



APN | Property Group

Financial Results – six months to 31 December 2011

Date 27 February 2012

Results highlights

- Backdrop: continuation of challenging market conditions
- Operating profit after tax of \$2.0 million
- Good progress on key issues: Europe, Property for Income Funds
- Successful GHC acquisition (settled August 2011), AREIT Fund growth
- Platform strong
- Actively pursuing new opportunities

Summary Financial Results – six months to 31 December 2011

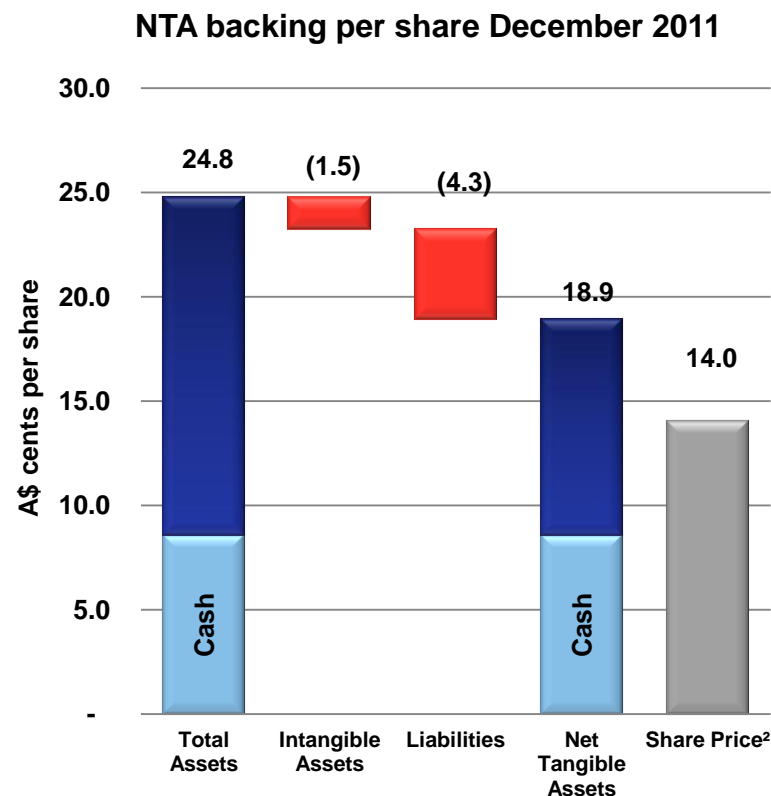
6 month period ending	31-Dec-11	30-Jun-11	31-Dec-10
	\$000s	\$000s	\$000s
Revenue total	11,098	9,729	11,241
Operating profit after tax¹	1,978	1,067	1,977
Statutory profit/(loss) after tax	1,120	380	(5,677)
Operating EPS²	1.37 cents	0.60 cents	1.24 cents
Statutory EPS	0.77 cents	0.12 cents	(4.45) cents
Dividends (per share)	1.25 cents	-	1.25 cents
Funds under management (FUM)	\$2.077b	\$2.253b	\$2.330b

Notes

1. Refer appendices for reconciliation of operating profit to statutory (IFRS) profit
2. Basic earnings per share based on operating profit after tax

Summary balance sheet – as at 31 December 2011

	Dec-11	Jun-11	Change
	\$000s	\$000s	%
Tangible Assets	37,765	38,056	-0.8%
Intangible Assets	2,479	227	992.1%
Total Assets	40,244	38,283	5.1%
Liabilities	7,029	6,778	3.7%
Net Tangible Assets (NTA)	30,736	31,278	-1.7%
NTA per share (cents)	18.9	19.6	-3.6%

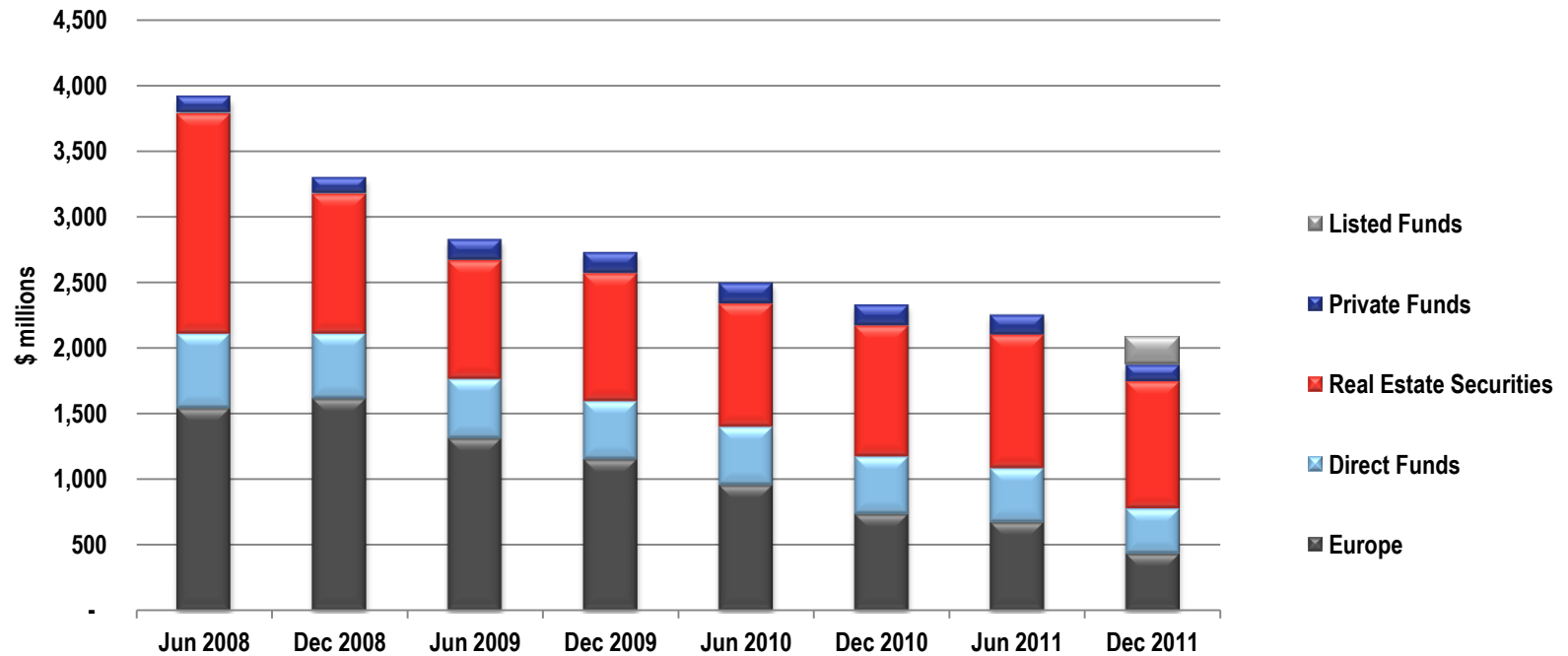


Balance sheet sound with \$13.9 million in cash and no debt

Notes

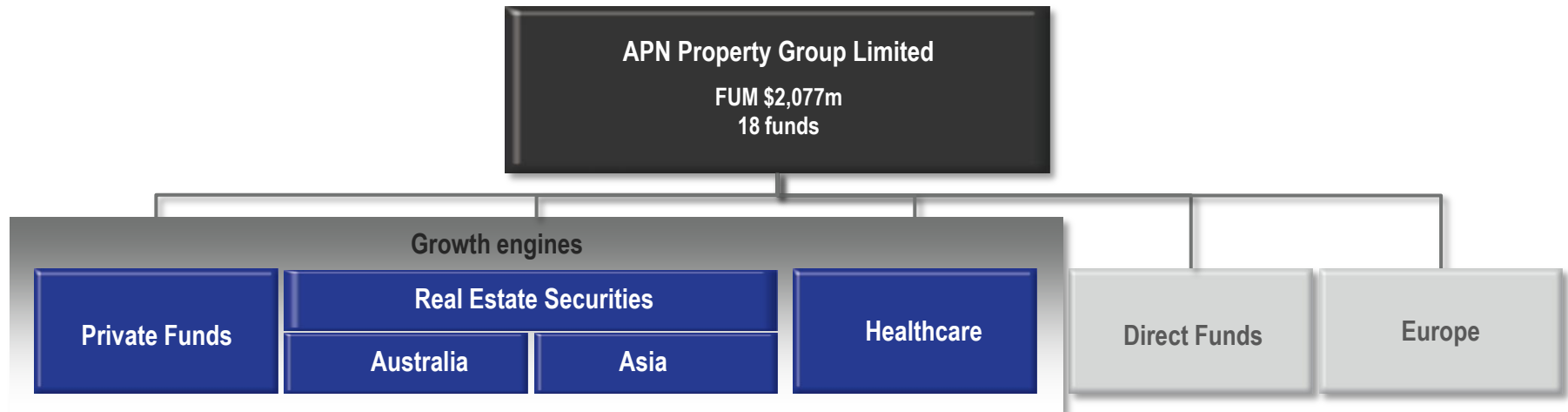
1. Liabilities – includes trade and other payables and provisions
2. APN share price information as at market close 31 December 2011

Funds under management



GHC acquisition and securities funds inflows helping to offset EU reduction

Group business structure



- Fixed term
- Institutional / industry fund investors
- Australian developments
- FUM \$128m
- 2 funds

- Open ended
- Retail investors
- Australian funds
- FUM \$949m
- 6 funds

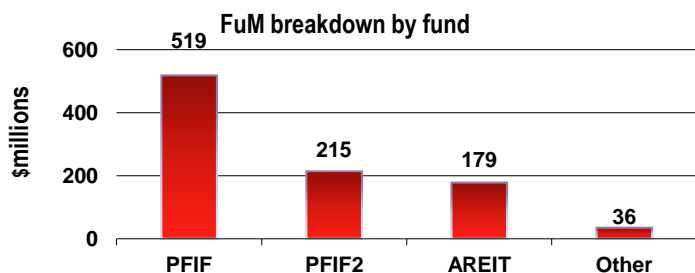
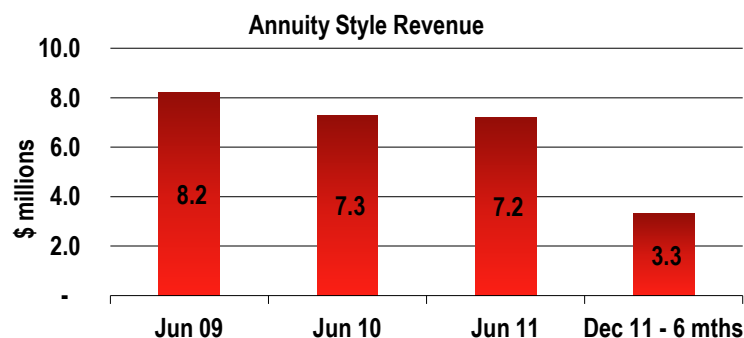
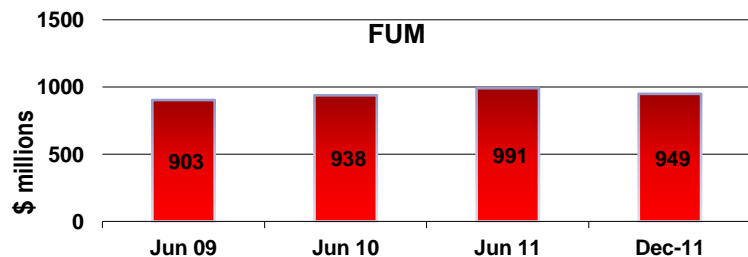
- Open ended
- Institutional / high net worth investors
- FUM \$20m
- 1 fund

- Open ended
- Institutional and retail investors
- FUM \$202m
- 1 fund

- Fixed term
- Institutional and retail investors
- FUM \$343m
- 3 funds

- Open ended and fixed term funds
- Institutional and retail investors FUM \$435m
- 5 funds

Real Estate Securities – Australia



Notes

1. To 31 January 2012

APN AREIT Fund

- Net inflows \$37 million for H1 FY12
- Net inflows since inception (January 2009) \$200 million
- Performance since inception 13.75% pa (versus index of 6.72% pa)¹
- Low volatility of returns relative to index
- 100% liquid
- Currently yielding around 9.0% pa
- Highly rated by researchers

APN Property for Income Funds

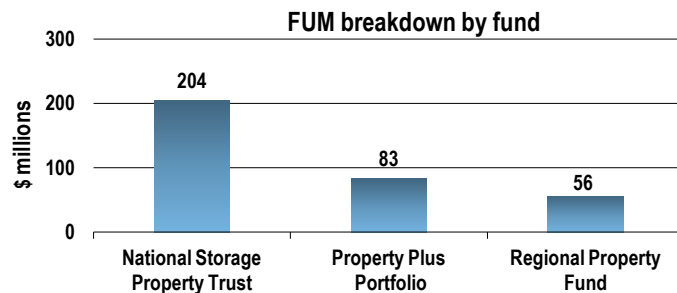
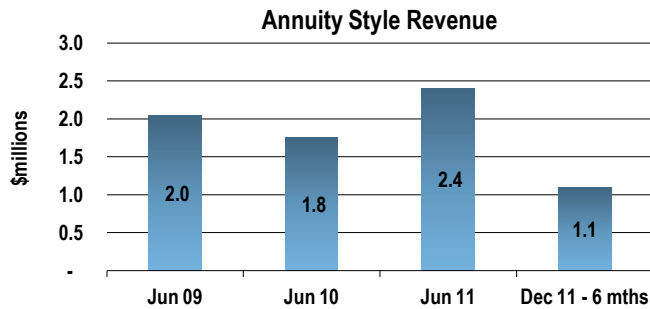
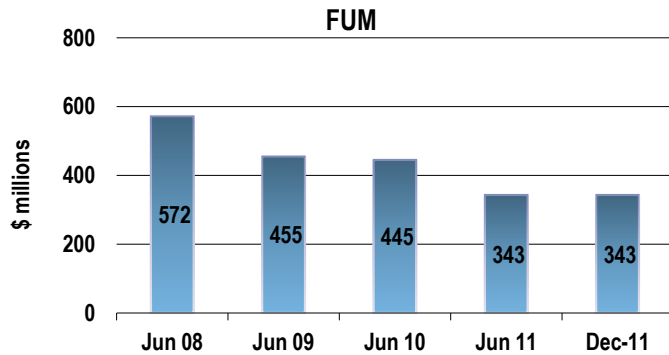
- Re-opened for applications
- Limited liquidity option (Managed Redemption Offer) introduced in December 2010
- Good progress toward longer term liquidity solution
 - ASIC in principle approval
 - Announcement imminent

Real Estate Securities – Asia

- ARA Asian Asset Income Fund
- Acquired by APN in August 2010
- Institutional / High Net Worth product
- 14% pa income return over last 3 years
- 16% pa total return over last 3 years
- 100% liquid
- Currently yielding 13% pa
- FUM steady since acquisition
- Targeting new investors in FY2012
- Full time team of 4 personnel
- Singapore office established



Direct Real Estate Funds



APN National Storage Property Trust

- Nine assets sold in September 2011
- Mezzanine debt repaid
- Distributions increased to 1.58 cpu per quarter
- Valuations stabilised

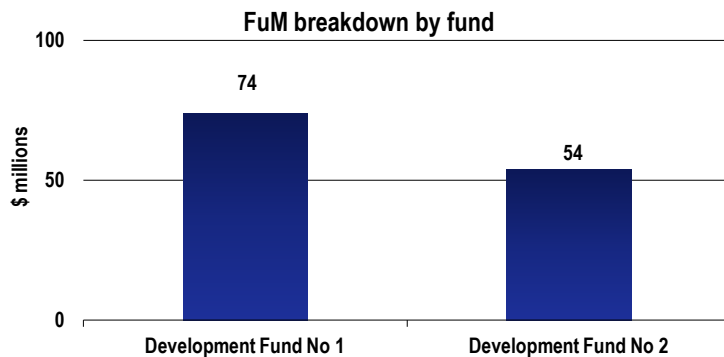
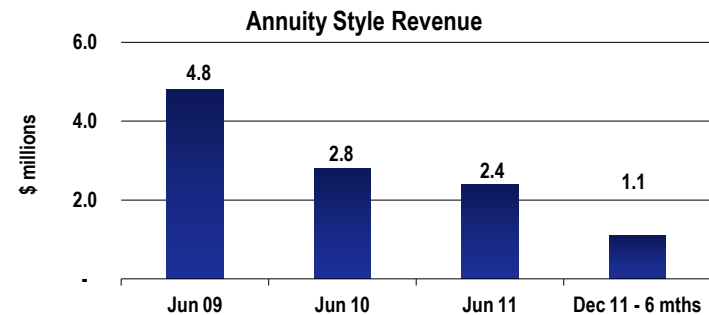
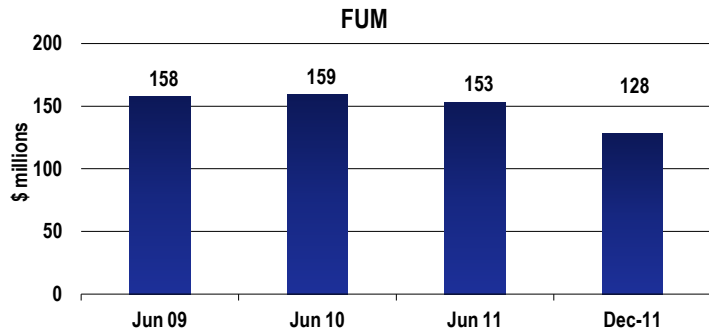
APN Property Plus Portfolio

- Leases to Woolworths and 7-Eleven
- FY12 distribution yield on original investment 9.50% pa
- Strategic review underway

APN Regional Property Fund

- Asset management initiatives continue
- Fund units listed on NSX
- Strategic review underway

Private Funds



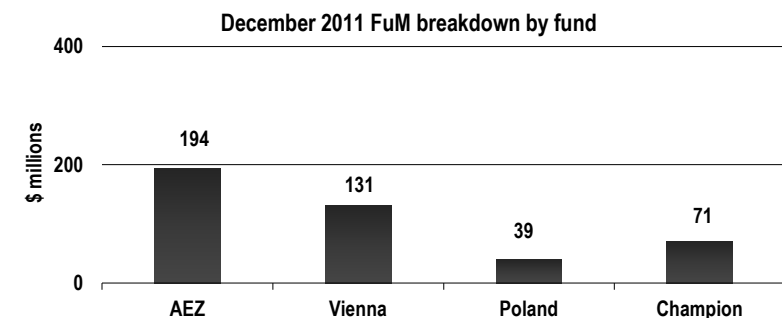
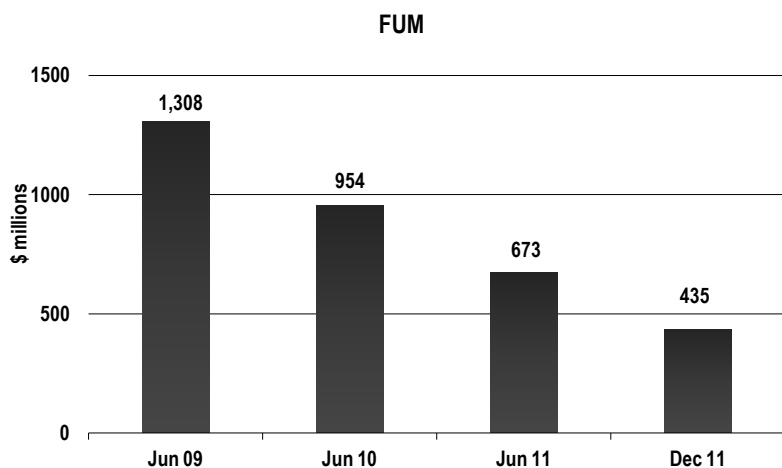
APN Development Fund No 1

- Fully invested
- Australian institutional investors
- 567 Collins Street, a prime development site in the Melbourne CBD with approval for 55,000m² office development. Seeking precommitments.
- Graystone Group: a property development and investment company, specialising in business technology park developments in Queensland

APN Development Fund No 2

- Fully invested
- Australian institutional investors
- 150 Collins Street, Melbourne: a prime commercial development site in Melbourne CBD with approval for a 20,000m² office development, to commence construction with Westpac as anchor tenant.
- Industry Village, Port Melbourne: a 3.3ha site located less than 2km from the Melbourne CBD, being subdivided and redeveloped as light industrial and office

European Real Estate Funds



Notes

1. Euro Property Fund not shown in FUM breakdown (excluded as cross-investment into European syndicates)

APN European Retail Property Group (AEZ)

- Debt restructure and asset sale program announced in March 2011 on track
- 48% of property by value sold
- Unitholder meeting in Dec 11 approved sales
- Partial fee deferral, cost recovery remuneration basis

APN Vienna Retail Fund

- Shopping Centre Nord continuing to perform relatively well
- Fund expiry October 2013

APN Poland Retail Fund

- Manhattan Shopping Centre showing gradual improved trading performance
- Fund expiry extended to December 2013.
- Loan facility extended to October 2012.

APN Champion Retail Fund

- Greek market very challenging
- Debt facility covenants in process of being relaxed in exchange for cash sweep to amortise loan
- Carrefour leases restructured to market rents and lease terms extended
- Fund expiry October 2013

New healthcare real estate platform

- APN appointed responsible entity of the ING Real Estate Healthcare Fund on 12 August 2011
- Fund rebranded to Generation Healthcare REIT on 29 September 2011
- Only listed Australian healthcare property fund
- \$202m in funds under management
- Occupancy (by income) 99.3%
- WALE 11.6 years
- Management team joined APN with significant co-investment in the management vehicle
- Attractive sector prospects:
 - Ageing population growing
 - Technology driving more health solutions
 - Healthcare industry continuing to experience significant growth
 - Government support direct and indirect
 - High quality tenant universe
 - Long leases with attractive review mechanisms



Key stats

AREIT listed on ASX under code GHC

\$193 million in property assets in Victoria and Queensland

Occupancy (by income) 99.3%

WALE 11.6 years

Distribution yield of 8.9% pa¹

100% tax deferred (for 12 month period ended 30 June 2011)

Notes

1. Calculated as the 31 December 2011 half year distribution, annualised, divided by the GHC security price of \$0.75 at close of trading on 17 February 2012

FY11 Scorecard

Stated objective HY2011 Results		Performance
Stabilisation of European business	✓	- Debt restructure and asset sale program agreed for AEZ. 46% of assets sold.
Rationalise uneconomic funds	✓	- IPIF, Diversified & Direct Funds wound up; assets being sold down. Regional Fund and PPP under review.
M&A opportunities	✓	- GHC acquisition completed. - Others being pursued.
Continue to grow AREIT and PFIF products - increase retail market share	✓	- AREIT fund grown significantly, real estate securities inflows have market-leading position. - PFIF liquidity restructure well progressed.
Grow real estate private funds and real estate securities funds capabilities	✓	- Secured Westpac as anchor for 150 Collins St development. - Kilcor JV progressing. - Increased marketing of real estate securities capabilities.
Continued, intense focus on investment performance and service	✓	- Service and performance metrics across business remain very solid.
Expand real estate securities capabilities in Asia and leverage the strategic partnership with ARA	✓	- Singapore office established. Two new funds established as precursor to public offer.

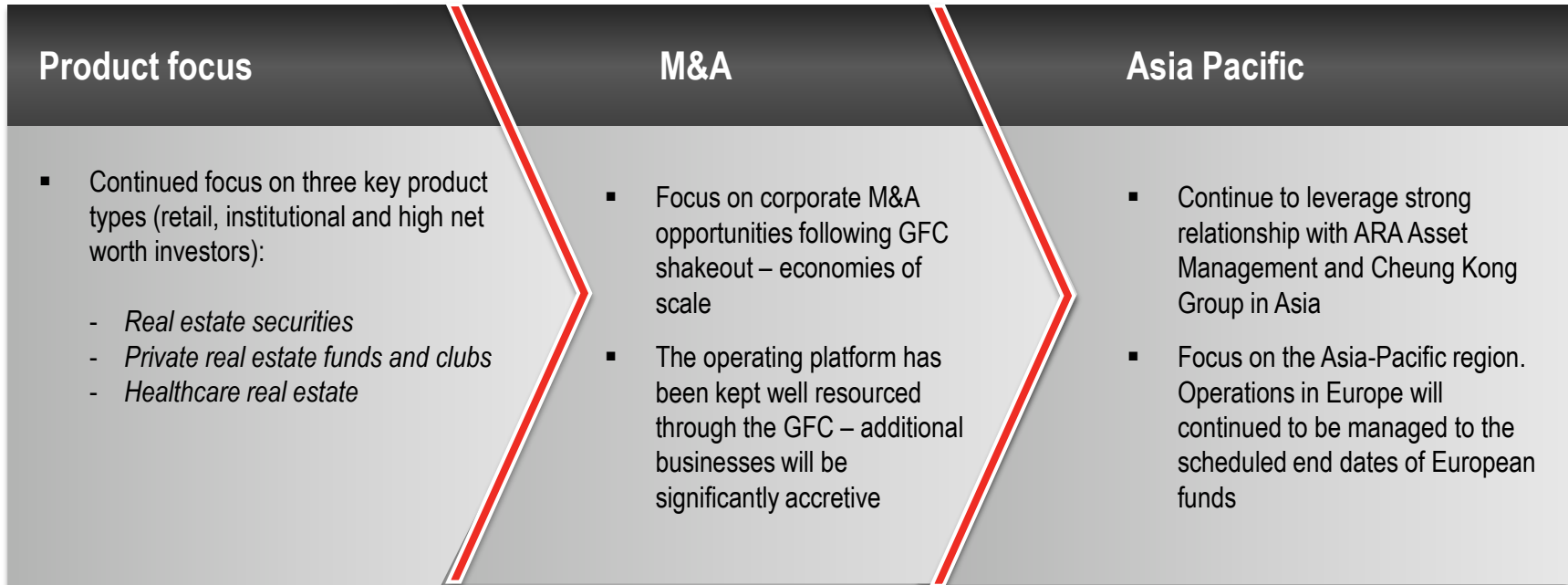
Market environment

- Sovereign and banking risk in Europe
- Sentiment/confidence remains fragile
- China growth slowing but still strong
- Significant financial market volatility

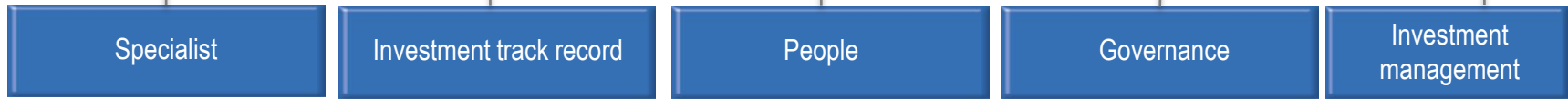
Locally....

- Australia holding up OK, but weakening of global economy beginning to bite
- Consumer and business confidence low
- House prices continue to soften
- Interest rates likely to remain low
- Investors still cautious, long cash
- High yielding 'hard' assets likely to become popular in near term
- Very good long term buying opportunities beginning to emerge in real estate markets

Strategy



APN's competitive advantage



Focused on real estate investment management. Not distracted by other asset classes

Strong 15 year performance history

Extensive global, regional and local experience gained over several cycles

Independent directors and separate boards. Rigorous standards

Highly disciplined investment approach

Strategy (continued)

- Business model
 - ‘Pure’ external manager
 - Alignment through significant co-investment
 - Sole focus on real estate investment management
 - Recruit and retain the best professionals in the industry
- Australian real estate investment management market expected to grow significantly over the next decade
- Competition remains tough however industry rationalisation is underway – opportunities for established managers with strong financials, governance and performance
- Case for real estate investment in the current environment is emerging:
 - hard assets
 - adjusted capital structures
 - attractive yields relative to cash
 - security of cash flow via lease contracts

Priorities

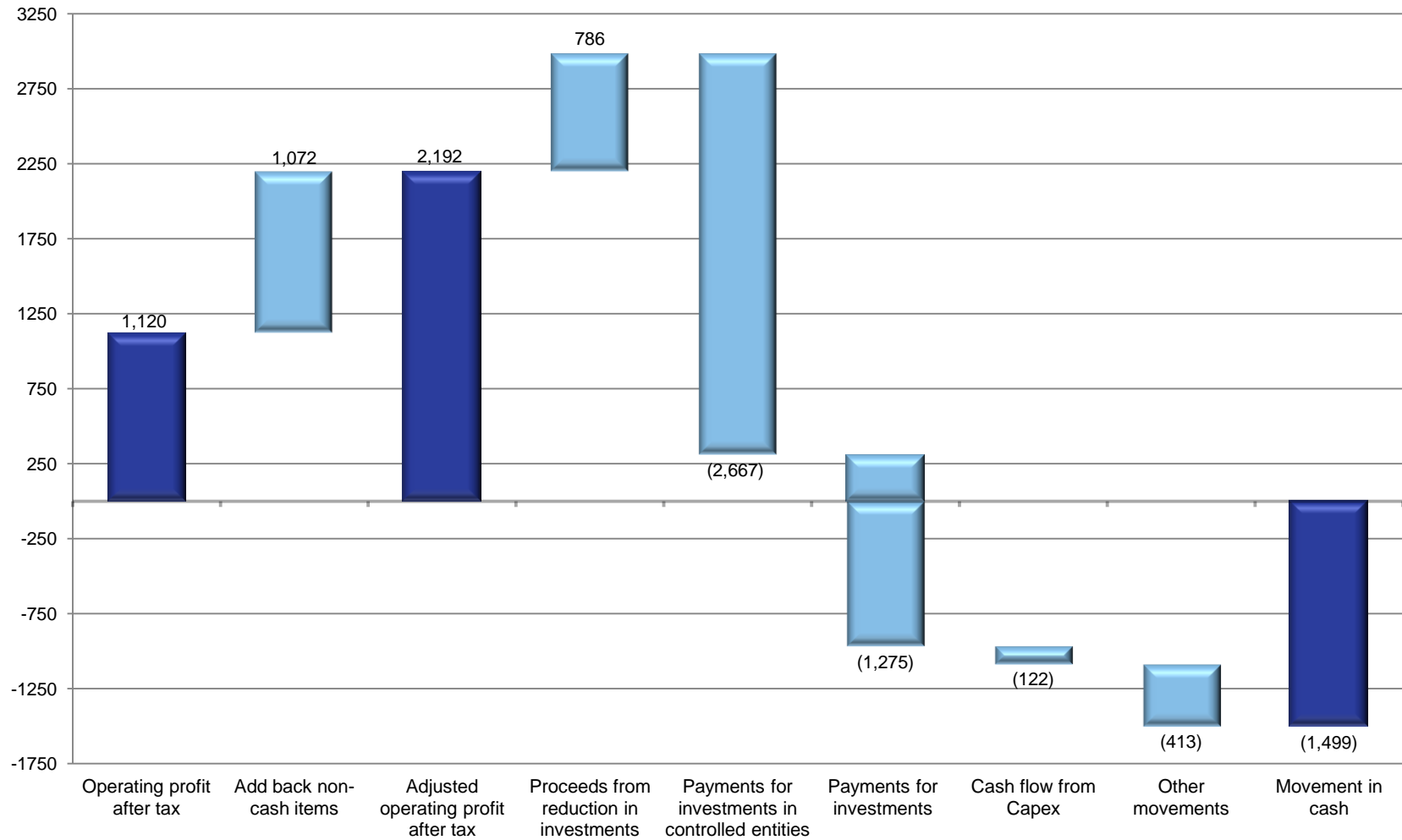
- Key priorities in FY2012
 - Finalise permanent redemption structure for Property for Income Funds
 - Scale up Asian platform
 - Complete rationalisation of smaller funds
 - Capitalise on growth options in private funds business
 - M&A opportunities

- ***Superior investment performance*** and ***outstanding service*** remain at the top of our agenda

Appendix 1 – Detailed profit and loss statement

6 Month Period	31-Dec-11	30-Jun-11	31-Dec-10
	\$000s	\$000s	\$000s
Revenue			
Management and recurring fees	9,125	9,306	9,444
Transaction and performance fees	1,842	376	271
Other revenue	131	47	1526
Revenue Total	11,098	9,729	11,241
Direct costs	-944	-1,129	-988
Administrative expenses	-7,690	-7,099	-8,117
FX gains – realised/unrealised	-3	176	-57
EBITDA	2,461	1,677	2,079
Finance income (net)	355	-7	863
Depreciation and amortisation	-122	-125	-132
Income tax expense	-694	-478	-833
Minority Interest	-22	-	-
Operating profit after tax	1,978	1,067	1,977
(Loss) from impairment, fair value adjustments and business acquisition costs, after tax	-858	-687	-7,654
Statutory (loss) after tax	1,120	380	-5,677

Appendix 2 – Reconciliation of operating profit to cash flow



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