

# APN | Regional Property Fund

ARSN 110 488 821

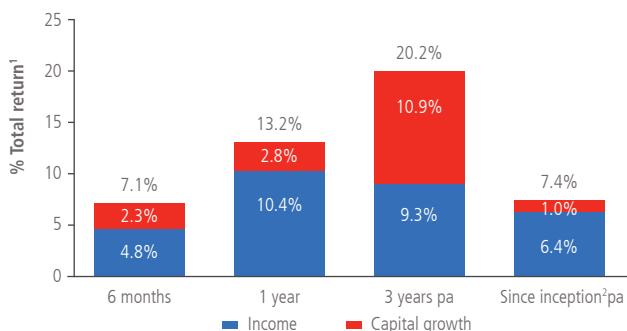
## Fund overview

The APN Regional Property Fund (Fund) is a direct real estate fund listed on the National Stock Exchange (NSX code: APR). The Fund is invested in two office properties located in Newcastle, New South Wales.

The Fund comprises two A-grade office buildings located in the Newcastle CBD. Major tenants include various Government departments, Noble Resources, Fairfax News Media and Sparkle Helmore Lawyers.

## Performance update

The Fund has delivered steady returns since its inception. The graph below reflects performance to 31 December 2016.



1 Performance is based on original fully paid units at \$1.00. Past performance is not necessarily a guide to future performance.

2 Fund inception date 28 October 2004.

## Manager's report

APN is pleased to report that it has entered into a Heads of Agreement to lease the portfolio's sole vacancy; a small 97sqm tenancy on the ground level of 26 Honeysuckle Drive. The tenant, a cosmetic surgeon, is expected to begin trading in the tenancy in March 2017, at which point the portfolio will be 100% occupied.

The Fund's portfolio was revalued at 31 December 2016 resulting in an increase in the portfolio's value of 1.4% to \$44.1 million compared to 30 June 2016. The increase in value of the portfolio is attributed to a firming of the capitalisation rate by 25bps at 26 Honeysuckle Drive as well as an increase in portfolio income due to the annual fixed rental increases. As a result of 26 Honeysuckle Drive's capitalisation rate firming, the weighted average capitalisation rate of the portfolio tightened slightly from 8.71% at 30 June 2016 to 8.61% at 31 December 2016.

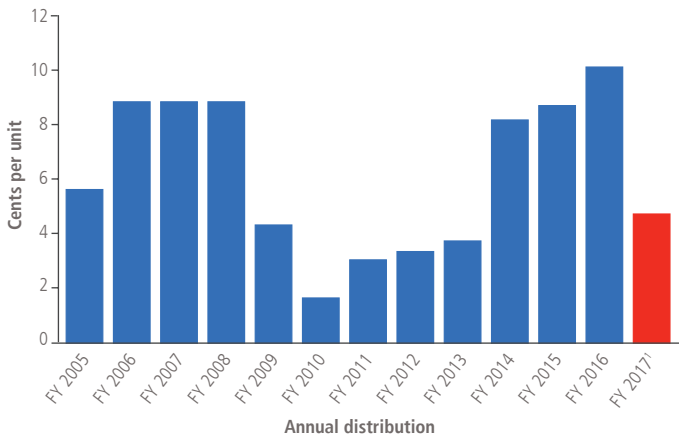
As a result of the increase in the portfolio's value, the Fund's current net asset value per unit increased to \$1.13 from \$1.11 as at 30 June 2016. The Fund's gearing has also reduced from 34.5% at June 2016 to 34.0% currently.

Management are finalising the scope of works required to obtain a target NABERS rating of 4.5. A higher NABERS rating for the buildings would be beneficial for retaining the existing Government tenants as well as attracting new tenants to the buildings.

## AT A GLANCE as at 31 December 2016

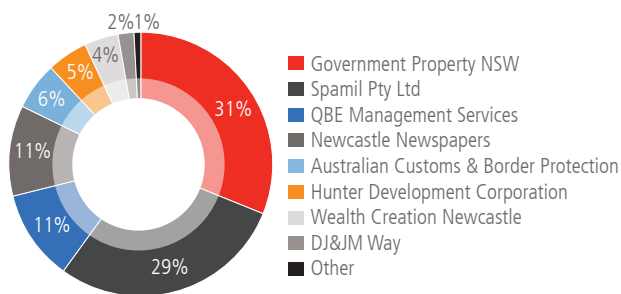
|                                      |  |
|--------------------------------------|--|
| NAV                                  | \$1.13   |
| Unit price revaluation               | The underlying assets are valued six monthly through the Fund's financial statements. Daily unit price is reflected by pricing on the NSX. |
| Property value                       | \$44.1 million   |
| Borrowings (loan to value ratio)     | 34.0%  |
| Weighted Average Lease Expiry (WALE) | 2.9 years (by income)  |
| Occupancy                            | 99%  |
| Fund commenced                       | 28 October 2004 (listing on NSX)   |
| Fund maturity                        | 30 June 2018   |
| Minimum investment                   | No minimum. This Fund is available to new investment by investing via the NSX  |
| Redemption facility                  | Investors wishing to sell their investment in the Fund may seek to sell their units via the NSX  |
| Annual distribution                  | 9.50 cpu   |
| Distribution yield                   | 8.4%   |
| Distribution payments                | Quarterly  |
| Distribution reinvestment            | Not available  |
| Sector allocation by value           | 100% Office  |
| Geographic allocation (by value)     | New South Wales: 100%  |

## Historical distributions



<sup>1</sup> Represents part year to 31 December 2016.

## Income split by tenant



## Important distribution details / dates

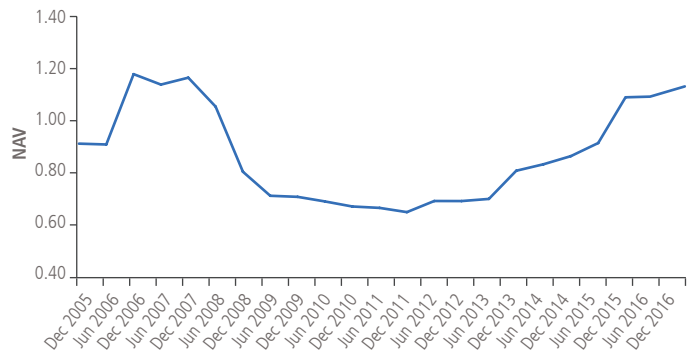
**Distribution payment** Accruing at the end of each quarter ending September, December, March and June. Payment is made on the 25th day following quarter's end, unless that day is a non-business day in which case the distribution will be paid on the following business day.

**Distribution statement** Dispatched at the time of payment above.

**Tax statement** Dispatched annually (by end of August).

## Historical unit values

The Fund is listed on the National Stock Exchange (NSX code: APR). For your reference we have provided the historical Net Asset Value (NAV) per unit.



## Investment team members

Tim Slattery | Chief Executive Officer

Chris Brockett | Head of Direct Property and Fund Manager

## APN Property Group

APN Funds Management Limited (APN FM) is a wholly owned subsidiary of APN Property Group Limited, an ASX listed company (ASX code: APD) that manages approximately \$2.4 billion (as at 31 December 2016) of real estate and real estate securities on behalf of institutional and retail investors. APN is an active investment manager with a concentrated focus on income, and has been investing on behalf of its clients in commercial real estate since 1996.

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