

APN's investment philosophy is focussed on generating consistent income returns by actively managing a portfolio of high yielding, Australian commercial property securities. Established in 2009, the APN AREIT Fund (the Fund) was designed with this specific mandate in mind.

The Fund is focussed on delivering a competitive yield with lower risk than the market. Underlying stocks are selected based on a highly disciplined investment approach that has been in place since 1996. The Fund provides access to a wide spread of property-based revenue streams that are specifically analysed, selected and weighted with the aim of delivering strong and sustainable income returns.

The Fund is suited to medium to long term investors seeking a relatively high monthly income and some capital growth over the long term.

Current running yield

APN AREIT Fund | AREIT Index⁴
6.12% pa¹ | **4.92% pa¹**

Performance 31 March 2017

	1 month	3 months	6 months	1 year	3 years pa	5 years pa	Since inception ⁵ pa	Standard deviation since inception pa
APN AREIT Fund Income ²	0.51%	1.50%	2.99%	6.12%	7.43%	8.16%	8.75%	
APN AREIT Fund Total return ³	0.20%	(0.71%)	(1.15%)	5.89%	16.01%	16.64%	15.61%	12.50%
AREIT Index ⁴	0.71%	(0.08%)	(0.81%)	6.31%	16.76%	16.87%	12.89%	14.82%
Over performance/ (Under performance)	(0.51%)	(0.63%)	(0.34%)	(0.42%)	(0.75%)	(0.23%)	2.72%	

- As at 31 March 2017. Current running yield is calculated daily by dividing the annualised distribution rate by the latest entry unit price. Distributions may include a capital gains component. Distributions are not guaranteed and past performance is not an indicator of future returns.
- Distributions may include a capital gains component.
- Returns after all fees and expenses. Assumes distributions are reinvested. Investors' tax rates are not taken into account when calculating returns. Past performance is not an indicator of future performance.
- S&P/ASX 300 Property Trust Accumulation Index.
- Fund inception 19 January 2009.

Fund overview

The APN AREIT Fund ("Fund") is a property securities fund predominantly investing in listed Australian Real Estate Investment Trusts (AREITs).

Investment objectives

The primary investment objectives of the Fund are to:

- provide a high level of distributable income by achieving a gross annual income yield (before management fees and expenses) that is equivalent to at least 110% of the average yield of the S&P/ASX 200 AREIT Dividend Yield;
- endeavour to deliver a tax advantaged income component of distributed income;
- provide a level of capital growth which at least matches increases in CPI over a 5-7 year time horizon; and
- provide lower than market volatility.

Benefits

- Income focussed.
- Distributions paid monthly.
- Access to a diversified portfolio of quality listed property securities which offer relatively high yields.
- Actively managed portfolio whereby underlying securities are valued and re-weighted.
- 100% liquidity.
- Lower than market volatility.
- Nil entry and exit fees.
- Tax advantaged income component.

This Fund is suited to:

- Investors seeking relatively consistent and high levels of income.
- Investors seeking tax effective income.
- SMSFs - investors managing their own retirement.
- Investors wanting access to a diversified portfolio of quality AREITs.
- Medium to long term investment.

AT A GLANCE

Type of fund	Property securities fund
Commencement date	19 January 2009
Fund size	\$1,234.07m as at 31 March 2017
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
Withdrawals	Daily
Distribution reinvestment plan	Available
Borrowing	Nil
Entry and exit fees	Nil
Management costs	0.85% pa
Buy/sell spread	0.25% buy and 0.25% sell

Research ratings

- SQM Research⁶ - 4.25 Star Superior rating (September 2016)
- Zenith⁷ - Recommended rating (July 2016)
- Lonsec⁸ - Recommended rating (May 2016)
- Morningstar⁹ Analyst Rating™ - Silver (May 2016)

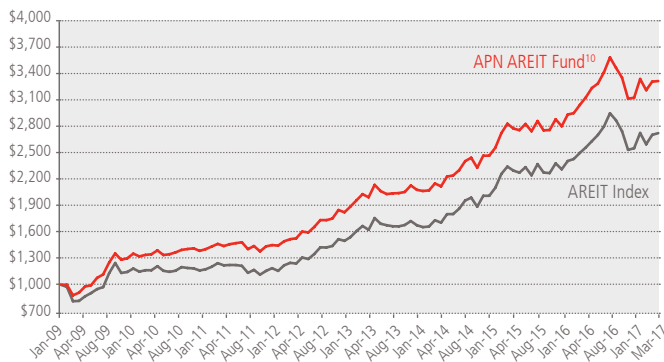


Money magazine's 2017 Best of the Best award for Best Property Securities Fund – APN AREIT Fund

Financial Review Smart Investor Blue Ribbon Awards 2016 – Winner, best Australian listed property fund, APN AREIT Fund



APN AREIT Fund vs S&P/ASX 300 Property Trust Accumulation Index (AREIT Index) total return since inception



Source: APN FM, Bloomberg

¹⁰ Returns after all fees and expenses. Assumes distributions are reinvested. Investors' tax rates are not taken into account when calculating returns.

Note: \$1,000 invested since commencement in January 2009.

Top 5 AREIT holdings 31 March 2017

Stock	Sector	% of APN AREIT Fund	% of AREIT Index ¹¹
Scentre Group	Retail	22%	18%
Stockland	Diversified	11%	9%
Vicinity Centres	Retail	11%	8%
Charter Hall Retail REIT	Retail	5%	1%
Dexus Property Group	Office	5%	7%

¹¹ S&P/ASX 300 Property Trust Accumulation Index.

Asset class allocation 31 March 2017

AREITs¹² 99% Cash 1%

¹² 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 March 2017

Retail 62% Office 20%
Industrial 11% Other 7%

Availability

AMP Personalised Portfolio Platform, ANZ Grow Wrap, Asgard, Asgard eWrap, Asgard Infinity, ASX mFund, BT Panorama, BT Wrap, CFS FirstChoice, CFS FirstWrap, Emerald Wrap, Freedom of Choice, Hub24, iAccess, IOOF Employer Super, IOOF Pursuit, Linear, Macquarie Wrap, MLC Wrap, MyNorth, Navigator, Netwealth, OnePath Oasis, PortfolioCare eWrap, PortfolioCare, Powerwrap, Praemium

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
Mark Mazarella Fund Analyst, Real Estate Securities
Matthew Coleman Fund Analyst, Real Estate Securities

Adviser Services Hotline
1300 027 636

apnpg@apngroup.com.au

apngroup.com.au

@apngroup
APN Property Group Limited
apnpropertygroup

This summary has been prepared by APN Funds Management Limited (APNFM) (ACN 080 674 479, AFSL No. 237500) for general information purposes only and whilst every care has been taken in relation to its accuracy, no warranty is given or implied as to the fairness, accuracy or completeness or correctness of the information. APNFM is a wholly owned subsidiary of APN Property Group Limited ACN 109 845 068. APNFM is the responsible entity and issuer of the APN Property Group products. The information provided in this material does not constitute financial product advice and does not purport to contain all relevant information necessary for making an investment decision. It is provided on the basis that the recipient will be responsible for making their own assessment of financial needs and will seek further independent advice about the investments as is considered appropriate. Past performance is not necessarily an indication of future performance. Returns shown are for retail investors, net of fees and costs and are annualised for periods greater than one year. Returns and values may rise and fall from one period to another. Investors' tax rates are not taken into account when calculating returns. General risks apply to an investment in APNFM's funds and must be considered before making an investment. In deciding whether to invest or continue to hold an investment in a particular fund, a person should obtain a copy of the relevant Product Disclosure Statement (PDS) for the fund and consider its content. APNFM recommends that a person obtain financial, legal and taxation advice before making any financial investment decision. Allotments or issues of securities will be made only on receipt of an application form attached to a copy of the relevant PDS. A copy of the PDS is available from APN Funds Management Limited, Level 30, 101 Collins Street, Melbourne, Victoria 3000 or by visiting www.apngroup.com.au.

- The rating contained in this document is issued by SQM Research Pty Ltd ABN 93 122 592 036 for the APN AREIT Fund as at September 2016. SQM Research is an investment research firm that undertakes research on investment products exclusively for its wholesale clients, utilising a proprietary review and star rating system. The SQM Research star rating system is of a general nature and does not take into account the particular circumstances or needs of any specific person. The rating may be subject to change at any time. Only licensed financial advisers may use the SQM Research star rating system in determining whether an investment is appropriate to a person's particular circumstances or needs. You should read the product disclosure statement and consult a licensed financial adviser before making an investment decision in relation to this investment product. SQM Research receives a fee from the Fund Manager for the research and rating of the managed investment scheme.
- The Zenith Investment Partners ("Zenith") ABN 60 322 047 314 rating (assigned July 2016 for the APN AREIT Fund) referred to in this document is limited to "General Advice" (as defined by section 766B of the Corporations Act 2001) and based solely on the assessment of the investment merits of the financial product on this basis. It is not a specific recommendation to purchase, sell or hold the relevant product(s), and Zenith advises that individual investors should seek their own independent financial advice before investing in this product. The rating is subject to change without notice and Zenith has no obligation to update this document following publication. Zenith usually receives a fee for rating the fund manager and product against accepted criteria considered comprehensive and objective.
- The Lonsec Rating (assigned June 2016 for the APN AREIT Fund presented in this document) is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421445. The Rating is a "class service" (as defined in the Financial Advisers Act 2008 (NZ)) or is limited to "General Advice" (as defined in the Corporations Act 2001 (Cth)) and based solely on consideration of the investment merits of the financial product(s). In New Zealand it must only be provided to "wholesale clients" (as defined in the Financial Advisers Act 2008 (NZ)). Past performance information is for illustrative purposes only and is not indicative of future performance. It is not a recommendation to purchase, sell or hold APN or APNFM product(s), and you should seek independent financial advice before investing in this product(s). The Rating is subject to change without notice and Lonsec assumes no obligation to update the relevant document(s) following publication. Lonsec receives a fee from the fund manager for researching the product(s) using comprehensive and objective criteria. For further information regarding Lonsec's Ratings methodology, please refer to our website at: <http://www.beyond.lonsec.com.au/intelligence/lonsec-ratings>.
- © 2015 Morningstar, Inc. All rights reserved. Neither Morningstar, nor its affiliates nor their content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. To the extent that any of this information constitutes advice, it is general advice and has been prepared by Morningstar Australasia Pty Ltd ABN: 95 090 665 544, AFSL: 240892 and/or Morningstar Research Limited (subsidiaries of Morningstar, Inc.) without reference to your objectives, financial situation or needs. You should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement (in respect of Australian products) or Investment Statement (in respect of New Zealand products) before making any decision to invest. Neither Morningstar, nor Morningstar's subsidiaries, nor Morningstar's employees can provide you with personalised financial advice. To obtain advice tailored to your particular circumstances, please contact a professional financial adviser. Please refer to our Financial Services Guide (FSG) for more information www.morningstar.com.au/fsg.asp.