

APN's investment philosophy is focused on generating consistent income returns by actively managing a portfolio of high yielding, Australian commercial property securities. The APN Property for Income Fund No. 2 (APN PFIF2) was designed with this specific mandate in mind. Established in 2005, APN PFIF2 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 that has been in place since 1996. APN PFIF2 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 PFIF2 is suited to medium to long term investors seeking relatively high monthly income and some long term capital growth.

Performance 30 April 2019

	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	0.43%	1.38%	3.00%	6.11%	5.76%	6.33%	7.47%	7.27%	
APN PFIF Total return ²	(1.74%)	3.21%	9.36%	13.08%	6.49%	11.64%	12.33%	3.70%	13.25%
AREIT Index ³	(2.56%)	5.32%	13.20%	17.68%	7.96%	12.89%	14.16%	4.89%	17.10%
Over performance/ (Under performance)	0.82%	(2.11%)	(3.84%)	(4.60%)	(1.47%)	(1.25%)	(1.83%)	(1.19%)	

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 6 June 2005.

Fund overview

The APN Property for Income Fund No. 2 ("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.

Benefits

- Income focused.
- 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	6 June 2005
Fund size	\$40.23m as at 30 April 2019
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
Management costs	1.08% pa (max)
Buy/sell spread	0.25% buy and 0.25% sell

Note: Fund has no entry or exit fees. Fund has no borrowing.

Top 5 listed property securities holdings 30 April 2019

Stock	Sector	% of APN PFIF2	% of AREIT Index ⁵
Scentre Group	Retail	20%	18%
Stockland	Diversified	9%	8%
Vicinity Centres	Retail	7%	7%
Dexus Property Group	Office	6%	11%
Mirvac Group	Diversified	5%	9%

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

Top unlisted property securities holdings 30 April 2019

Stock	Sector	% of APN PFIF2 ⁶
Goodman Australia Industrial Fund	Industrial	8%

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

Asset allocation 31 March 2019

AREITs ⁷	90%
Unlisted property funds	8%
Cash	2%

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 30 April 2019

Retail	54%	Office	22%
Industrial	21%	Other	3%

Research ratings

- Lonse⁸ - Investment Grade (May 2018)
- SQM Research⁹ - Favourable rating (September 2018)



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 Investment Officer, Real Estate Securities
- Pete Morrissey** Chief Executive Officer, Real Estate Securities
- Mark Mazzarella** Assistant Fund Manager, 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.

8 The Lonsec Rating (assigned April 2019) presented in this document is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445. The Rating 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). 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 Property Group 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.lonsecresearch.com.au/research-solutions/our-ratings>.

9 The rating contained in this document is issued by SQM Research Pty Ltd ABN 93 122 592 036 for the APN Property for Income Fund No. 2 as at September 2018. 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.