

APN Property Group Limited
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28 October 2013

The Manager
Company Announcements Office
ASX Limited
Level 4, Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

APN LAUNCHES INDUSTRIA REIT AND \$16.1 MILLION OFFER OF NEW SHARES

APN Property Group Limited (ASX: APD) (**APN**) today announced a fully underwritten \$16.1 million equity raising (**Offer**) at \$0.25 per new share (**Offer price**). The equity raising comprises:

- \$8.0 million conditional placement to new institutional investors (**Placement**); and
- \$8.1 million unconditional 1 for 5 pro-rata non-renounceable entitlement offer (**Entitlement Offer**).

The Entitlement Offer will be available to eligible shareholders on the register as at 7.00pm (AEDST) on Wednesday 6 November 2013.

The Placement was successfully completed today to a number of institutional and sophisticated investors. It remains subject to the conditions outlined below.

New shares issued under the Offer will rank equally with other existing shares in APN. Shares issued under the Placement are not entitled to participate in the Entitlement Offer.

The Offer is fully underwritten by Macquarie Capital (Australia) Limited.

The proceeds of the Offer will primarily be used to fund the acquisition of stapled securities in Industria REIT (**Industria**), a new ASX-listed REIT to be managed by APN Funds Management Limited (a wholly owned subsidiary of APN) (**APN FM**). APN intends to subscribe for 5.0% of the total securities on issue in Industria (\$12.5 million).

APN's Executive Chairman, Mr Chris Aylward said: "The equity raising has been structured to ensure existing investors are able to participate whilst also adding a number of high quality institutional investors to broaden the register."

Commenting further on the Offer, Mr Aylward said: "The equity raising provides an attractive opportunity for investors to contribute to the growth of APN's listed managed funds business, following the success to date of Generation Healthcare REIT. Industria REIT is based on APN's income focused investment philosophy and will own a high quality modern workspace orientated portfolio, an investment proposition that is unique amongst A-REITs".

INDUSTRIA REIT

As announced on 25 September 2013, APN FM entered into a binding Merger Implementation Deed with, amongst other parties, Australand Funds Management Limited (**AFML**) the responsible entity of Australand Wholesale Property Fund No. 6 (**AWPF6**). The Merger Implementation Deed outlines the process for the creation of Industria, which is to be formed by stapling of AWPF6 securities with securities in entities currently managed by APN FM.

Industria will offer investors:

- a workspace focussed portfolio of 18 established, high quality industrial, technology park and business park assets located across Sydney, Melbourne, Brisbane and Adelaide, independently valued at \$378.0 million;
- a portfolio diversified by geography, sector and tenant (by number and by industry);
- a portfolio with a weighted average age of 6.3 years;
- a weighted average lease expiry (by area) of 5.8 years;
- a forecast annualised distribution yield of 8.2% p.a. for the period ending 30 June 2014;
- a forecast distribution yield of 8.4% p.a. for the year ending 30 June 2015;
- forecast initial gearing of 33.8%, within Industria's target range of 30% to 40%;
- pro forma forecast net tangible asset backing of \$1.94 per Security compared with the Industria REIT offer price of \$2.00; and
- the potential for distribution and capital growth through contracted fixed and / or CPI linked rental increases from the majority of underlying leases.

APN is expected to lodge an offer document for Industria today. The offer document is available on Industria's website at www.industriareit.com.au.

The creation of Industria is subject to a number of approvals and conditions including AWPF6 unitholder approval of the stapling outlined above and replacement of AFML as the responsible entity of AWPF6. The independent directors of AFML unanimously recommend AWPF6 unitholders vote in favour of the AWPF6 proposal in the absence of a superior proposal.

CONDITIONS

The Placement is conditional upon AWPF6 unitholder approval of the stapling and replacement of AFML as the responsible entity of AWPF6. If these approvals are not obtained, the Placement will not proceed.

The Entitlement Offer is unconditional and will proceed irrespective of the outcome of the AWPF6 unitholder vote.

TIMETABLE

Event	Date
Announcement of Offer	Monday, 28 October 2013
Placement closes	Monday, 28 October 2013
Record Date for the Entitlement Offer	7.00pm, Wednesday, 6 November 2013
Entitlement Offer opens	Monday, 11 November 2013
Entitlement Offer closes	5.00pm, Tuesday, 26 November 2013
AWPF6 unitholder meeting	Monday, 2 December 2013
Announcement of satisfaction of conditions	Monday, 2 December 2013
Settlement of Placement and Entitlement Offer	Tuesday, 3 December 2013
Normal trading of new shares commences	Thursday 5 December 2013

These dates are indicative and subject to change. All dates and times refer to Melbourne, Australia time.

SHAREHOLDER ENQUIRIES

Eligible shareholders will be sent further details in relation to the Offer via an Entitlement Offer Booklet expected to be lodged with the ASX shortly and distributed to shareholders on 12 November 2013.

Further information in relation to the Offer and the matters set out above, including important notices and key risks, are set out in the attached investor presentation.

Yours sincerely



John Freemantle
Company Secretary

Important Information

The information in this announcement is of general background and does not purport to be complete or comprehensive, nor does it purport to summarise all information that an investor should consider when making an investment decision. It should be read in conjunction with APN's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), which are available at www.asx.com.au and the Entitlement Offer Booklet which will be sent to investors.

The Entitlement Offer does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer, issue or sale. No action has been or will be taken to register or qualify the APN shares or to otherwise permit a public offering of APN shares outside of Australia and New Zealand.

This announcement is for information purposes only and is not financial product or investment advice or a recommendation to acquire APN shares whether under the Entitlement Offer or otherwise. The information provided in this announcement is not advice to investors or potential investors and has been prepared without taking into account the investment objectives, financial circumstances or particular needs of investors. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek appropriate legal, financial and taxation advice.

Cooling-off rights do not apply to an investment in any APN shares.

This announcement contains a number of forward looking statements including indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements, opinions and estimates are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of APN that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements and neither APN, nor any of its directors, employees, servants, advisers or agents assume any obligation to update such information. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This announcement contains such statements that are subject to risk factors associated with the industries in which APN operates. Please refer to the Key Risks section in the attached Investor Presentation for further information regarding these risk factors.

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 institutional and retail 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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