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The Manager
Company Announcements Office
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APN SIGNS MERGER IMPLEMENTATION DEED WITH REGARD TO AUSTRALAND WHOLESALE PROPERTY FUND NO.6 AND PROPOSES TO ESTABLISH NEW ASX LISTED REIT

APN Property Group Limited (ASX: APD) (**APN**) today announced it has entered into a binding Merger Implementation Deed with Australand Funds Management Limited as responsible entity of the Australand Wholesale Property Fund No. 6 (**AFML**) in relation to the Australand Wholesale Property Fund No. 6 (**AWPF6**).

Under the terms of the Merger Implementation Deed, the parties have agreed to enter into a transaction involving the stapling of securities in AWPF6 with securities in entities in the APN Development Fund No. 1 group (**ADF**) and APN Wholesale Direct Property Pool (**WDPP**) to create a new REIT which will be listed on the ASX via an initial public offering of securities (**IPO** or **Offer**). The new REIT, which will have a specialist workspace focus, is to be known as Industria REIT and will comprise an initial portfolio of 21 industrial, business park and technology park assets. APN Funds Management Limited will become responsible entity of AWPF6 and will be the responsible entity of Industria REIT.

APN Executive Chairman Chris Aylward described the IPO as a significant opportunity for both existing and new investors as well as for APN as it moves to grow the company's listed managed funds business, following the success to date of Generation Healthcare REIT.

"Quality commercial property portfolios with appropriate levels of debt continue to offer income investors attractive returns. Industria REIT will hold an established portfolio of assets with a clear value proposition for tenants and investors alike – we are very pleased to be able to bring this vehicle to the market", he said.

AFML recommendation

AFML's board is preparing a notice of meeting and explanatory memorandum to convene meetings of AWPF6 unitholders to approve the proposal. The independent directors of AFML will unanimously recommend that AWPF6 unitholders vote in favour of the transaction in the absence of a superior proposal.

Industria REIT

Industria REIT is expected to have:

- Total assets of approximately \$385 million;
- A weighted average lease expiry of approximately 5.3 years;
- A conservative capital structure with initial gearing of approximately 35%;
- A forecast annualised distribution yield of approximately 8.2% in the period ending 30 June 2014.

APN and its managed funds together presently hold stakes in ADF, WDPP and AWPF6. APN and its managed funds and associated entities intend to hold 15-20% of Industria REIT on completion of the IPO.

APN expects to lodge an Offer document for Industria REIT with the ASX in November, with the AWPF6 unitholder meeting to vote on the proposed transaction expected to be in early December.

Other important information

The transactions contemplated above remain subject to a number of approvals and conditions including the approval of AWPF6 unitholders. ADF and WDPP investors have respectively unanimously approved the transaction.

It is contemplated that APN Funds Management Limited will be the issuer of the securities in Industria REIT and the responsible entity of the REIT. The responsible entity will issue a PDS in respect of the Offer when the Offer is made. The PDS will be made available on the APN website at www.apngroup.com.au and the ASX website at www.asx.com.au and will also be provided to relevant securityholders along with the other materials provided to them in connection with the approval of the transaction. Persons should consider the PDS in making any decisions in connection with the Offer, including in deciding whether to acquire or continue to hold any of the securities offered.

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About APN Property Group

APN Property Group Limited (ASX code: APD) is a specialist real estate investment manager.

Since 1996, APN has been actively investing in, developing and managing real estate and real estate securities on behalf of institutions, superannuation funds, high net worth and individual investors.

APN's focus is on delivering superior investment performance and outstanding service. Performance is underpinned by a highly disciplined investment approach and a deep understanding of commercial real estate.

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