

# APN | Regional Property Fund

ARSN 110 488 821

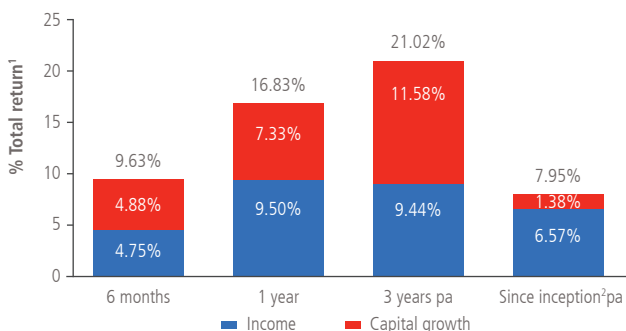
## Fund overview

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 Sparke Helmore Lawyers.

## Performance update

The Fund has delivered steady returns since its inception. The graph below reflects performance to 30 June 2017.



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

The Fund's portfolio was revalued as at 30 June 2017, resulting in an increase in the portfolio's value of \$1.2 million (2.7%) to \$45.3 million compared to 31 December 2016. The increase in value is predominantly due to a firming of the capitalisation rate by 25bps at both properties, reflective of stronger market conditions in Newcastle. As at 30 June 2017, the weighted average capitalisation rate of the portfolio stands at 8.36%.

Following the increase in the portfolio's value, the Fund's current net asset value per unit increased to \$1.19 from \$1.13 at 31 December 2016. The Fund's gearing has also reduced from 34.0% at December 2016 to 33.1% currently.

The Fund's debt facility, which was due to expire in May 2017, has successfully been extended until 31 December 2018 at slightly improved terms. To allow flexibility for a fund wound-up to occur in FY2018, the facility will not be hedged but kept at a floating rate.

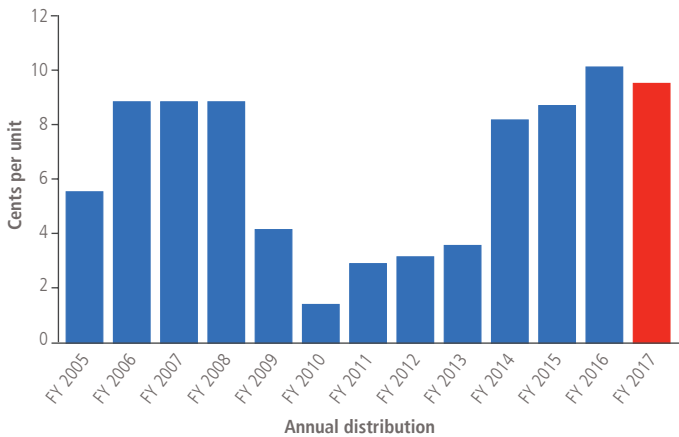
Works have commenced to enhance the energy efficiency of the portfolio, with a target of reaching a minimum 4.5 star NABERS rating. The completion of the works, which is anticipated in late September 2017, will be beneficial for retaining the existing Government tenants as it will align with their environmental targets. It will also reduce the buildings' outgoing expenses and hence make the properties more attractive to prospective tenants.

## AT A GLANCE as at 30 June 2017

NAV	\$1.19
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	\$45.3 million
Borrowings (loan to value ratio)	33.1%
Weighted Average Lease Expiry (WALE)	2.4 years (by income)
Occupancy	99%
Fund commenced	28 October 2004 (listing on NSX)
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	8.0%
Distribution payments	Quarterly
Distribution reinvestment	Not available
Sector allocation by value	100% Office
Geographic allocation (by value)	New South Wales: 100%

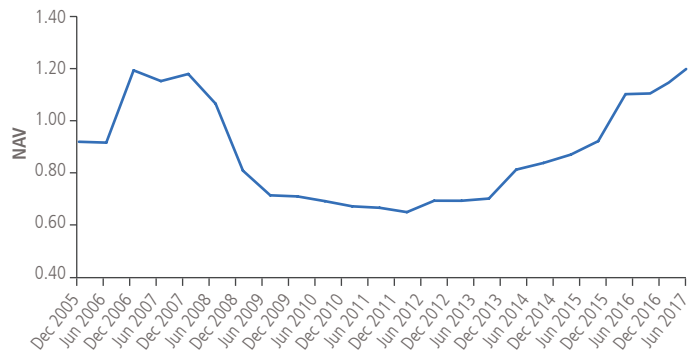
APN is pleased to report that it has recently renewed an existing lease to The Commonwealth of Australia, represented by Australian Customs & Border Protection Services, for a further five-year term commencing 1 December 2017. This has increased the Fund's WALE from 2.4 to 2.7 years (post FY17 end). A Heads of Agreement has also been entered into for the last vacancy of the portfolio, a small 97sqm retail tenancy on the ground level of 26 Honeysuckle Drive. The lease for the premises is currently being finalised.

## Historical distributions

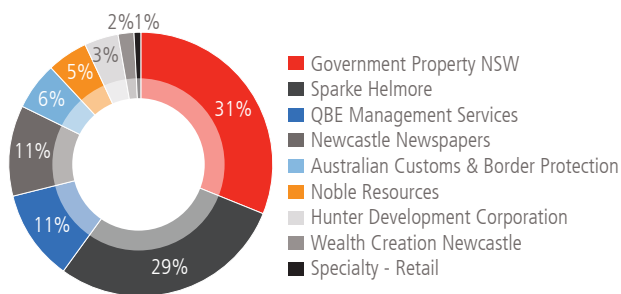


## Historical unit values

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.



## Income split by tenant



## Investment team members

Tim Slattery | Chief Executive Officer  
Annika Fridolf | Assistant 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 \$2.6 billion (as at 30 June 2017) 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.

## 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).

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