



- > Proven investment philosophy
- > Income focussed
- > Monthly distributions
- > Focus on quality AREITs which offer relatively high yields
- > Lower than market volatility
- > Active investment style
- > 100% liquidity

The APN AREIT Fund provides investors with an attractive yield (currently around 8.5%) and the opportunity to invest in a diversified portfolio of listed commercial real estate. With a tried and tested property investment methodology that focuses on quality rental income streams, the APN AREIT Fund is ideally suited to clients seeking sustainable and growing income returns over the medium to long term as part of a well diversified investment portfolio.

The APN philosophy is simple: generate consistent income returns through an active investment approach by selecting quality investments (at the right price) that focus on property fundamentals (leases, tenants, location).

After a tumultuous period during the financial crisis, the sector has now recalibrated. The AREIT sector is clearly returning to the defensive style asset class it was always intended to be – demonstrating lower risk characteristics and focussed on quality rental streams. Gearing levels have reduced, balance sheet strength has returned, conservative strategies are back in vogue and trusts have reverted to the traditional (predominantly domestic focussed) rent collecting model.

Michael Doble
Chief Executive Officer, Real Estate Securities and Fund Manager, APN AREIT Fund

Fund overview

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

Investment objective

- The primary investment objective of the Fund is 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 Property Trusts Dividend Yield series;
 - have 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

- Access to a diversified portfolio of quality listed property securities which offer relatively higher yields.
- Unlike many property securities funds which invest significantly on the basis of index weighting, APN determines the relative value of each property security.
- Disciplined investment strategy designed to reduce both market and specific risk.
- Monthly distributions.
- Nil entry and exit fees.
- High tax advantaged income component (39.34%) for the year to 30 June 2010.

This Fund is suited to:

- Investors seeking consistent and 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 quality AREITs.

At a glance

Type of fund	Property securities fund
Commencement date	19 January 2009
Fund size	\$134.94m as at 30 April 2011
Investment timeframe	5 - 7 years
Minimum investment	\$1,000
Minimum additional	\$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 (where no adviser remuneration is paid)
Buy/sell spread	0.25% buy and 0.25% sell
Adviser remuneration	Up to 0.20%

Research ratings

- Lonsec¹ - Recommended rating (March 2011)
- Morningstar² - Recommended rating (March 2011)
- Standard & Poor's³ - Four Star rating (February 2011)
- Adviser Edge⁴ - Four Star rating (August 2010)
- Zenith⁵ - Recommended rating (March 2009)

Asset class allocation 30 April 2011

AREITs	98%
Cash	2%

NB: Cash includes accrued income and accrued expenses.

Performance 30 April 2011

	APN AREIT Income	APN AREIT Growth	APN AREIT Total return ⁶	S&P/ASX 200 AREIT Index
1 month	0.75%	0.66%	1.41%	0.21%
3 months	2.21%	-0.44%	1.77%	1.57%
6 months	4.44%	-1.24%	3.20%	3.12%
1 year	8.79%	-3.99%	4.80%	1.41%
2 years pa	10.46%	11.15%	21.60%	18.05%
Since inception ⁷ pa	9.88%	7.78%	17.66%	8.65%

⁶ Retail investor returns after all fees and expenses. Wholesale returns are slightly higher. Assumes distributions are reinvested.

⁷ Fund inception 19 January 2009

Top 5 AREIT holdings 30 April 2011

Stock	Sector	% of APN AREIT	% of S&P/ASX 200 AREIT Index
Westfield Retail Trust	Retail	14%	11%
CFS Retail Property Trust	Retail	10%	6%
Westfield Group	Retail	10%	28%
Challenger Diversified Property Group	Diversified	6%	0%
Mirvac Group	Diversified	6%	6%

Underlying property sector allocation 30 April 2011

Retail	57%	Office	30%
Industrial	9%	Other	4%

Wraps/Platform availability

Asgard, Austchoice, Avanteos, BT Wrap, BT Wrap Essentials, CFS FirstWrap, Freedom of Choice, IOOF Portfolio Service, IOOF Pursuit, Lifetrack, Macquarie Wrap, Netwealth, OnePath Oasis, SMF

About the Manager

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

Investment team

- Howard Brenchley | Executive Director and Chief Investment Officer
- Michael Doble | Chief Executive Officer, Real Estate Securities
- Andrew Smith | Fund Manager, Real Estate Securities
- Damian Diamantopoulos | Fund Manager, Real Estate Securities
- Pete Morrissey | Fund Manager, Real Estate Securities
- Cheng Yeoh | Fund Analyst, Real Estate Securities
- Steven Chai | Fund Analyst, Real Estate Securities

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- Past performance is not necessarily an indication of future performance. Returns and values may rise and fall from one period to another.
- Returns shown are for retail investors, net of fees and costs and are annualised for periods greater than one year.
- The performance figures reflect compounding as distributions are assumed to be reinvested as additional units.
- Investors' tax rates are not taken into account when calculating returns.