APN | Regional Property Fund

APN | Funds Management Limited
ABN 60 080 674 479

APN Regional Property Fund
and its Controlled Entities
ARSN 110 488 821

Contents

Investor services

If you have any queries about your investment or its administration please call our investor services line on 1800 996 456. Alternatively, you may wish to visit our website, which can be accessed at www.apnfm.com.au. The site provides significant information about property funds managed by APN Funds Management Limited.

Update from APN Funds Management (APN FM)

The last twelve months have seen some further very positive changes for the company which manages your property fund.

During the period we have again significantly increased the number of employees in the areas of investment, accounting, technology, sales and client service. This includes the appointment of Mr Peter Cumming as Head of Research and Strategy and Mr John Freemantle as Chief Financial Officer. Peter brings extensive property funds management experience as a previous property securities and direct property fund manager with groups such as AXA and HSBC. John has 30 years experience in managing the accounting and finance roles for property groups such as Centro. They have both made a substantial contribution during the year and significantly strengthened the team responsible for the management of your fund.

In addition, two of the existing Fund Managers, Mr Michael Doble and Mr Charles Raymond, who have played significant roles in expanding the business and generating strong returns for investors, have been promoted to the Board of APN FM. Michael Doble will continue to be the Fund Manager for the Group's three property securities funds as well as now overseeing the management of the direct property funds. Charles will continue to oversee the management of the Group's Listed Property Trust, APN/UKA European Retail Trust, as well as other European and Listed Funds.

These appointments further strengthen the depth and continuity of the successful APN FM investment management team.

During the year, APN FM has continued to expand its range of property funds available for clients and has attracted significant investment from investors both in Australia and overseas. This has culminated in the Company now managing 11 property funds (refer table below) with total assets of over $3.3 billion as at the end of the financial year, an increase of $1.4 billion in 12 months.

Fund	Primary Investment
APN Diversified Property Fund	Investing in APN's Specialist Property Funds
Property Securities Funds	
APN Property for Income Fund	Australian Listed Property Securities
APN Property for Income Fund No.2	Australian Listed Property Securities
APN International Property for Income Fund	International Listed Property Securities
Direct Property Funds	
APN Direct Property Fund	Australian diversified direct property portfolio
APN/UKA European Retail Trust	European retail properties (ASX listed)
APN National Storage Property Trust	Australian storage properties
APN Regional Property Fund	Australian non-metropolitan properties (BSX listed)
APN Property Plus Portfolio	Australian fuel outlets
APN Retirement Properties Fund	Australian retirement villages
APN Development Fund No 1	Australian property development (wholesale only)

Further information on these funds including Product Disclosure Statements for those funds currently open to new investment, may be found via our website (www.apnfm.com.au). Information is also available by contacting our Investor Service line on 1800 996 456, or by speaking to your financial adviser.

The most important result overall has been that all our funds have performed in line with, or better than expectations. We have pleasure in providing below a general overview of property and property securities markets followed by a specific report regarding the performance of your fund.

Property sector overview

Direct Property Sector

Underlying property markets all had a strong year, generating solid returns. Transactions of approximately $16 billion in Australia's major office towers, shopping centres, industrial estates and hotels over the year to June 2006, demonstrate the continuing strong demand for property as an asset class.

Office markets over the year experienced improved fundamentals with strong tenant demand and a general fall in vacancy levels. Vacancy levels were less than 10% in all major markets. Both Brisbane and Perth experienced some of the strongest rental and capital growth. Perth has benefited significantly from employment growth driven by the resources boom and the Brisbane office market is performing very strongly on the back of a lack of supply of office space with vacancies now below 3%.

Retail property continued to perform solidly, however previous high sales growth rates appear to be moderating to be around inflation levels of 3% p.a. Notwithstanding, investors continued to aggressively acquire any retail assets. One of the highest profile sales was that of Highpoint Shopping Centre in Melbourne which provided significant capital growth and set a correspondingly record low sale price yield of below 5%.

Industrial property, which historically would often be developed without significant pre-commitments from tenants, is now more controlled with tenants driving the construction of new warehouses. This property sector is heavily dependent on GDP growth rates and has been heavily sought after due to the quality and length of leases and historically high income returns. This strong demand has been driving capital values up and yields down to a level where we are very selective and careful regarding values placed on individual industrial properties.

Howard Brenchley

Director and Chief Investment Officer
APN Funds Management Limited

Manager's Report

APN Funds Management is pleased to report another solid year from the APN Regional Property Fund.

Total distributions for the full financial year ended 30 June 2006 were 8.8 cents per fully paid unit, providing an income yield of 8.8% for an investor entering the Fund at inception.

Those investors who had a combination of fully and partly paid units received 8.5 cents per unit which equates to an annualised yield of 8.8%. The tax deferred component for all distributions was 100%.

An update on the assets in the Fund are provided below.

Retail

Grafton Mall (Grafton, NSW): We are delighted to announce that we secured three tenants on 5 year leases. The centre is trading well with only one vacancy to report. The centre occupies a prime location in Grafton within one block of the main business district.

Greenpoint Shopping Village (Gosford, NSW): We are pleased to report that this property continues to perform well. The property is 100% leased with Bi-Lo as the major tenant. The property is located in the centre of the New South Wales Central Coast which is a region characterised as a strong population growth area.

Parkes Shopping Centre (Parkes, NSW): The centre is located in the core shopping precinct of Parkes and is the only shopping centre in Parkes, which has both a supermarket and a discount department store under one roof. After productive negotiations with Coles Myer we agreed to replace the Kmart tenancy with that of a Target Store at no cost to the Fund. We believe this alternate discount department store is better suited to the tenancy mix we are creating.

You may be aware that Coles Myer, one of Australia's largest retailers recently announced its intention to change its name and restructure its businesses over the coming year. The company will be known as the Coles Group Ltd, and will consist of Target, Officeworks and a new integrated food, liquor, fuel and general merchandise business, operating under the Coles banner. The Target business will remain, however its Bi-Lo supermarket brand will be converted to a Coles. This restructure will impact both the Greenpoint and Parkes shopping centres and we view it is a positive from a valuation perspective.

Office

PriceWaterhouseCoopers Center (Newcastle, NSW): A major achievement during the year was the completion of this new office tower. The building was completed on time and on budget and was 100% occupied at the date of opening.

Sparke Helmore Building (Newcastle, NSW): This building continued to deliver in line with expectations for the financial year. It has a long lease to its major tenant Sparke Helmore, who occupies 87% of the property until December 2012. Sparke Helmore is a national law firm.

Telstra which represented 9% of the building, vacated the property just after the financial year (July 2006) following a company restructure. They will be required to pay for costs to 'make good' the property for a new tenant. A leasing campaign has been instituted to let up this office space swiftly. This situation although unfortunate, presents us with the potential to re-lease the space at a higher rent.

The two office towers are adjoining and form part of a commercial precinct that continues to develop in Honeysuckle Drive, Newcastle.

Yours sincerely

Paul Noonan

Manager, Direct Property

Directors' Report

For the year ended 30 June 2006

The directors of APN Funds Management Limited ("the Responsible Entity"), the Responsible Entity of the APN Regional Property Fund and its controlled entities ("the Fund"), present their report together with the financial report of the Fund and of the consolidated entity, being the Fund and its controlled entities, for the year ended 30 June 2006 and the auditor's report thereon.

Responsible Entity

The APN Regional Property Fund, formerly known as the Buildev Property Trust was established under a Deed of Trust dated 4 October 2002. On 22 July 2004, APN Funds Management Limited was appointed as the new Responsible Entity of the Fund, following the retirement of Investment Management Australia Limited. The registered office and principal place of business of the Responsible Entity and the Fund is Level 30, 101 Collins Street, Melbourne, Victoria.

With effect from 9 September 2004, the Constitution was amended to reflect the new name, APN Regional Property Fund.

The Directors of the Responsible Entity during or since the end of the financial year are:

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Christopher J. Aylward Chairman Executive Director	A Director of APN Funds Management Limited since 1998 and its parent entity APN Property Group Limited since 2004. Chris has been involved in the Australian property and construction industry for over 30 years. He is the founding Chairman of APN Property Group Limited and has overseen its transition from property developer to specialist Funds Manager and its listing on the ASX in 2005. Prior to APN, Chris was a founding Director and shareholder in Grocon Pty Limited and was responsible for overseeing the construction of commercial and retail properties with a total value of over $2 billion. These included Governor Philip and Governor Macquarie Towers in Sydney and 120 Collins Street and The World Congress Centre in Melbourne. Chris has no other directorships on other listed companies in the 3 years prior to 30 June 2006.
Clive R. Appleton B.Ec, MBA, GradDip (Mktg), FAICD Managing Director Executive Director	A Director of APN Funds Management Limited and its parent entity APN Property Group Limited since 2004. Clive joined APN Property Group Limited as Managing Director in 2004 after a long career in property and property funds management. Before joining APN, Clive held the positions of Managing Director of the Gandel Group, one of Australia's foremost shopping centre developers and managers and Managing Director of Centro Properties Limited, an ASX listed property developer, manager and owner. Clive has considerable experience in property development having been involved with major expansions and refurbishments including the Chadstone Shopping Centre in Melbourne and the Myer Centre in Brisbane. Clive has no other directorships on other listed companies in the 3 years prior to 30 June 2006.
Howard E. Brenchley B.Ec Executive Director	A Director of APN Funds Management Limited since 1998 and its parent entity APN Property Group Limited since 2004. Howard has had a high profile in the property trust industry as an investor, researcher and commentator for over 20 years. Prior to joining APN in 1998, Howard was co-founder and research director of Property Investment Research Pty Limited, an independent Australian research company, specialising in the property trust sector. Howard was responsible for the origination and development of APN's funds management business and as Chief Investment Officer, continues to oversee all investment management and product development. Howard has no other directorships on other listed companies in the 3 years prior to 30 June 2006.

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Andrew N.C. Cruickshank B.A. (Ec), GradDip (Prop), GradDip (Acc), MUP Non-Executive Director	A Director of APN Funds Management Limited since 1998 and its parent entity APN Property Group Limited since 2004. Andrew has nearly 30 years experience in the Australian, British and Hong Kong property markets and co-founded APN's development business in 1996. Prior to APN, he was General Manager of Grocon Pty Limited, during which time he was extensively involved in the financing and development management of Grocon projects at 120 and 161 Collins Street and the SECV headquarters in Melbourne and the Penrith Taxation Office in Sydney. Andrew has no other directorships on other listed companies in the 3 years prior to 30 June 2006.
Michael Doble B Bus (Prop), GradDip Applied Finance Executive Director appointed 12 December 2005	A Director of APN Funds Management Limited since December 2005. Michael joined APN Property Group Limited in 2003 and is responsible for the portfolio management of APN's property securities and direct property funds for the retail market. Michael has a total of 20 years property valuation, consultancy and funds management experience. Before joining APN, Michael was Head of Property at ANZ Funds Management Limited. Michael has no other directorships on other listed companies in the 3 years prior to 30 June 2006.
Charles Raymond B Com, ACA Executive Director appointed 12 December 2005	A Director of APN Funds Management Limited since December 2005. Charles joined APN Property Group Limited in 2004 and was instrumental in the establishment of the APN/UKA European Retail Trust, which was successfully listed on the ASX in 2005 and APN's first European unlisted retail fund, the APN/UKA Vienna Retail Trust. He has 13 years experience in the property funds management sector which he gained through holding senior finance and management roles at ISPT, Mirvac, GRW Property and VFMC. Charles has no other directorships on other listed companies in the 3 years prior to 30 June 2006.
Michael Butler B Sc, MBA, FAICD Independent Non Executive Director appointed 7 March 2006	A Director of APN Funds Management Limited since March 2006 and its parent entity APN Property Group Limited since December 2005. Michael has more than 20 years experience in the financial services sector, having enjoyed a long career at Bankers Trust Australia following periods at AMP Society and Hill Samuel Australia (the predecessor of Macquarie Bank). Since 1999, Michael has been a professional director. He is currently a Director of AXA Asia Pacific Holdings Limited and Members Equity Bank Pty Limited. During the past three years, he has also served as a Director of Hamilton Island Limited (until February 2004), Ticor Limited (May 2004 to September 2005), Baxter Group Limited (May 2004 to March 2006) and Verticon Group Limited (December 2004 to February 2006). Michael is also Chairman of the Audit & Risk Management Committee of APN Property Group Limited.

Directors' interest in the Fund

Directors of the Responsible Entity are not entitled to any interests in the Fund, or any rights or options over interest in the Fund.

No director has entered into contracts to which the director is a party or under which the director is entitled to a benefit that confer a right to call for or deliver interest in the Fund.

Meetings of Directors

APN Funds Management Limited is a 100% owned subsidiary of APN Property Group Limited, an ASX listed company. The Board of APN Property Group Limited meets regularly to review and discuss the operations of all subsidiary companies and managed funds including APN Regional Property Fund.

The number of directors' meetings of APN Property Group Limited and number of meetings attended by each of the directors during the financial year are as follows:

Director	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings		Nomination Committee Meetings	
	A	B	A	B	A	B	A	B
Christopher Aylward	13	13	3	3	2	4	2	4
Clive Appleton	12	13	2	3	4	4	4	4
Howard Brenchley	12	13	NA	NA	4	4	4	4
Andrew Cruickshank	11	13	3	3	NA	NA	NA	NA
Michael Butler	6	7	2	2	NA	NA	NA	NA

A – Number of meetings attended
B – Number of meetings held during the time the director held office during the year

Principal activities

The Fund is a registered managed investment fund domiciled in Australia.

The principal activities of the Fund during the financial year are direct property investment and management. There were no significant changes in the nature of the Fund's principal activities during the year.

Review of operations

The principal investment objective of the Fund is to maximise unitholder value through investment in properties with strong lease covenants, secure income streams and potential for capital growth.

The Fund did not have any employees during the year.

The primary assets of the Fund are investments in six wholly owned and controlled funds which own the Honeysuckle House, Grafton Mall, Greenpoint Shopping Village and Parkes Shopping Centre properties. During the year construction was completed on Honeysuckle House 2, a new office building in Newcastle NSW. Pre-construction works also commenced on a new retail property in Parkes in June 2006.

The Fund's consolidated net income from operations before finance costs for the current year was $2,363,000 (2005: $5,197,000). Units in the fund comprise fully paid units.

Distributions paid or payable in respect of the financial year are as follows:

	2006		2005	
	$'000	Cents per unit	$'000	Cents per unit
Distribution paid	2,033	6.56	1,374	6.44
Distribution payable	727	2.23	578	2.10
	2,760	8.79	1,952	8.54

Corporate governance statement

As the Responsible Entity for the APN Regional Property Fund, APN Funds Management Limited must comply with all relevant sections of the Corporation's Act, the Fund's Constitution and the compliance plan in the course of managing the Fund.

The Responsible Entity is a subsidiary of APN Property Group Limited, a company listed on the Australian Stock Exchange (ASX). Its Board of Directors have adopted the following Corporate Governance policies and procedures:

Role and responsibility of the Board

The Responsible Entity's Board is responsible for guiding and monitoring the Responsible Entity on behalf of shareholders by whom they are elected and to whom they are accountable.

The Board's responsibilities include:

- oversight of the Responsible Entity, including its control and accountability systems;
- appointing and removing the managing director (or equivalent);
- ratifying the appointment and, where appropriate, the removal of the chief investment officer (or equivalent, if any) and company secretary;
- input into and final approval of management's development of corporate strategy and performance objectives;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- monitoring senior management's performance and implementation of strategy and ensuring appropriate resources are available;
- approving and monitoring major capital expenditure, financial reporting, capital management and acquisitions and divestures; and
- approving and monitoring financial and other reporting.

In order to better manage its responsibilities, the Board has established an Audit and Risk Committee. The Board has also resolved to establish a Nomination and Remuneration Committee. Additionally, the Board has also adopted a Securities Trading Policy and a Continuous Disclosure Policy.

Audit and Risk Committee

The Audit and Risk Committee's primary responsibility is to establish a sound system of risk oversight and internal control. The purpose of the committee include:

- to provide a mechanism for the Board to focus on risk oversight and management and internal control;
- to develop policies that clearly describe the roles and respective accountabilities of the Board, management and any internal audit function;
- to make recommendations to the Board on the establishment and implementation of the Company's risk management system; and
- to make recommendations to the Board on the Company's risk profile.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee's primary responsibilities is to:

- provide a mechanism for the Board to focus the Company on appropriate nomination and remuneration policies which are designed to meet the needs of the Company and to enhance corporate and individual performance;
- develop remuneration policies which involve a balance between fixed and incentive pay and reflect short and long term performance objectives appropriate to the Company's circumstances and goals;
- ensure the Board, management and the committee are provided with sufficient information to enable informed decision making on the issue of remuneration and nomination of the Board and senior management;
- fairly and regularly review the performance of the Board and key executives against both measurable and qualitative indicators; and
- advise the Board on the appropriate disclosure to be made in relation to executive remuneration, termination payments and retirement benefits.

Interest of the Responsible Entity

Responsible Entity's remuneration

In accordance with the trust constitution the Responsible Entity is entitled to receive:

- a management fee of up to 0.20% of the gross asset value of the Fund and the consolidated entities, payable quarterly in arrears; and
- reimbursement of fund expenses incurred by the Responsible Entity on behalf of the Fund.

Set out below are the fees paid or payable by the Fund and consolidated entity to the Responsible Entity during the financial year:

	Consolidated		Parent	
	2006 $	2005 $	**2006 $**	2005 $
Management fees	**89,000**	196,000	**89,000**	196,000

Details regarding the interests of the Responsible Entity are contained in Note 16 in the financial statements.

Significant changes in the state of affairs

In the opinion of the Responsible Entity, there were no significant changes in the state of affairs of the Fund that occurred during the financial year.

Events subsequent to reporting date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Responsible Entity, to significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund, in the future financial year.

Likely developments

The Fund will continue to pursue its policy of providing unitholder's with secure returns through investment in a diversified property portfolio.

Further information about likely development in the operations of the Fund and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Fund.

Environmental regulation

The Fund's operations are not subject to any significant environmental regulations under either Commonwealth, State or Territory legislation.

Indemnification and insurance

Under the Fund constitution the Responsible Entity, including its officers and employees, is indemnified out of the Fund's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Fund. The Fund has not indemnified any auditor of the Fund.

No insurance premiums are paid out of the Fund's assets in relation to insurance cover for the Responsible Entity, its officers and employees, the Compliance Committee or the auditors of the Fund.

Non-audit services

During the year KPMG, the Responsible Entity's auditor, has performed certain other services in addition to their statutory duties.

The board of the Responsible Entity has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the audit committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Responsible Entity and have been reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and

- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement F1 *Professional independence*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Responsible Entity, acting as an advocate for the Responsible Entity or jointly sharing risks and rewards.

Non-audit services relate to tax advice, which amounted to $27,000 (2005: $2,000) for the year ended 30 June 2006.

Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 35 and forms part of the directors' report for financial year ended 30 June 2006.

Rounding off

The Fund is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made with a resolution of the directors of APN Funds Management Limited:

Dated at Melbourne this 7th day of September 2006.

Clive Appleton
Director

Income Statement

For the year ended 30 June 2006

		Consolidated		Parent	
	Note	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Investment income					
Rental income		6,159	5,083	–	–
Distribution income		145	62	5,093	3,689
Interest income		104	46	104	46
Other income		98	73	–	–
		6,506	5,264	5,197	3,735
Net changes in fair value of equity investments	5	178	–	178	–
Net changes in market value of equity investments	5	–	(88)	–	(88)
Changes in fair value of investment properties	6	–	3,356	–	–
Net revenue and investment income		6,684	8,532	5,374	3,647
Expenses					
Professional fees	7	(72)	(52)	(72)	(46)
Borrowing costs:					
– Interest		(2,375)	(1,849)	(2,375)	(1,315)
– Other charges		(383)	(58)	(383)	(58)
Responsible entity fees		(89)	(196)	(89)	(196)
Property management expenses		(1,310)	(888)	–	–
Other operating expenses		(92)	(292)	(92)	(191)
Operating expense before finance costs		(4,321)	(3,335)	(3,011)	(1,806)
Profit from operating activities before finance costs		2,363	5,197	2,363	1,841
Distribution expense to unitholders	11	(2,760)	–	(2,760)	–
Total finance costs		(2,760)	–	(2,760)	–
Change in net assets attributable to unitholders	3	(397)	–	(397)	–
Profit/(Loss)		–	5,197	–	1,841
Reconciliation of profit/(loss)					
Distributions paid and payable		2,760	1,952	2,760	1,952
Net movement in undistributed income		(397)	3,245	(397)	(111)
Basic earnings per unit before finance costs attributable to unitholders (cents per unit)	8	7.54	8.00	7.54	8.00
Diluted earnings per unit before finance costs attributable to unitholders (cents per unit)	8	7.54	8.00	7.54	8.00

The income statements are to be read in conjunction with the notes of the financial statements set out on pages 14 to 31.

Statement of Changes in Equity

For the year ended 30 June 2006

	Unitholders funds		Undistributed income		Total equity	
	30 June 2006 $'000	30 June 2005 $'000	30 June 2006 $'000	30 June 2005 $'000	30 June 2006 $'000	30 June 2005 $'000
Consolidated						
Opening balance	22,396	13,400	3,245	–	25,641	13,400
Change in accounting policy as a result of AASB 132 and AASB 139	(22,396)	–	(3,245)	–	(25,641)	–
Restated balance	–	13,400	–	–	–	13,400
Net profit/(loss) for the financial year	–	–	–	5,197	–	5,197
Transactions with unitholders						
Applications	–	46,686	–	–	–	46,686
Redemptions	–	(34,440)	–	–	–	(34,440)
Capital raising costs	–	(3,251)	–	–	–	(3,251)
Distributions paid	–	–	–	(1,952)	–	(1,952)
Closing balance	–	22,396	–	3,245	–	25,641
Parent						
Opening balance	25,752	13,400	(111)	–	25,641	13,400
Change in accounting policy as a result of AASB 132 and AASB 139	(25,752)	–	111	–	(25,641)	–
Restated balance	–	13,400	–	–	–	13,400
Net profit/(loss) for the financial year	–	–	–	1,841	–	1,841
Asset revaluation – controlled entities	–	3,356	–	–	–	3,356
Transactions with unitholders						
Applications	–	46,686	–	–	–	46,686
Redemptions	–	(34,440)	–	–	–	(34,440)
Capital raising costs	–	(3,251)	–	–	–	(3,251)
Distributions paid	–	–	–	(1,952)	–	(1,952)
Closing balance	–	25,752	–	(111)	–	25,641

The statements of changes in equity are to be read in conjunction with the notes to the financial statements set out on pages 14 to 31.

Balance Sheets

As at 30 June 2006

		Consolidated		Parent	
	Note	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Assets					
Cash and cash equivalents	9	2,422	370	2,422	367
Trade receivables		188	147	–	–
Distributions receivable		114	–	4,948	3,162
Other assets and prepayments		443	1,344	398	1,085
Total current assets		3,167	1,861	7,768	4,614
Financial asset held at fair value through profit and loss	10				
– Equity investment in listed funds		2,336	1,613	2,336	1,613
– Investment in controlled entities		–	–	29,003	29,003
Loan receivable		–	–	38,720	34,871
Property investments	10	72,472	66,888	–	–
Total non-current assets		74,808	68,501	70,059	65,487
Total assets		77,975	70,362	77,827	70,101
Liabilities					
Distributions payable	11	727	578	727	578
Other amounts payable		431	369	283	108
Total current liabilities		1,158	947	1,010	686
Interest-bearing liabilities	12	46,499	43,774	46,499	43,774
Total non-current liabilities		46,499	43,774	46,499	43,774
Total liabilities (excluding net assets attributable to unitholders)	3	47,657	44,721	47,509	44,460
Net asset attributable to unitholders – Liability		30,318	–	30,318	–
Represented by:					
Net assets attributable to unitholders at redemption price		30,318	–	30,318	–
Unitholders funds – Equity		–	25,641	–	25,641

The balance sheets are to be read in conjunction with the notes to the financial statements set out on pages 14 to 31.

Statements of Cash Flows

For the year ended 30 June 2006

		Consolidated		Parent	
	Note	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Cash flows from operating activities					
Rental income received		6,238	–	–	–
Distribution received		80	4,925	3,242	464
Interest received		85	46	85	46
Other cash receipts		445	73	347	–
Payments to suppliers		(1,815)	(1,820)	(372)	(851)
Net cash from operating activities	15	5,033	3,224	3,302	(341)
Cash flows from investing activities					
Purchase of equity investments		(3,067)	(1,701)	(3,067)	(1,701)
Purchase of investment properties		(5,583)	(6,429)	–	–
Proceeds from sale of equity investments		2,522	–	2,522	–
Net cash from/(used in) investing activities		(6,128)	(8,130)	(545)	(1,701)
Cash flows from financing activities					
Proceeds from issue of redeemable units		5,093	26,736	5,093	26,736
Proceeds from borrowings		3,265	43,774	3,265	43,774
Repayment of borrowings		–	(24,147)	–	–
Payments associated with fund raising		(19)	(3,251)	(19)	(3,251)
Buy back of shares		–	(34,440)	–	(34,440)
Borrowing costs paid		(2,581)	(2,583)	(2,581)	(2,049)
Loans to controlled entities		–	–	(3,849)	(27,231)
Distributions paid		(2,611)	(1,520)	(2,611)	(1,520)
Net cash from/(used in) financing activities		3,147	4,569	(702)	2,021
Net increase in cash and cash equivalents		2,052	(337)	2,055	(21)
Cash and cash equivalents at the beginning of the financial year	9	370	707	367	388
Cash and cash equivalents at the end of the financial year	9	2,422	370	2,422	367

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 14 to 31.

Notes to the consolidated financial statements

Note 1 Significant accounting policies

APN Regional Property Fund (the "Fund") is a registered managed investment fund under the Corporations Act 2001. The financial report of the Fund is for the year ended 30 June 2006.

The financial report was authorised for issue by the directors of the Responsible Entity on 7 September 2006.

The significant accounting policies which have been adopted in the preparation of the financial report are:

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. International Financial Reporting Standards ('IFRS') form the basis of Australian Accounting Standards ('AASBs') adopted by the AASB, and for the purpose of this report are called Australian equivalents to IFRS ('AIFRS') to distinguish from previous Australian GAAP.

This is the Fund and the consolidated entity's first annual financial report prepared in accordance with Australian Accounting Standards, being AIFRS, and AASB 1 *First-Time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied. An explanation of how the transition to AIFRS has affected the reported balance sheet, income statement and statement of cash flows of the Fund and consolidated entity is provided in Note 19.

(b) Basis of preparation

The financial report is presented in Australian dollars. The Fund and consolidated entity has elected to early adopt the following accounting standards and amendments:

- AASB 2004-3 *Amendments to Australian Accounting Standards* (December 2004) amending AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards* (July 2004), AASB 101 *Presentation of Financial Statements* and AASB 124 *Related Party Disclosures*
- AASB 2005-1 *Amendments to Australian Accounting Standards* (May 2005) amending AASB 139 *Financial Instruments: Recognition and Measurement*
- AASB 2005-4 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 132 *Financial Instruments: Disclosure and Presentation*, AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* (July 2004)
- AASB 2005-5 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards* (July 2004), and AASB 139 *Financial Instruments: Recognition and Measurement*

Issued standards not early adopted

The following standards and amendments were available for early adoption but have not been applied by the Fund and the consolidated entity in these financial statements:

- AASB 7 *Financial instruments: Disclosure* (August 2005) replacing the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007
- AASB 2005-10 *Amendments to Australian Accounting Standards* (September 2005) makes consequential amendments to AASB 132 *Financial Instruments: Disclosures and Presentation*, AASB 101 *Presentation of Financial Statements*, AASB 117 *Leases*, AASB 133 *Earnings per Share*, AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007.

The Fund and consolidated entity plans to adopt AASB 7 and AASB 2005-10 in the 2008 financial year.

The initial application of AASB 7 and AASB 2005-10 is not expected to have an impact on the financial results of Fund as the standard and the amendment are concerned only with disclosures.

The consolidated Fund is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006) and in accordance with that Class Order, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied.

(b) Basis of preparation *(continued)*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have a significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are discussed in accounting policy (m).

The accounting policies set out below have been applied consistently to all periods presented in the financial report and in preparing an opening AIFRS balance sheet at 1 July 2005 for the purposes of the transition to Australian International Financial Reporting Standards – AIFRS.

(c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Fund. Control exits when the Fund has the power, directly or indirectly, to govern the financial and operating policies of another fund so as to obtain benefits from its activities. This will generally be when the Fund has greater than 50% of the units in another fund. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where the units in the subsidiary fund are classified as a liability, the external unitholders (i.e. non-fund unitholders) are classified as "amounts payable to external unitholders of the subsidiary" on the balance sheet and changes in the amount payable are recorded as finance costs in the income statement.

(ii) Transactions eliminated on consolidation

Intra-fund balances and any unrealised gains and losses or income and expenses arising from intra-fund transactions, are eliminated in preparing the consolidated financial statements.

(d) Financial instruments

(i) Classification

Current accounting policy

AASB 1 provides an election not to restate comparatives for AASB 132 *Financial Instruments Disclosure and Presentation* and AASB 139 *Financial Instruments Recognition and Measurement*. The Fund has elected not to restate comparatives. Accordingly, Australian GAAP continued to apply for the AIFRS comparative period as set out below.

On 1 July 2005, the Fund designated all its debt and equity investments into the fair value through profit and loss category.

The category of financial assets and financial liabilities at fair value through profit or loss comprises:

- Financial instruments designated at fair value through profit or loss upon initial recognition. These include financial assets that are not held for trading purposes and which may be sold. These include investments in fixed interest, equity instruments and units in unlisted managed investment schemes. The fair value through profit or loss classification is in accordance with AASB 2005-4 *Amendments to Australian Accounting Standards*. The fair value through profit or loss classification is available for the majority of the financial assets held by the Fund the financial liabilities arising from the units on issue must be fair valued. Therefore, not fair valuing the financial assets used in calculating the fair value of the liability would result in an accounting mismatch. In addition, the Fund's performance and risk management are assessed on a fair value basis. Further disclosures regarding the fair value and carrying amount at designation date are detailed in Note 20 Changes in accounting policy.
- Financial instruments designated at fair value through the profit or loss are not reclassified.

(ii) Recognition

Current accounting policy

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial assets are recognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

Financial liabilities are not recognised unless one of the parties has performed or the contract is a derivative contract not exempted from the scope of AASB 139.

Comparative accounting policy

Trading securities and investments are recognised using trade date accounting at cost on acquisition and revalued to their net market value as at reporting date.

(iii) Measurement

Current accounting policy

Financial instruments are measured initially at fair value (transaction price) plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately, while on other financial instruments they are amortised.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the income statement.

Financial assets classified as loans and receivables are carried at amortised cost using the effective interest rate method, less impairment losses, if any.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective interest rate.

Financial liabilities arising from the redeemable units issued by the Fund are carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets, effectively fair value at reporting date.

Comparative accounting policy

Financial assets and liabilities are recognised at cost on acquisition and revalued to their net market value as at reporting date. Changes in the net market value are recognised in the income statement.

(iv) Fair value measurement principles

Current accounting policy

The fair value of financial instruments is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

If a quoted market price is not available on a recognised stock exchange or from a broker / dealer for non-exchange-traded financial instruments, the fair value of the instrument is estimated using valuation techniques, including use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the balance sheet date applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the balance sheet date. Fair values for unquoted equity investments are estimated, if possible, using applicable price / earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions (volatility, appropriate yield curve) and the current creditworthiness of the counterparties.

Investments in other unlisted managed investment schemes are recorded at the exit price as reported by the managers of such schemes.

Comparative accounting policy

Listed property trust investments
Market value of listed property trusts is determined at the last quoted sales price on the exchange on which such units are traded, as of the close of business on the day the shares are being valued or, lacking any sales, the last available bid price. Changes in the market values of investments are recognised in the income statement in the periods in which they occur.

Unlisted property trust investments
Units in unlisted managed investment funds are valued at the redemption price as at reporting date as determined by the operator of the fund, which inherently includes transaction costs.

Investments in controlled trusts
It is the consolidated entity's policy to revalue the parent fund's investment in controlled trusts based on the underlying revaluation of investment properties by the controlled trust. The revaluation made in the books of the parent is eliminated on consolidation.

(v) Impairment

Financial assets that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the income statement as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent period, the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the income statement.

(d) Financial instruments *(continued)*

(vi) Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with AASB 139.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(vii) Specific instruments

Cash and cash equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(e) Revenue Recognition

Revenues arising in the ordinary course of activities are recognised at the fair value of the consideration received or receivable net of the amount of goods and services tax ("GST") levied.

(i) Rental income

Rental income from investment properties is recognised in the Income Statement as it accrues. Rental income not received at a balance date is reflected in the Balance Sheet as a receivable or if paid in advance, as rents in advance.

(ii) Interest income

Interest income and expense is recognised in the income statement as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

(iii) Distribution income

Income distributions from private equity investments and other managed investments funds are recognised in the income statement as distribution income when declared.

(f) Expenses

Expenditure included in other operating expenses are all expenses including rates, management fees, custodian fees and other outgoings, that are brought to account on an accrual basis.

(g) Investment property

Current accounting policy

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value. The consolidated Fund has an internal valuation process for determining the fair value at each reporting date. An external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values individual properties every three years on a rotation basis or on a more regular basis if considered appropriate and as determined by management in accordance with Board approved valuation policy. These external valuations are taken into consideration when determining the fair value of the investment properties. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgably, prudently and without compulsion.

The valuations are prepared by considering the aggregate of the net annual rents receivable from the properties and where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation.

Valuations reflect, where appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee; and the remaining economic life of the property. It has been assumed that whenever rent reviews or lease renewals are pending with anticipated reversionary increases, all notices and where appropriate counter notices have been served validity and within the appropriate time.

Any gain or loss arising from a change in fair value is recognised in the Income Statement. Rental income from investment property is accounted for as described in accounting policy (e).

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity if it is a gain. Upon disposal of the item the gain is transferred to retained earnings. Any loss is arising in this manner is recognised immediately in the Income Statement.

If an investment property becomes owner-occupied, it is reclassified as property, fixtures and fittings and its fair value at the date of reclassification becomes its cost for accounting purposes for subsequent recording. When the consolidated Fund begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property, which is measured based on a fair value model, and is not reclassified as property, plant and equipment during the redevelopment.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the consolidated entity holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Land held under an operating lease is classified and accounted for as investment property when it would otherwise meet the definition of investment property. This land is carried at fair value.

(h) Distribution and taxation

Under current legislation the Fund is not subject to income tax as its taxable income (including assessable realised capital gains) is distributed in full to the unitholders.

The Fund fully distributes its distributable income, calculated in accordance with the Fund constitution and applicable taxation legislation, to the unitholders who are presently entitled to the income under the constitution.

It is the policy of the consolidated group to transfer all profits from controlled entities up to the parent via distributions. Such distributions are eliminated on consolidation.

(i) Redeemable units

Current accounting policy

All redeemable units issued by the Fund provide the investors with the right to redeem for cash. In accordance with AASB 132, such instruments give rise to a financial liability. In accordance with the product disclosure document, the Fund is contractually obliged to redeem units at redemption price, which includes an allowance for transaction costs that would be incurred by the Fund on meeting its contractual obligation to unitholders to fund the redemptions.

As a result of the transaction cost factor, there will be a difference between the carrying amount of the net assets of the Fund (excluding the unitholders' funds classified as a financial liability) and the contractual amount payable to unitholders which is based on the redemption price.

Comparative accounting policy

A unitholder's interest in the Fund constitutes equity and is based on the net asset value of the Fund.

(j) Finance costs

Distributions paid and payable on units are recognised in the income statement as finance costs. Distributions paid are included in cash flows from operating activities in the statement of cash flows.

(k) Change in net assets attributable to unitholders

Non-distributable income, which may comprise unrealised changes in the fair value of investments, net capital losses, tax-deferred income, accrued income not yet assessable and non-deductible expenses are reflected in the profit and loss as change in net assets attributable to unitholders.

These items are included in the determination of distributable income in the period for which they are assessable for taxation purposes.

(l) Goods and services tax

Management fees, auditors' fees, legal fees and other expenses are recognised net of the amount of goods and services tax (GST) recoverable from the Australian Taxation Office (ATO) as a reduced input tax credit (RITC).

Payables are stated with the amount of GST included.

The net amount of GST recoverable from the ATO is included in receivables in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis.

(m) Accounting estimates and judgements

The directors of the Responsible Entity have discussed with the Fund's auditors the development, selection and disclosure of the Fund's critical accounting policies and estimates and the application of these policies and estimates.

Key sources of estimation uncertainty

Note 4 – Accounting estimates and judgements information contains information about the estimation of fair values of financial instruments.

Note 2 Segment reporting

The Fund operates in the Australian investment industry. The Fund's operations are located in Australia.

Note 3 Net asset attributable to unitholders

3a. Classified as Equity

	Consolidated				Parent			
	2006		2005		2006		2005	
	Units '000	$'000	Units '000	$'000	Units '000	$'000	Units '000	$'000
Opening balance	32,617	25,641	13,889	13,400	32,617	25,641	13,889	13,400
Change in accounting policy as a result of AASB 132 and AASB 139	(32,617)	(25,641)	–	–	(32,617)	(25,641)	–	–
Bonus issue	–	–	1,389	–	–	–	1,389	–
Applications	–	–	51,779	46,686	–	–	51,779	46,686
Redemptions	–	–	(34,440)	(34,440)	–	–	(34,440)	(34,440)
Capital raising costs	–	–	–	(3,251)	–	–	–	(3,251)
Transfers to unitholders funds	–	–	–	3,245	–	–	–	3,245
Closing balance	–	–	32,617	25,641	–	–	32,617	25,641

All units in the Fund are of the same class and carry equal rights. Under the Fund, each unit represents a right to the underlying assets of the Fund. Under previous GAAP, the Fund classified unitholders' fund as equity. In accordance with AIFRS, unitholders' fund are classified as liability.

3b. Classified as Liability

	Consolidated				Parent			
	2006		2005		2006		2005	
	Units '000	$'000	Units '000	$'000	Units '000	$'000	Units '000	$'000
Opening balance	–	–	–	–	–	–	–	–
Change in accounting policy as a result of AASB 132 and AASB 139	32,617	25,641	–	–	32,617	25,641	–	–
Applications	–	5,093	–	–	–	5,093	–	–
Redemptions	–	–	–	–	–	–	–	–
Capital raising costs	–	(19)	–	–	–	(19)	–	–
Change in net assets attributable to unitholders	–	(397)	–	–	–	(397)	–	–
Closing balance	32,617	30,318	–	–	32,617	30,318	–	–

Note 4 Accounting estimates and judgements

Fair value information

Many of the Fund's financial instruments are carried at fair value on the balance sheet. Usually the fair value of the financial instruments can be reliably determined within a reasonable range of estimates.

Note 4 Accounting estimates and judgements *(continued)*

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example, over-the-counter derivatives or unquoted securities are fair valued using valuation techniques, including reference to the current fair values of other instruments that are substantially the same (subject to the appropriate adjustments).

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement (e.g. interest rates, volatility, estimated cash flows, etc.) and therefore, cannot be determined with precision.

For certain other financial instruments, including accounts receivable, accounts payable and accrued expenses, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

The carrying amounts of all the Fund's financial assets and financial liabilities at the balance sheet date approximate their fair values.

Estimation of fair values

The major methods and assumptions used in estimating the fair values of financial instruments were disclosed in note (d) of the Significant accounting policies section.

At 30 June 2006, the carrying amounts of debt and equity investments which fair values were determined directly, in full or in part, by reference to published price quotations amounted to $2,336,000 (2005: $1,613,000).

Note 5 Gains and losses in equity instruments designated at fair value through profit and loss

	Consolidated		Parent	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Listed equity investments				
Realised gains	68	–	68	–
Unrealised gains	126	–	126	–
Total gains	194	–	194	–
Realised losses	(15)	–	(15)	–
Unrealised losses	(1)	(88)	(1)	(88)
Total losses	(16)	(88)	(16)	(88)
Net gains and losses on equity investments	178	(88)	178	(88)

Note 6 Gains and losses in investment properties

	Consolidated		Parent	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Realised gains	–	–	–	–
Unrealised gains	–	3,356	–	–
Total gains	–	3,356	–	–
Net gains and losses on investment properties	–	3,356	–	–

Note 7 Auditors' remuneration

	Consolidated		Parent	
	2006 $	2005 $	2006 $	2005 $
Audit services				
Auditors of the Trust				
KPMG Australia:				
Audit and review of financial reports	45,000	50,000	45,000	44,000
Other services				
Auditors of the Trust				
KPMG Australia				
Taxation services	27,045	2,000	27,045	2,000
	72,045	52,000	72,045	46,000

Note 8 Earnings per unit

	Consolidated		Parent	
	2006	2005	2006	2005
Basic earnings per unit (cents per unit)	7.54	8.00	7.54	8.65
Diluted earnings per unit (cents per unit)	7.54	8.00	7.54	8.65

Note 9 Cash and cash equivalents

	Consolidated		Parent	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Cash at bank and on hand	2,422	370	2,422	367
Cash and cash equivalents in the statements of cash flows	2,422	370	2,422	367

Note 10 Investments

	Consolidated		Parent	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Equity investments				
Listed equity investments	2,336	1,613	2,336	1,613
Unlisted equity investment	–	–	29,003	29,003
	2,336	1,613	31,339	30,616
Investment properties	72,472	66,888	–	–

Note 10 Investments *(continued)*

	Consolidated		Parent	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Investment properties – fair value				
Carrying amount at the beginning of the year	**66,888**	37,153	**–**	–
Additions through acquisition of controlled entities	**–**	19,950	**–**	–
Costs associated with investment properties	**5,584**	6,429	**–**	–
Valuation increment	**–**	3,356	**–**	–
Carrying amount at the end of the year	72,472	66,888	–	–

Note 11 Distribution paid and payable

	2006		2005	
Consolidated and Parent	**Cents per unit**	**$'000**	Cents per unit	$'000
Distribution paid	**6.56**	**2,033**	6.44	1,374
Distribution payable	**2.23**	**727**	2.10	578
	8.79	**2,760**	8.54	1,952

Note 12 Interest-bearing liabilities

This note provides information about the contractual terms of the consolidated entity's interest-bearing liabilities. For more information about the consolidated entity's exposure to interest rate risk, refer to Note 13.

	Consolidated		Parent	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Non current				
Commercial bill facility	**46,499**	43,774	**46,499**	43,774
	46,999	43,774	**46,499**	43,774
Financing arrangements				
The consolidated entity has access to the following lines of credit:				
Total facilities available:				
Commercial bill facility	**47,000**	51,900	**47,000**	51,900
	47,000	51,900	**47,000**	51,900
Facilities utilised at balance date				
Commercial bill facility	**47,000**	43,774	**47,000**	43,774
	47,000	43,774	**47,000**	43,774
Facilities not utilised at balance date				
Commercial bill facility	**–**	8,126	**–**	8,126
	–	8,126	**–**	8,126

Note 12 Interest-bearing liabilities *(continued)*

Commercial bill facility

The commercial bill facility is secured by way of a first mortgage on the consolidated entity's investment properties. The commercial bill facility includes an amount of $501,000 of deferred borrowing costs that have been allocated against the total amount of the facility utilised at balance date. For more information see note 20.

The consolidated entity also has performance guarantees amounting to $Nil (2005: $394,146) with the Commonwealth Bank of Australia.

Note 13 Financial instruments

Exposure to credit, interest rate and liquidity risks arises in the normal course of the consolidated Fund's business. Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates and interest rates.

Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. Market prices generally incorporate credit assessments into valuations and risk of loss is implicitly provided for in the carrying value of assets as they are marked to market.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Liquidity risk

The Fund's constitution provides for the daily application and redemptions of units and it is therefore exposed to the liquidity risk of meeting unitholder redemptions at any time.

The Fund's investments in listed securities are considered to be readily realisable as they are all listed on major Australian stock exchanges.

Interest rate risk

Interest rate risk is the risk that the value of the asset/liability will fluctuate due to changes in market interest rates.

The consolidated Fund's exposure to interest rate risk, which is the risk that a financial instrument's value fluctuates as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities is as follows:

			← Fixed interest rate maturing in →				
Consolidated	Effective interest rate	Floating interest rate	1 year or less	1 to 5 years	More than 5 years	Non-interest bearing	Total
	%	$'000	$'000	$'000	$'000	$'000	$'000
2006							
Financial assets							
Cash and cash equivalents	5.50	2,422	–	–	–	–	2,422
		2,422	–	–	–	–	2,422
Financial liabilities							
Borrowings	5.80	–	–	(46,499)	–	–	(46,499)
		–	–	(46,499)	–	–	(46,499)

Note 13 Financial instruments *(continued)*

Consolidated	Effective interest rate	Floating interest rate	← Fixed interest rate maturing in → 1 year or less	1 to 5 years	More than 5 years	Non-interest bearing	Total
	%	$'000	$'000	$'000	$'000	$'000	$'000
2005							
Financial assets							
Cash and cash equivalents	5.25	370	–	–	–	–	370
		370	–	–	–	–	370
Financial liabilities							
Borrowings	5.78	–	–	(43,774)	–	–	(43,774)
		–	–	(43,774)	–	–	(43,774)

The parent's exposure to interest rate risk, which is the risk that a financial instrument's value fluctuates as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities is as follows:

Parent	Effective interest rate	Floating interest rate	← Fixed interest rate maturing in → 1 year or less	1 to 5 years	More than 5 years	Non-interest bearing	Total
	%	$'000	$'000	$'000	$'000	$'000	$'000
2006							
Financial assets							
Cash and cash equivalents	5.50	2,422	–	–	–	–	2,422
		2,422	–	–	–	–	2,422
Financial liabilities							
Borrowings	5.80	–	–	(46,499)	–	–	(46,499)
		–	–	(46,499)	–	–	(46,499)
2005							
Financial assets							
Cash and cash equivalents	5.25	367	–	–	–	–	367
		367	–	–	–	–	367
Financial liabilities							
Borrowings	5.78	–	–	(43,774)	–	–	(43,774)
		–	–	(43,774)	–	–	(43,774)

Note 14 Consolidated entities

	Country of Incorporation	Ownership interest	
		2006	2005
Parent trust			
APN Regional Property Fund	Australia	–	–
Controlled entities			
Greenpoint Shopping Village Unit Fund	Australia	100%	100%
Honeysuckle House Unit Fund	Australia	100%	100%
Grafton Commercial Unit Fund	Australia	100%	100%
Parkes Commercial Unit Fund	Australia	100%	100%
Honeysuckle House Unit Fund No. 2	Australia	100%	100%
Parkes Commercial Unit Fund No. 2	Australia	100%	100%

Note 15 Reconciliation of cash flows from operating activities

	Consolidated		Parent	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Profit from operating activities before finance costs	2,363	5,197	2,363	1,841
Add/(less) non-cash items:				
Change in net market value of investment	(177)	88	(177)	88
Change in fair value of investment properties	–	(3,356)	–	–
Amortisation of borrowing expenses	133	58	133	58
Interest to facility providers classified as financing activity	2,375	1,849	2,375	1,315
Changes in assets and liabilities during the financial year:				
(Increase)/decrease in other amounts receivables	346	(730)	288	(407)
(Increase)/decrease in distribution receivable	(29)	–	(1,815)	(3,162)
(Decrease)/increase in other amounts payables	22	118	135	(74)
Net cash provided by operating activities	5,033	3,224	3,302	(341)

Note 16 Related parties

Responsible Entity

The responsible entity for the APN Regional Property Fund is APN Funds Management Limited (ABN 60 080 674 479) whose immediate and ultimate holding company is APN Property Group Limited (ABN 30 109 846 0638).

Key management personnel

The Fund does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage the activities of the Fund and this is considered the Key Management Personnel. The directors of the Responsible Entity are key management personnel of that entity and their names are Howard Brenchley, Christopher Aylward, Clive Appleton, Michael Doble, and Charles Raymond.

No compensation is paid to directors or directly by the Fund to any of the key management personnel of the Responsible Entity.

Responsible Entity fees and other transactions

In accordance with the trust constitution on the Responsible Entity is entitled to receive:

- a management fee of 0.20% of the gross asset value of the Fund and the consolidated entities, payable quarterly in arrears; and
- reimbursement of fund expenses incurred by the Responsible Entity on behalf of the Fund.

Set out below are the fees paid or payable by the Fund and consolidated entity to the Responsible Entity during the year:

	Consolidated		Parent	
	2006 $	2005 $	2006 $	2005 $
Management fees	**89,000**	196,000	**89,000**	196,000

Related party transactions

All transactions with related parties are conducted on normal commercial terms and conditions. From time to time APN Funds Management Limited or its director-related entities may invest or withdraw from the Fund. These investments or withdrawals are on the same terms and conditions as those entered into by other Fund investors and are trivial and domestic in nature.

Related party investments held by the Fund

The Fund has no investment in APN Funds Management Limited, its associates or in other approved funds managed by APN Funds Management Limited.

Units in the Fund held by related parties

Details of holdings in the Fund by APN Funds Management Limited and other funds operated by APN Funds Management Limited are set out below.

	Units held '000	Interest held %
Entity		
30 June 2006		
APN Property For Income Fund	**12,000**	**36.79**
	12,000	**36.79**
30 June 2005		
APN Property for Income Fund	12,000	36.79
	12,000	36.79

Note 16 Related parties *(continued)*

Units in the Fund held by other related parties

At 30 June 2006, no directors of the Responsible Entity held units in the Fund (2005: Nil).

Key management personnel loan disclosures

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

Other transactions within the Fund

Apart from those details disclosed in this note, no director has entered into a material contract with the Fund since the end of the previous year and there were no material contracts involving directors' interests subsisting at year end.

Note 17 Contingent liabilities and contingent assets

The consolidated entity no longer has performance guarantees with the Commonwealth Bank of Australia (2005: $394,146).

Note 18 Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Responsible Entity, to affect significantly the operations of the Fund, the results of those operations of state of affairs of the Fund.

Note 19 Explanation of transition to AIFRS

As stated in Note 1(a), these are the Fund's first annual financial statement prepared in accordance with Australian International Financial Reporting Standards – AIFRS.

The accounting policies in Note 1 have been applied in preparing the annual financial statement for the year ended 30 June 2006, the comparative for the year ended 30 June 2005 and the preparation of an opening AIFRS balance sheet at 1 July 2004.

In preparing its opening AIFRS balance sheet, comparative information for the year ended 30 June 2005, the consolidated entity has adjusted amounts previously reported in financial statements prepared in accordance with it's old basis of accounting (previous AGAAP).

An explanation of how the transition from previous GAAP to AIFRSs has affected the fund's financial position and financial performance is et out in the following tables and the notes that accompany the tables. There has been no impact on cashflows from transition to AIFRS.

Note 19 Explanation of transition to AIFRS *(continued)*

Reconciliation of equity

	Consolidated						Parent					
	Previous GAAP	Effect of transition to AIFRSs	AIFRSs	Previous GAAP	Effect of transition to AIFRSs	AIFRSs	Previous GAAP	Effect of transition to AIFRSs	AIFRSs	Previous GAAP	Effect of transition to AIFRSs	AIFRSs
	1 July 2004			30 June 2005			1 July 2004			30 June 2005		
Note	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets												
Cash and cash equivalents	707	–	707	370	–	370	388	–	388	367	–	367
Trade and other receivables	82	–	82	147	–	147	–	–	–	3,162	–	3,162
Prepayments and other assets	3	–	3	1,344	–	1,344	4	–	4	1,085	–	1,085
Total current assets	792	–	792	1,861	–	1,861	392	–	392	4,614	–	4,614
Investments in listed trusts	–	–	–	1,613	–	1,613	–	–	–	1,613	–	1,613
Investment in direct property	37,153	–	37,153	66,888	–	66,888	–	–	–	–	–	–
Investment in controlled entities	–	–	–	–	–	–	5,697	–	5,697	29,003	–	29,003
Loan receivable	–	–	–	–	–	–	7,640	–	7,640	34,871	–	34,871
Total non-current assets	37,153	–	37,153	68,501	–	68,501	13,337	–	13,337	65,487	–	65,487
Total assets	37,945	–	37,945	70,362	–	70,362	13,729	–	13,729	70,101	–	70,101
Liabilities												
Trade and other payables	252	–	252	369	–	369	183	–	183	108	–	108
Distribution payables	146	–	146	578	–	578	146	–	146	578	–	578
Interest bearing liabilities	24,147	–	24,147	43,774	–	43,774	–	–	–	43,774	–	43,774
Total liabilities	24,545	–	24,545	44,721	–	44,721	329	–	329	44,460	–	44,460
Net assets	13,400	–	13,400	25,641	–	25,641	13,400	–	13,400	25,641	–	25,641
Unitholder funds'												
Units on issue	13,400	–	13,400	22,396	–	22,396	13,400	–	13,400	22,396	–	22,396
Asset revaluation reserve	–	–	–	3,356	(3,356)	–	–	–	–	3,356	–	3,356
Undistributed income	–	–	–	(111)	3,356	3,245	–	–	–	(111)	–	(111)
Total unitholder's funds	13,400	–	13,400	25,641	–	25,641	13,400	–	13,400	25,641	–	25,641

Note 19 Explanation of transition to AIFRS *(continued)*

Reconciliation of profit for 2005

	Consolidated			Parent		
	Previous GAAP	Effect of Transition to AIFRSs	AIFRSs	Previous GAAP	Effect of Transition to AIFRSs	AIFRSs
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue						
Property income	5,083	–	5,083	–	–	–
Changes in fair value of investment properties	–	3,356	3,356	–	–	–
Changes in fair value of controlled entities	–	–	–	–	–	–
Changes in market value of investments	(88)	–	(88)	(88)	–	(88)
Distribution income	62	–	62	3,689	–	3,689
Interest income	46	–	46	46	–	46
Other income	73	–	73	–	–	–
Net property income	5,176	3,356	8,532	3,647	–	3,647
Expenses						
Professional fees	(52)	–	(52)	(46)	–	(46)
Other operating expenses	(292)	–	(292)	(191)	–	(191)
Management fees	(196)	–	(196)	(196)	–	(196)
Property management expenses	(888)	–	(888)	–	–	–
Borrowing costs	(1,907)	–	(1,907)	(1,373)	–	(1,373)
Total expenses	(3,335)	–	(3,335)	(1,806)	–	(1,806)
Net profit/(loss)	1,841	3,356	5,197	1,841	–	1,841
Net profit/(loss) comprises:						
Distribution payable	1,952	–	1,952	1,952	–	1,952
Net movement in undistributed income	(111)	3,356	3,245	(111)	–	(111)

Notes to the reconciliation of equity and profit

The following explanatory notes relate to the reconciliation above and describes, for significant items, the differences between the accounting policies under AIFRS and treatment of those items under previous Australian GAAP.

(a) Reserves

Under AASB 140 "Investment Property", for investment properties measured at fair value, any gains or losses arising from changes in fair value are recognised in the Income Statement, for the period in which they arise. Upon transition to AIFRS, fair value adjustments for investment properties previously recorded in the Asset Revaluation Reserve have been reclassified to retained earnings.

Note 19 Explanation of transition to AIFRS *(continued)*

(b) The effect of the above adjustments on retained earnings is as follows:

	Consolidated		Parent	
	1 July 2004 $'000	30 June 2005 $'000	1 July 2004 $'000	30 June 2005 $'000
Asset revaluation reserve	–	(3,356)	–	–
Undistributed income – Changes in fair value of properties	–	3,356	–	–
Total adjustment to equity	–	–	–	–

Explanation of material adjustments to the cash flow statement for 2005

There are no material differences between the cash flow statement presented under AIFRSs and the cash flow statement presented under previous GAAP.

Note 20 Changes in accounting policy

In the current financial year the Fund adopted AASB 132: *Financial Instruments: Disclosure & Presentation* and AASB 139: *Financial Instruments: Recognition and Measurement*. This change in accounting policy has been adopted in accordance with the transition rules contained in AASB 1, which does not require the restatement of comparative information for financial instruments within the scope of AASB 132 and AASB 139.

The adoption of AASB 139 has resulted in the Fund recognising financial assets and liabilities at fair value. This change has been accounted for by recognising these financial instruments at fair value through the profit and loss and reclassifying unitholders' funds as a liability as at 1 July 2005. The impact at 1 July 2005 is set our below.

The impact on the balance sheet in the comparative period is set out below as an adjustment to the opening balance sheet at 1 July 2005.

Reconciliation of opening balances affected by AASB 132 and 139 at 1 July 2005

		Consolidated			Parent		
	Note	Previous GAAP	Effect of Transition to AIFRSs	AIFRSs	Previous GAAP	Effect of Transition to AIFRSs	AIFRSs
		$'000	$'000	$'000	$'000	$'000	$'000
Unitholders' fund – Equity	(a)	22,285	(22,285)	–	22,285	(22,285)	–
Net assets attributable to unitholders – Liability	(a)	–	22,285	22,285	–	22,285	22,285
Deferred borrowing costs	(a)	474	(474)	–	474	(474)	–
Interest bearing liability	(a)	(43,774)	474	(43,300)	(43,744)	474	(43,300)
Asset revaluation reserve	(c)	3,356	(3,356)	–	3,356	(3,356)	–
Net assets attributable to unitholders – Liability	(c)	–	3,356	3,356	–	3,356	3,356
		(17,659)	–	(17,659)	(17,659)	–	(17,659)

Note 20 Changes in accounting policy *(continued)*

Notes to the reconciliation of financial instruments as if AASB 139 was applied at 1 July 2005

(a) Under previous Australian GAAP, the Fund classified unitholders' fund as equity and were measured at mid-price. In accordance with AASB 132 unitholders' funds are now classified as a liability and measured at the redemption price.

The effect in the Fund is to increase liability by $22,285,000 and decrease equity by $22,285,000 at 1 July 2005, reducing net assets of the Fund in the balance sheet to nil.

As a result of reclassification of unitholders' fund as a liability, changes in net assets attributable to unitholders, which, under previous GAAP was referred to as transfers to unitholders' funds and distributions to unitholders are now recognised as a financing cost, reducing net profit of the Fund in the income statement to nil. However, AASB 132 permits an income statement presentation which reconciles changes in net assets attributable to unitholders, rather than a nil profit.

Under previous GAAP, the Fund disclosed deferred borrowing costs separate to the interest-bearing borrowing. In accordance with AASB132, previously capitalised deferred borrowing costs are reclassified against the interest-bearing borrowing.

(b) Under previous GAAP, the Fund measured financial assets at net market values. In accordance with AASB 139, the valuation of financial assets has been changed as follows:

- financial assets are no longer initially recognised at net cost, they are now initially recognised at fair value (transaction price) except for transaction costs which are expensed immediately.
- subsequent to initial recognition, all financial assets classified at fair value through profit and loss are no longer measured at net market value (mid-price), they are now measured at fair value (bid-price).

There was no material impact resulting from this change in policy.

(c) Under previous Australian GAAP, the revaluation of controlled entities is recognised to an Asset Revaluation Reserve. In accordance with AIFRS, these revaluations will be recognised in the income statement. At 1 July 2005, the Asset Revaluation Reserve is transferred to the Net assets attributable to unitholders – Liability. This has the impact of increasing Net assets attributable to unitholders – Liability by $3,356,000 and decreasing the Asset Revaluation Reserve to $Nil.

Directors' declaration

1 In the opinion of the directors of APN Funds Management Limited, the responsible entity of APN Regional Property Fund and its controlled entities ('the Fund'):

(a) the financial statements and notes, set out on pages 10 to 31, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Fund and the consolidated entity as at 30 June 2006 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

2 The directors have been given the declarations by the chief executive officer and chief financial officer for the financial year ended 30 June 2006 pursuant to Section 295A of the Corporations Act 2001.

Dated at Melbourne this 7th day of September 2006.

Signed in accordance with a resolution of the directors of APN Funds Management Limited:

Clive Appleton
Director

KPMG

Independent audit report to the unitholders of APN Regional Property Fund

Scope

The financial report and directors' responsibility

The financial report comprises the consolidated income statements, consolidated statements of changes in equity, consolidated balance sheets, consolidated statements of cash flows, accompanying notes 1 to 20 to the financial statements, and the Directors' declaration set out on pages 10 to 32 for APN Regional Property Fund (the "Consolidated Fund") for the year ended 30 June 2006. The Consolidated Fund comprises APN Regional Property Fund ("the Fund") and the entities it controlled during that financial year.

The directors of the Responsible Entity, APN Funds Management Limited, are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for preparing the relevant reconciling information regarding the adjustments required under Australian Accounting Standard AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*.

Audit approach

We conducted an independent audit in order to express an opinion to the unitholders of the Fund. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Fund's and the Consolidated Fund's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Audit opinion

In our opinion, the financial report of APN Regional Property Fund and its controlled entities is in accordance with:

a) the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Fund and the consolidated entity's financial position as at 30 June 2006 and of their performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b) other mandatory financial reporting requirements in Australia.

KPMG

KPMG

Don Pasquariello
Partner
Melbourne
7th September 2006

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of APN Funds Management Limited, the Responsible Entity of APN Regional Property Fund

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2006 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Don Pasquariello

Don Pasquariello
Partner
Melbourne

7th September 2006

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BSX Additional information

APN Regional Property Fund – Fully paid securities

Fully Paid Unitholders (320 in total) as at 6 September 2006

Unitholder	Units	%
1 RBC Dexia Investor Services Australia Nominees Pty Ltd A/c APNFM	12,000,000	36.79
2 ANZ Nominees Limited A/c Multiplex Acumen Property Fund	3,571,429	10.95
3 Sandhurst Trustees Ltd A/c Macarthurcook PSF	3,190,477	9.78
4 EQT Wholesale High Income Fund	2,000,000	6.13
5 Haltolla Pty Ltd A/c Midwood Superannuation Fund	322,000	0.99
6 Craig Brown Pty Ltd T/A CRB Holdings Pty Ltd A/c Superannuation Fund	220,000	0.67
7 Melbourne Trailor & Caravan Supplies Pty Ltd	200,000	0.61
8 Concord Craft Pty Ltd A/c Henry Family Trust	200,000	0.61
9 Roger & Anne Pratt	200,000	0.61
10 Bramston Pty Ltd A/c Bramston Trust	200,000	0.61
Top 10 Fully Paid Unitholders	22,103,906	67.75
Balance of units held	10,512,431	32.25
Total Fully Paid Unitholders	32,616,337	100.00

Spread of unitholder

Size of Unitholding	Units	Unitholders
1 – 1,000	–	–
1,001 – 5,000	–	–
5,001 – 10,000	698,749	71
10,001 – 100,000	8,279,393	227
100,001 and over	23,638,195	22
Total of all Fully Paid Unitholders	32,616,337	320

in respect of the fully paid units:

(1) No unit holders are holding less than a marketable parcel of unit

(2) full voting rights are attached to each unit held

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Corporate Directory

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Melbourne Collins Street East Vic 8003

Directors

Chris Aylward: Chairman
Clive Appleton: Managing Director
Howard Brenchley: Director & Chief Investment Officer
Michael Doble: Director and Fund Manager
Charles Raymond: Director and Fund Manager
Andrew Cruickshank: Non Executive Director
Michael Butler: Independent Non Executive Director

Management Team

Paul Noonan: Manager, Direct Property
Michael Hodgson: Fund Manager APN Development Fund No1
Peter Cumming: Head of Research and Strategy
Laurence Parisi: Assistant Fund Manager
Damian Diamantopoulos: Assistant Fund Manager
Eko Lundon: Assistant Fund Manager
Warren Boothman: General Manager, Corporate
John Freemantle: Chief Financial Officer
Ron Palermo: Operations Manager
Liz Krajewski: Senior Business Development Manager

Auditor

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