

APN | Regional Property Fund

ARSN 110 488 821 APIR Code APN1341AU

4 February 2019

Dear Unitholder

APN Regional Property Fund: Withdrawal Offer

This is an important document, we encourage you to read it, along with the accompanying product disclosure statement (**PDS**), in full and seek professional advice as appropriate.

Withdrawal Offer

As announced to the market today, the APN Regional Property Fund (ARSN: 110 488 821) (**Fund**) is undertaking a capital raising, comprised of a Rights Issue and Public Offer, as well as a Withdrawal Offer (**Liquidity Event**).

As part of the Liquidity Event, and subject to the Rights Issue and Public Offer raising sufficient funds (**Minimum Equity Amount**), when added to the available headroom in the Fund's existing debt facility and cash reserves, for the withdrawal requests to be satisfied, APN Funds Management Limited as responsible entity of the Fund (**APN FM**) is inviting unitholders in the Fund (**Unitholders**) to participate in the Withdrawal Offer on the terms set out below.

Unitholders are under no obligation to participate in the Withdrawal Offer and do not need to do anything unless they wish to withdraw their investment in the Fund.

Your options are as follows:

1. retain your investment in the Fund, in which case you do not need to do anything further; or
2. request to withdraw all or part of your investment, in which case you need to complete the enclosed Withdrawal Request Form.

If you wish to withdraw all or part of your investment in the Fund please read the following information carefully. It is expected that Unitholders who have held units in the Fund for a considerable period of time would be subject to a significant capital gain upon withdrawal of all or part of their investment. **We recommend you seek advice from your financial adviser, accountant or tax adviser on the consequences of withdrawing your investment.**

The Withdrawal Offer is being made to provide an opportunity for Unitholders to realise their investment in the Fund and is being undertaken as part of the broader Liquidity Event. APN FM has determined that the Liquidity Events is the most appropriate means by which to provide investors with a liquidity solution at this time but retains the right to cancel the withdrawal in accordance with its obligations under the *Corporations Act 2001* (Cth) (**Corporations Act**) and as outlined in the PDS if it is in the best interests of unitholders to do so.

Important Information

The Withdrawal Offer will open on 7 February 2019 and close at 5.00pm Melbourne time on Monday, 25 March 2019 (**Closing Time**).

The Withdrawal Offer is subject to the Minimum Equity Amount being raised. In the event that the Minimum Equity Amount is not raised before APN FM is required to satisfy the withdrawal requests, APN FM will cancel the Withdrawal Offer and notify Unitholders.

If you wish to participate in the Withdrawal Offer, complete and return the enclosed Withdrawal Request Form.

Withdrawal Request Forms received after the Closing Time will not be accepted.

Withdrawal Request Forms need to be posted, faxed or emailed to:

APN Funds Management Limited
Post: PO Box 18011, Melbourne Collins Street East, VIC 8003
Fax: (03) 8656 1010
Email: apnpg@apngroup.com.au

Withdrawal price

Unless the Withdrawal Offer is cancelled for the reasons set out above, Unitholders who elect to withdraw their investment are expected to receive a price of between \$1.4046 and \$1.4176 per Unit (being the Net Asset Value per Unit of \$1.4346 less transaction costs which are expected to be in the range of 1.7 cents to 3.0 cents per Unit, or approximately 1 - 2% of the Net Asset Value). Under the Constitution of the Fund, APN FM is required to calculate the withdrawal price at the Closing Time. The final Withdrawal Price will be announced to NSX and posted on our website, www.apngroup.com.au, once it has been calculated. APN FM does not expect the withdrawal price at the Closing Time to fall outside the expected withdrawal price range set out above. APN FM will not proceed with the Withdrawal Offer should the withdrawal price at the Closing Time be materially lower than the expected withdrawal price range, in which case the appropriateness of an alternative liquidity opportunity in the bests interests of investors would be considered by APN FM in its absolute discretion.

APN FM reserves the right to extend the period of the Withdrawal Offer, close the Withdrawal Offer early or accept late withdrawal requests, in its absolute discretion, subject to the Corporations Act and other applicable laws and rules.

APN FM reserves the right to cancel the Withdrawal Offer at any time if it is in the best interests of Unitholders to do so, and as required by the Corporations Act.

Funding of the Withdrawal Offer

The Withdrawal Offer will be funded by a combination of debt funding, the proceeds of the Rights Issue and Public Offer and cash reserves of the Fund. Further details regarding the availability of debt funding, the Rights Issue, the Public Offer and the cash reserves are set out in the PDS.

However, APN FM is unable to guarantee the total amount that will be available to satisfy withdrawal requests (if such requests are in fact satisfied) as it depends on the level of participation by existing and new investors in the Rights Issue and Public Offer.

Depending on the aggregate amount and value of withdrawal requests, the amount raised by APN FM under the Rights Issue and Public Offer and the funds available under the debt facility and in the cash reserves of the Fund may not be sufficient to satisfy all withdrawal requests. If this is the case, and the Minimum Equity Amount is not available to satisfy the withdrawal requests received, the APN FM Board currently intends to implement a sale process of the properties owned by the Fund and commence the process that will culminate in a winding up of the Fund.

Payment of the Withdrawal Offer proceeds

Payment of withdrawal proceeds will be made by direct credit to your nominated bank account within 21 days following the Withdrawal Offer closing date (subject to the Withdrawal Offer proceeding where the Minimum Equity Amount has been raised) which is currently expected to occur on or around Monday, 15 April 2019.

Confirmation of Withdrawal

On the conclusion of the Withdrawal Offer, Unitholders who participate will be issued with a transaction statement advising of the final amount received and the units withdrawn. Unitholders who have fully withdrawn all of their units will have any original unit certificates cancelled. Unitholders who have partially withdrawn their units will have any original unit certificates cancelled and will be issued new unit certificates corresponding to their new holdings.

Trading your units via the NSX

In order to maintain an orderly market for units in the Fund and to manage the Liquidity Event, units in the Fund will be suspended from trading on the National Stock Exchange of Australia (NSX) for the duration of the Liquidity Event period (including the Withdrawal Offer period).

Please note that as the Fund is listed on the NSX under the APN Regional Property Fund ticker code 'APR', you have the ability to buy and sell units in the Fund via the NSX (other than during the Recapitalisation period). If you are interested in buying or selling units in the Fund via the NSX, you will need to use the services of one of the 21 NSX approved brokers. The full list of online and full services brokers is available at www.nsx.com.au/investors/find_a_broker. However, as noted above, you will not be able to trade your units in the Fund during the Liquidity Event period, as units in the Fund will be suspended from trading.

Yours sincerely

A handwritten signature in black ink, appearing to read 'G. Brunsdon', with a long horizontal line extending to the right.

Geoff Brunsdon
Independent Chairman