



APN REGIONAL PROPERTY FUND

INVESTOR UPDATE

AS AT 31 DECEMBER 2016

APN | Property Group

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1H FY17 Highlights

- Stable income underpinned by 42% leased to government tenants and 40% leased to national corporate tenants
- Net Profit of \$2.01 million
- FY17 distribution guidance remains on track at 9.5 cents per unit, reflecting a distribution yield of 8.41% pa² (paid quarterly)
- NAV per unit \$1.13, up from \$1.11 at June 2016
- Current gearing of 34%¹, down from 34.5% at June 2016
- 99% occupied with a diversified tenant mix
- WALE of 2.9 years by income

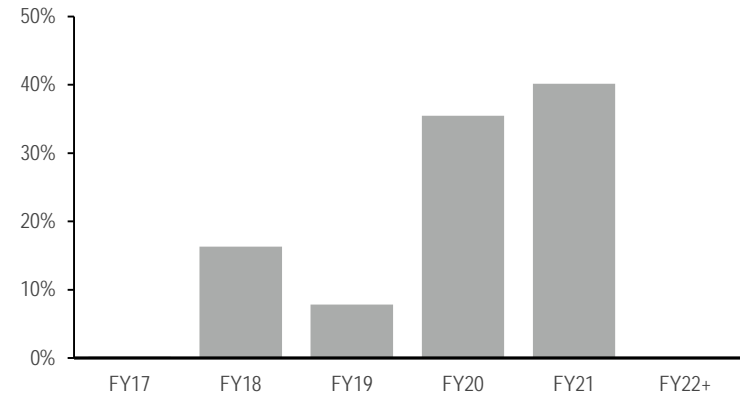
1. Calculated as total bank debt of \$15m divided by portfolio value of \$44.1m.
2. Calculated as FY17 distribution rate of 9.50 cents per unit divided by current NAV of \$1.13 per unit.



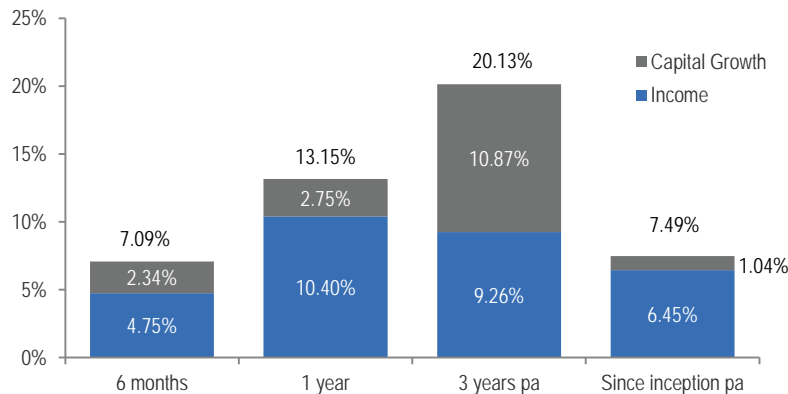
Fund Key Metrics

\$44.1m Portfolio value	2 A-grade Properties	9,471 Net Lettable Area
\$1.13 NAV	8.41% Distribution yield ²	7.49% Total return p.a. since inception
2.9 year WALE	99% Occupancy	34% Gearing ¹

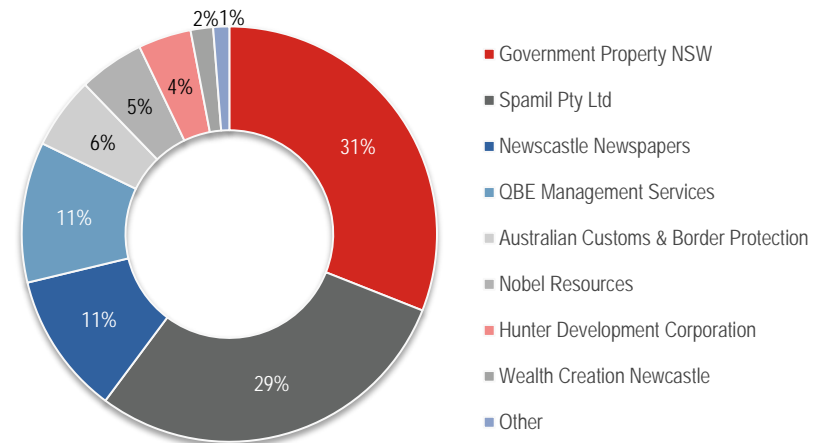
Lease Expiry Profile (by income)



Fund Total Return ³



Tenant Profile (by income)



1. Calculated as total bank debt of \$15m divided by portfolio value of \$44.1m.
 2. Calculated as FY17 distribution rate of 9.50 cents per unit divided by current NAV of \$1.13 per unit.
 3. Performance is based on original fully paid units at \$1.00. Past performance is not necessarily a guide to future performance.
 4. Fund inception date of 28 October 2004.

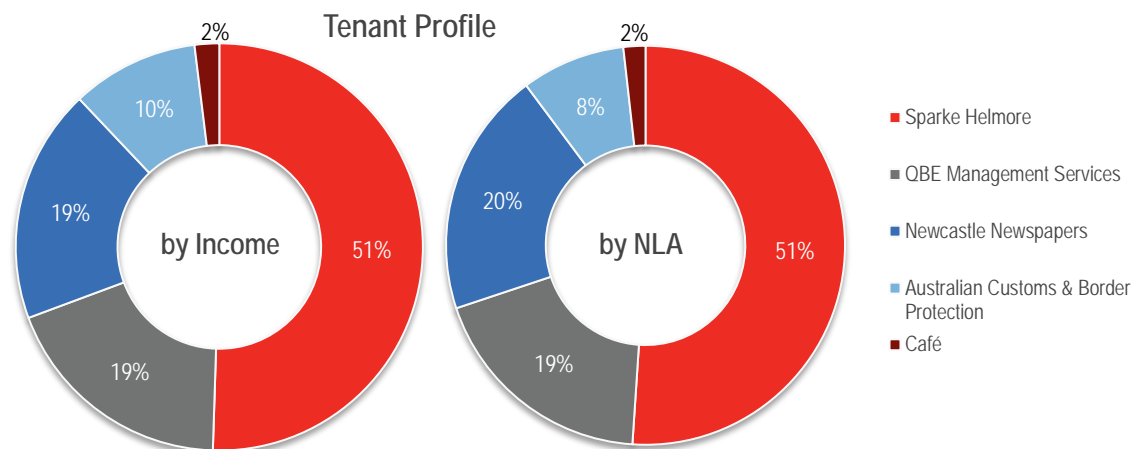
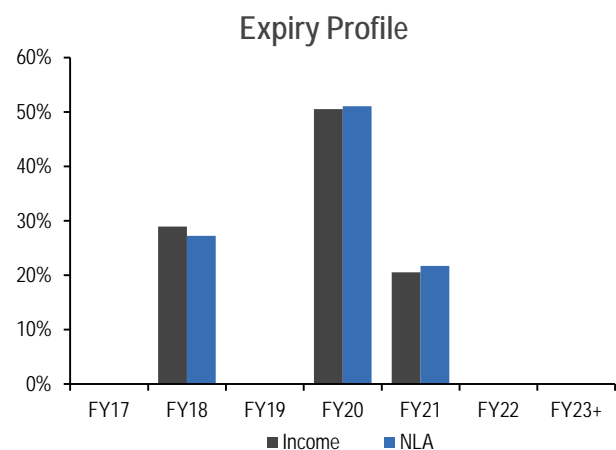
Property 1 – 28 Honeysuckle Drive

Overview

- Built in 2002, comprising seven storeys
- Five commercial tenancies and a rooftop telecommunications tenancy
- Modern building in the emerging Honeysuckle Precinct, located 1.5km to the west of the Newcastle City Centre
- 50% of the rental income sourced from a single tenant, who has been in occupation since the building was constructed
- The Fund is committed to targeting a NABERS rating of 4.5 in order to continue to retain and attract good quality tenants

Metrics as at 31 December 2016

Property valuation ¹	\$25,300,000
Capitalisation rate	8.50%
NLA	5,330 m ²
Rate/m ² of NLA	\$4,747m ²
Car parking	76 secured spaces
Net property income	\$2.37 million
Annual reviews	Fixed (3.5% – 5%)
Occupancy	100%
Weighted Average Lease Expiry	2.55 years (by income)



1. Based on an independent valuation

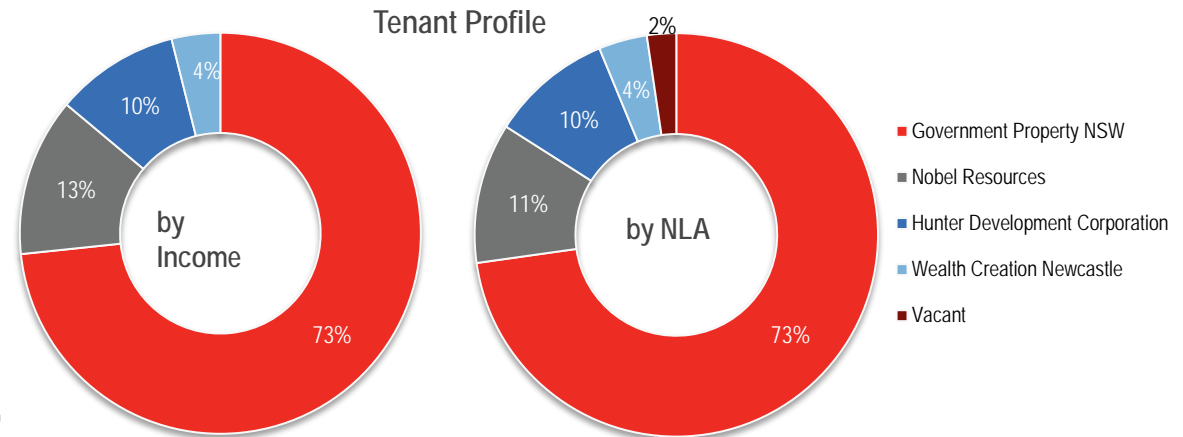
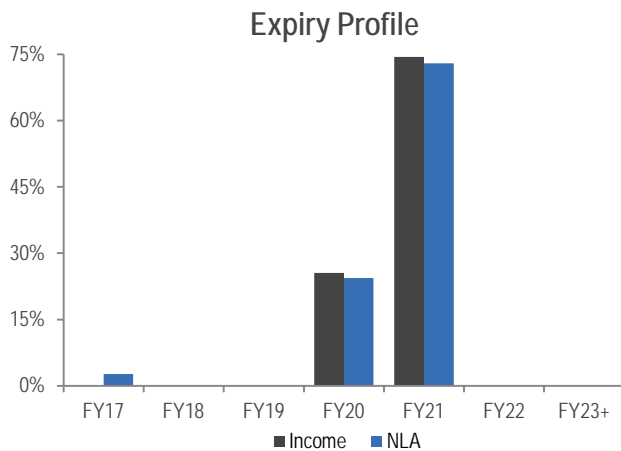
Property 2 – 26 Honeysuckle Drive

Overview

- Neighbouring 28 Honeysuckle Drive, this building was constructed in 2005, comprising seven storey's
- Removal of the heavy rail line directly behind the building has increased pedestrian access ways to and from the Honeysuckle Precinct
- Five commercial tenancies and two retail tenancies
- 86% of the rental income sourced from various NSW Government tenants
- Heads of Agreement entered into for a 5 year lease of building's sole vacancy; a small 97sqm tenancy on the ground level. Expected lease commencement in March 2017

Metrics as at 31 December 2016

Property Valuation ¹	\$18,800,000
Capitalisation rate	8.75%
NLA	4,141 m ²
Rate/m ² of NLA	\$4,539m ²
Car parking	90 secured spaces
Net property income	\$1.66 million
Annual reviews	Fixed (3.5% – 4%)
Occupancy	98%
Weighted Average Lease Expiry	3.38 years (by income)

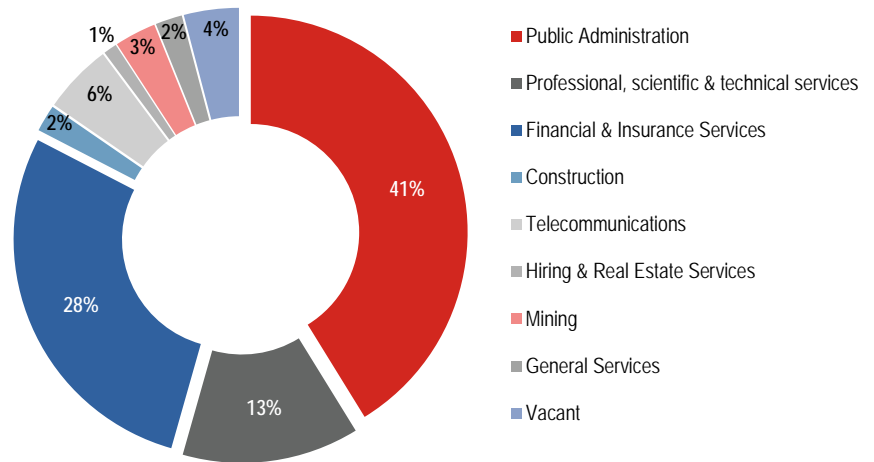


1. Based on an independent valuation

Newcastle: Australia's 7th largest city

- Newcastle is located 162 km north east of Sydney CBD
- The Newcastle metropolitan area is the second most populated area in the Australian state of New South Wales
- Young demographic structure with 54% of residents aged 39 or below
- Strong population growth projected over next 15 years, with 42% of this growth expected within the dominant working age group (20 – 64)
- Gross Regional Product (GRP) of \$38.2 billion, significantly above other regional NSW centres
- Diverse economy with no single industry contributing more than 16% to GRP
- A-grade office space represents approx. one third of total office space in Newcastle. This portfolio makes up ~10% of the total A-grade office space
- Dominant tenant within the A-grade market is Public Administration, with State and federal Government Agencies representing 41% of the A-grade market
- Newcastle A-grade vacancy rate of 4.1% as at August 2016, making it one of the tightest A-grade markets in the country

Newcastle A-grade office tenants by Industry



Source: Colliers International

Additional Information

For additional information on the Fund including the audited financial statements for the half-year ended 31 December 2016, please visit the APN Property Group website at www.apngroup.com.au