for Income Fund (PFIF)	3.3%	7.9% ²	(17.0%)	(23.1%) ²	7.2%	4.4% ²
APN Property for Income Fund No. 2 (PFIF No.2)	3.2%	7.9% ²	(22.7%)	(23.1%) ²	(9.6%)	(7.7%) ²
APN International Property for Income Fund (IPFIF)	(0.4%)	30.5% ³	(23.2%)	(16.2%) ³	(5.1%)	2.4% ³
APN Direct Property Fund (DPF)	(15.2%)	–	(4.5%)	–	0.6%	–

1: Compound annualised return – Net of fees (applicable to retail investors)

2: S&P/ASX 200 Property Trust Accumulation Index

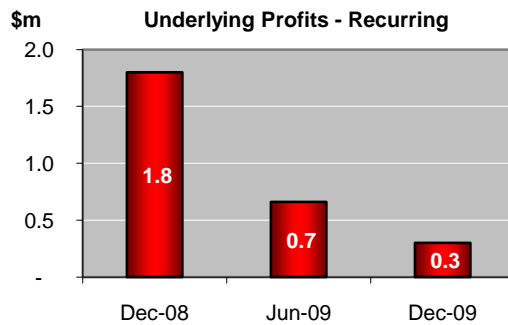
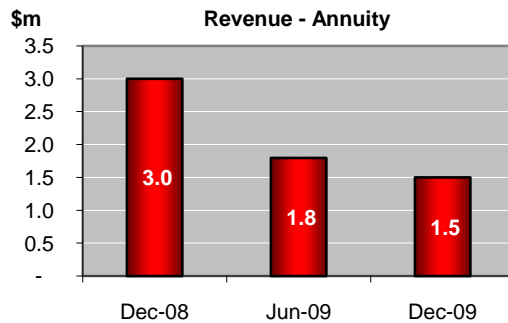
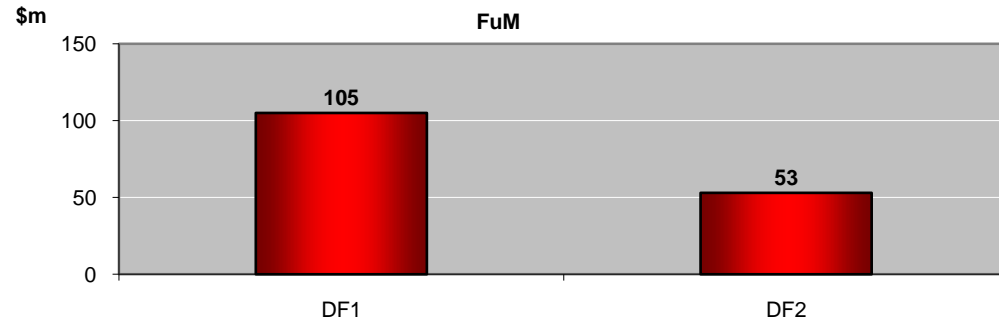
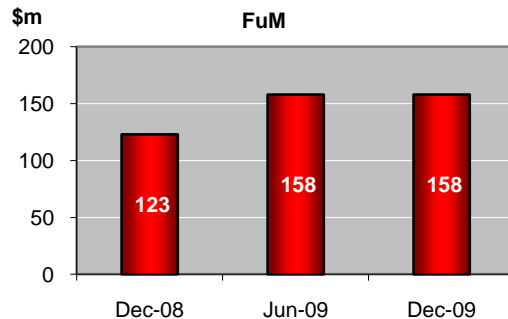
3: GPR/UBS Composite Index . Historic performance based on a composite of GPR & previous UBS index

Retail funds



- **APN National Storage Property Trust (NSPT)**
 - refinancing debt with NAB and proposed issue of convertible notes
 - obtained unitholder approval to extend fund to June 2012
- **APN Retirement Properties Fund (RPF)**
 - Fund terminated. Asset sale may take 12 months
- **APN Property Plus Portfolio (PPP)**
 - Long term leases to Woolworths and 7-Eleven
- **APN Regional Property Fund (Regi)**
 - New loan facility. Distribution to recommence at 50%. Balance to reduce LVR from 61% to 55%

Real estate private equity funds



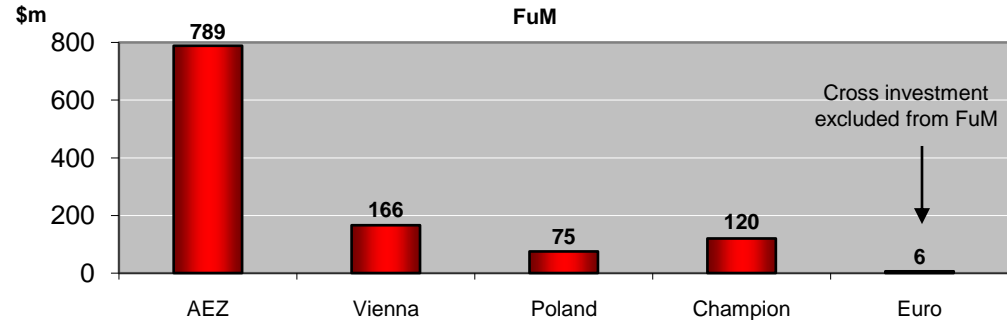
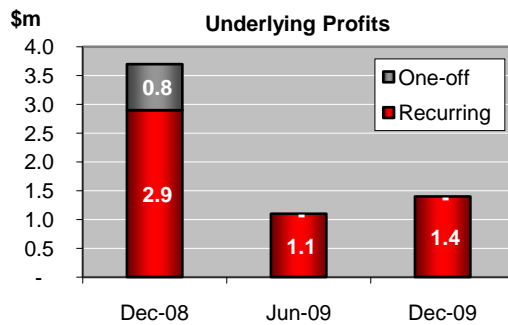
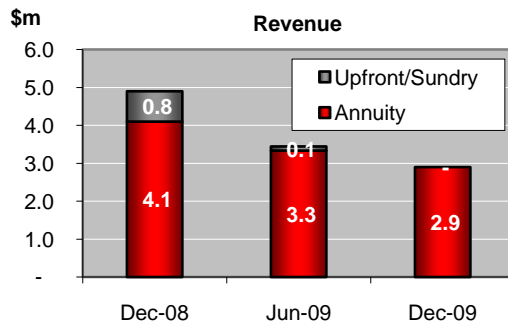
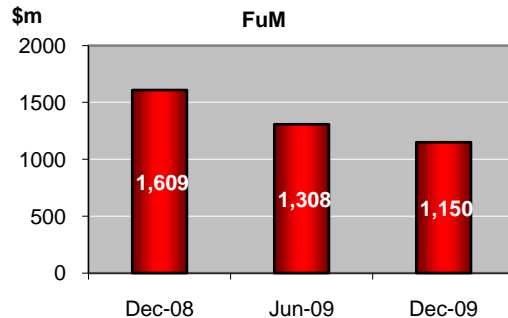
■ APN Development Fund No.1 (DF1)

- Investor approval sought to extend fund term to enable completion of 567 Collins St and South Yarra development sites
- Major projects 567 Collins St and South Yarra require leasing pre-commitment and loan finance before commencement
- Proposed external capital raising for Graystone to strengthen balance sheet and consolidation of its holdings in Brisbane Technology Park

■ APN Development Fund No.2 (DF2)

- Industry Village - Stage 1: 5 of 9 units sold
- 150 Collins St site - Development options under review
- \$52m unallocated equity available

European funds



■ APN Vienna Retail Fund (Vienna)

- Property value and income levels steady
- No banking covenant breaches (but limited headroom)
- Distributions suspended to strengthen balance sheet

■ APN Poland Retail Fund (Poland)

- Declining income and property valuations
- In breach of banking covenants but debt restructure well advanced
- New anchor tenant, C+A signed and capex programme commenced
- Financial support from APD and AEZ required for capex programme and debt repayment commitments

■ APN Champion Retail Fund (Champion)

- Supermarket portfolio leased to Carrefour Marinopoulos
- Distributions recommenced

APN European Retail Property Group (AEZ)

- Market conditions continue to be challenging
- Valuations stabilising
- Banking issues ongoing – continued support from major lender
- Asset sales likely over coming 12 months
- AEZ results released to ASX on 24 February 2010

APN Property Group outlook



APN Property Group – summary

- Indications of market recovery in Australia and some stabilisation in Europe
- Interim dividend 1.25 cents per share
- FuM of \$2.7b at 31 December 2009
- AEZ resolution a continuing priority
- APN AREIT Fund launched in January 2009. Other opportunities under review
- Sound balance sheet with cash reserves of \$11m
- Management platform intact and positioned for growth
- Internal efficiencies and operations improved significantly

House in order, looking for future 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 real estate securities funds capabilities
- Continued and intense focus on *investment performance* and *service*
- M&A opportunities
- Explore growth opportunities in Asia Pacific

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