

APN | Property Plus Portfolio

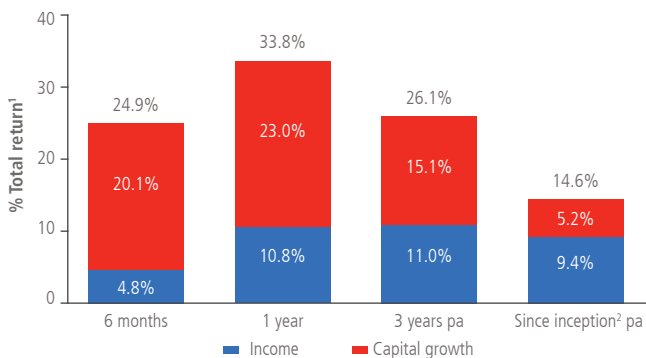
ARSN 101 227 614

Fund overview

The APN Property Plus Portfolio (Fund) is an unlisted direct real estate fund that is invested in a geographically diversified portfolio of Woolworths petrol outlets, 7-Eleven petrol outlets and a Shell petrol outlet. The Fund invests in 19 fuel service stations throughout Victoria, New South Wales, Queensland and South Australia.

Performance update

The Fund has delivered healthy returns since its inception. The table below reflects performance to 31 December 2016.



- 1 Performance is based on original fully paid units at \$1.00. Past performance is not necessarily a guide to future performance.
- 2 Fund inception date 30 September 2002.

Manager's report

APN is pleased to report on a number of significant achievements for the Fund during the six month period to 31 December 2016 culminating in strong growth in the Fund's net asset value per unit and total return over this period.

The Fund's weighted average lease expiry (WALE) is a healthy 6.58 years by income as at 31 December 2016 following Woolworths electing to exercise their 5 year option at 13 of their 14 sites.

Management also successfully entered into an unconditional contract of sale with a private investor to sell the South Dandenong site for \$4.5 million, reflecting a 100% premium to the independent valuation of \$2.25 million as at 30 June 2016. Settlement of the sale is due to occur in March 2017.

The positive lease extensions mentioned above together with the sale of the South Dandenong site has resulted in a significant portfolio valuation increase of 11.1% to \$86.9 million during the six month period to 31 December 2016. This increase was driven by an increase in the net income of the properties as a result of the fixed annual rental increases as well as from a tightening of the weighted average capitalisation rate from 7.84% to 7.33%. The tighter portfolio capitalisation rate is attributed to the recent comparable sales transactions in the market, but also reflects the lease extensions and therefore longer WALE's.

The increase in valuation of the underlying portfolio has meant that the net asset value of the Fund has also increased to \$2.07 per unit, up from \$1.72 per unit at 30 June 2016. The Fund's gearing has also reduced to

AT A GLANCE as at 31 December 2016

NAV	\$2.07
Property value	\$86.9 million
Borrowings (loan to value ratio)	41.7%
Weighted Average Lease Expiry (WALE)	6.58 years (by income)
Occupancy	100%
Fund commenced	30 September 2002
Fund maturity	30 June 2018
Minimum investment	This Fund is currently closed to new investment.
Redemption facility	Not available
Annual distribution	9.50 cpu
Distribution yield	4.6%
Distribution payments	Quarterly
Distribution reinvestment	Not available
Sector allocation by value	100% Retail
Geographic allocation (by value)	Queensland: 59% New South Wales: 15% Western Australia: 14% Victoria: 12%

41.7% from 46.4% as at 30 June 2016 as a result of the valuation uplift. The Fund's average total return since inception in September 2002 is 14.6% per annum.

Liquidity Strategy

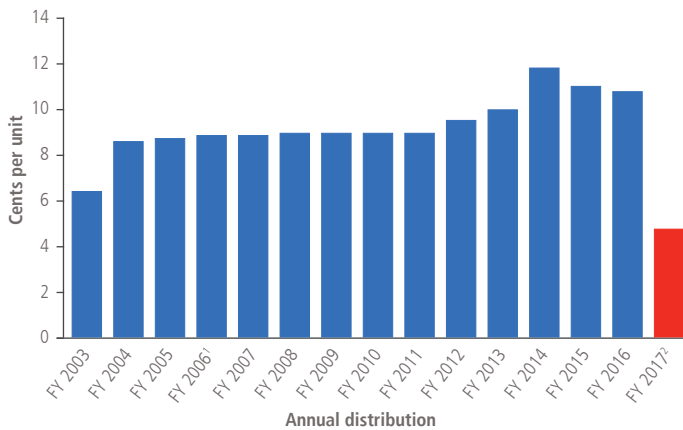
APN is committed to delivering an appropriate liquidity solution for the Fund, ahead of the expiry of the Fund's term in June 2018. This may involve selling the Fund's properties, returning capital proceeds to investors and winding up the Fund, or another approach.

In an ASX announcement on 19 December 2016, APN announced the successful launch of a new fund comprising 23 Puma Energy Service Stations valued at \$106 million. A potential future listing of this new fund on the ASX is under consideration.

As part of the launch of the new fund, APN is also in discussions regarding a number of additional properties that may be included in the fund at future point in time. In the context of exploring all liquidity solutions for Fund investors, consideration will be given to including the APN Property Plus Portfolio, which may take the total portfolio size of the new fund to approximately \$350 million. Should the listing of the new fund occur, this may also provide an appropriate liquidity opportunity for investors in the APN Property Plus Portfolio.

APN intends to write to investors in the coming months outlining a full proposal, which may include seeking appropriate approvals.

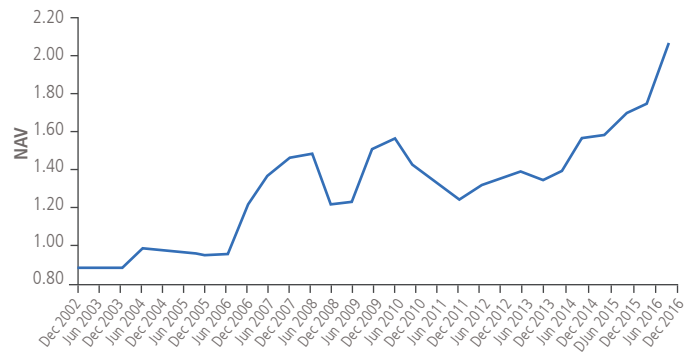
Historical distributions



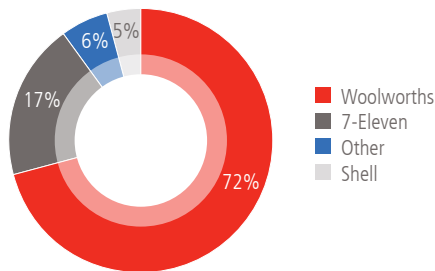
1 Original units only. New units issued on 30 November 2005 received a pro-rata distribution.
 2 Represents part year to December 2016.

Historical unit values

There is no defined unit price for the Fund. For your reference we have provided the historical Net Asset Value (NAV) per unit.



Income split by tenant



Important distribution details / dates

Distribution payment	Accruing at the end of each quarter ending September, December, March and June. Payment is made on the 25th day following quarter's end, unless that day is a non-business day in which case the distribution will be paid on the following business day.
Distribution statement	Dispatched at the time of payment above.
Tax statement	Dispatched annually (by end of August).

APN Property Group

APN Funds Management Limited (APN FM) is a wholly owned subsidiary of APN Property Group Limited, an ASX listed company (ASX code: APD) that manages approximately \$2.4 billion (as at 31 December 2016) of real estate and real estate securities on behalf of institutional and retail investors. APN is an active investment manager with a concentrated focus on income, and has been investing on behalf of its clients in commercial real estate since 1996.

Investment team members

Tim Slattery | Chief Executive Officer
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