

APN's investment philosophy is focussed on generating consistent income returns by actively managing a portfolio of high yielding, Australian commercial property securities. The APN Property for Income Fund (APN PFIF) was designed with this specific mandate in mind. Established in 1998, APN PFIF invests predominantly in listed property securities and unlisted property trusts and aims to achieve relatively high income returns with lower risk than the market.

Underlying investments are carefully selected based on a highly disciplined investment approach. APN PFIF provides access to a wide spread of property-based revenue streams that are rigorously analysed, selected and weighted with the aim of delivering a high income stream over the long term. APN PFIF is suited to medium to long term investors seeking relatively high monthly income and some long term capital growth.

Performance 31 January 2016

	1 month	3 months	6 months	1 year	3 years pa	5 years pa	10 years pa	Since inception ⁴ pa	Standard deviation since inception pa
APN PFIF Income ¹	0.48%	1.49%	3.02%	6.21%	7.07%	7.57%	7.70%	8.14%	
APN PFIF Total return ²	0.74%	3.01%	4.08%	9.05%	13.30%	13.22%	3.85%	8.63%	11.40%
AREIT Index ³	1.06%	2.02%	2.42%	7.27%	14.61%	15.00%	2.38%	7.18%	15.44%
Over performance/ (Under performance)	(0.32%)	0.99%	1.66%	1.78%	(1.31%)	(1.78%)	1.47%	1.45%	

1 Distributions may include a capital gains component.

2 Retail returns after all fees and expenses. Wholesale returns are slightly higher. Assumes distributions are reinvested. Investors' tax rates are not taken into account when calculating returns. Past performance is not an indicator of future performance.

3 S&P/ASX 200 Property Trust Accumulation Index.

4 Fund inception 28 August 1998.

Fund overview

The APN Property for Income Fund ("Fund") is a property securities fund predominantly investing in listed Australian Real Estate Investment Trusts (AREITs) and unlisted property securities.

Investment objective

The primary investment objectives of the Fund are to:

- provide a high level of distributable income by achieving a gross annual income yield that is equivalent to at least 110% of the average of the S&P/ASX 200 AREIT Dividend Yield;
- maintain the tax advantaged proportion of distribution above 20%; and
- provide a level of capital growth which at least matches increases in CPI combined with a low level of price volatility.

Benefits

- Income focussed.
- Distributions paid monthly.
- Access to a diversified portfolio of quality listed and unlisted property securities which offer relatively high yields.
- Actively managed portfolio whereby underlying securities are valued and re-weighted.
- Lower than market volatility.
- Nil entry and exit fees.
- Tax advantaged income component.

This Fund is suited to:

- Investors seeking relatively high levels of income.
- Investors seeking tax effective income.
- SMSF - Ideal for investors managing their own retirement.
- Investors wanting access to a diversified portfolio of listed and unlisted Australian property securities.
- Medium to long term investment.

AT A GLANCE

Type of fund	Property securities fund
Commencement date	28 August 1998
Fund size	\$182.49m as at 31 January 2016
Investment timeframe	5 - 7 years
Minimum investment amount	\$1,000
Minimum additional amount	\$500 (\$100 per month with regular investment savings plan)
Income distribution	Monthly - payable 10 days after the end of the month
Unit pricing	Daily
Distribution reinvestment plan	Available
Borrowing	Nil
Entry and exit fees	Nil
Management costs	1.05% pa (max)
Buy/sell spread	0.25% buy and 0.25% sell
Adviser remuneration	Up to 0.275% pa trail commission

Top 5 listed property securities holdings 31 January 2016

Stock	Sector	% of APN PFIF	% of AREIT Index ⁵
Scentre Group	Retail	22%	22%
Vicinity Centres	Retail	10%	9%
Stockland	Diversified	8%	9%
Charter Hall Retail REIT	Retail	6%	1%
Westfield Corp	Retail	4%	18%

5 S&P/ASX 200 Property Trust Accumulation Index.

Top 5 unlisted property securities holdings 31 January 2016

Stock	Sector	% of APN PFIF ⁶
LaSalle Australia Core-Plus Fund	Diversified	4%
Goodman Australia Industrial Fund	Industrial	2%
APN Regional Property Fund	Diversified	1%
APN Property Plus Portfolio	Diversified	1%
Australian Unity Office Property Fund	Office	1%

6 Top five unlisted property trusts are on a look through basis.

Asset allocation 31 January 2016

AREITs ⁷	87%
Unlisted property funds	9%
Cash	4%

7 Australian Real Estate Investment Trusts.

Note: Cash includes accrued income and accrued expenses. Asset allocations may change depending on market conditions and in accordance with the Fund's mandate.

Underlying property sector allocation 31 January 2016

Retail	61%	Office	21%
Industrial	11%	Other	7%

Research ratings

- SQM Research⁸ - Favourable rating (October 2015)
- Lonsec⁹ - Investment Grade (May 2015)
- Morningstar Analyst Rating^{TM10} - Neutral (May 2014)

**About the Manager**

APN Funds Management Limited (APN FM) is a wholly owned subsidiary of APN Property Group Limited (ASX code: APD), a specialist real estate investment manager. An active investment manager with a concentrated focus on income, APN has a strong record of delivering a range of property based investment solutions for institutional and retail clients since 1996.

Investment team

Michael Doble	Chief Executive Officer, Real Estate Securities
Pete Morrissey	Fund Manager, Real Estate Securities
Steven Chai	Portfolio Manager, Real Estate Securities
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