



30 September 2015

Dear Unitholder

APN Regional Property Fund (ARSN: 110 488 821) Fund Update and Strategy

Following the National Stock Exchange (**NSX**) announcement made on 17 June 2015, APN Funds Management Limited (**APN**) as responsible entity of the APN Regional Property Fund (**Fund**) has completed its review of the performance and strategy for the Fund and its remaining assets.

Fund update and FY2015 financial results

The Fund reported a solid result for the year ended 30 June 2015, despite a more challenging leasing environment. Distributions paid increased 19.2% to 8.70 cents per unit (cpu), delivering a yield of approximately 10.2% on the Fund's starting June 2014 Net Asset Value (NAV) (and 8.7% on the original \$1.00 unit price).

A number of notable leases were executed during the year culminating in securing Fairfax Media for 1,061 sqm at 28 Honeysuckle Drive. As at 30 June 2015 the Fund's weighted average lease expiry increased to 4 years and 100% (by income) occupied.

Net asset value (NAV) per unit as at 30 June 2015 increased by 9.2% to \$0.9349 following a \$1.5 million valuation gain from the independent valuation of the Fund's two remaining properties. The Fund's loan to valuation ratio was successfully reduced to 39.5% from 41.9% at the start of the period, following the previously announced sale of the Parkes property and completion of the June 2015 \$5.5 million withdrawal offer.

Subject to a continuation of the current market conditions the Fund is forecasting an annualised distribution per unit of 9.00 cents, up 3.4% of the prior year, with the September 2015 quarter distribution of 2.25 cpu payable on 30 October 2015 to unitholders registered as at 30 September 2015.

For further information please refer to the Fund's FY2015 financial report available on the NSX, the Fund's website at [www.apngroup.com.au/funds/APN Regional Property Fund](http://www.apngroup.com.au/funds/APN%20Regional%20Property%20Fund), or by contacting APN Investor Services on 1800 996 456.

Fund Strategy

APN FM has a clear and focused strategy to maximise value (income and capital) for all Fund unitholders. All opportunities to further enhance returns for unitholders will continue to be assessed and APN FM is committed to providing further withdrawal opportunities where possible and as permitted by the availability of capital.

APN FM's immediate strategic objectives for the Fund are to extend those leases with impending expiration dates and commence a capital expenditure program to increase the environmental sustainability of both buildings (NABERS rating) that will improve the tenant retention and saleability of the properties.

Following the lease extensions and completion of the capital expenditure program (forecast for mid calendar year 2016), APN FM will seek to divest the properties and return the resultant net proceeds to unitholders and/or provide a liquidity event to all unitholders seeking liquidity.

Trading your units via the NSX

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. 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 25 NSX approved brokers and return your recently re-issued Unit Certificate. The full list of online and full services brokers is available at www.nsx.com.au/investors/find_a_broker.

Yours sincerely



John Freemantle
Company Secretary
APN Property Group Limited