



# APN REGIONAL PROPERTY FUND FY18 ANNUAL RESULTS

RESULTS RELEASE DATE

**APN** | Property Group

# At a Glance

**\$51.1m**

PORTFOLIO VALUE

**2**

A-GRADE OFFICE PROPERTIES

**9,471**

SQUARE METRES

**\$1.41**

NET TANGIBLE ASSETS PER  
SECURITY

**8.56%**

DISTRIBUTION YIELD<sup>1</sup>

**9.31%**

TOTAL RETURN P.A.  
SINCE INCEPTION<sup>2</sup>

**80%**

INCOME FROM GOVT OR  
NATIONAL TENANTS

**100%**

OCCUPANCY

**29.4%**

GEARING<sup>3</sup>

1. Calculated as FY18 distribution rate of 9.50 cents per unit divided by the last trading price of APR in FY18 of \$1.11.
2. Fund total return based on NAV.
3. Calculated as total bank debt of \$15m divided by portfolio value of \$51.1m.

# FY18 Results

---

## Financial

- Net Profit of \$8.22 million
- FY18 distribution of 9.5 cents per unit, reflecting a distribution yield of 8.6% pa<sup>(2)</sup> (paid quarterly)
- NAV per unit \$1.41, up 18.5% from \$1.19 at June 2017
- Current gearing of 29.4%<sup>(1)</sup>, down from 30.9% at December 2017

## Operational

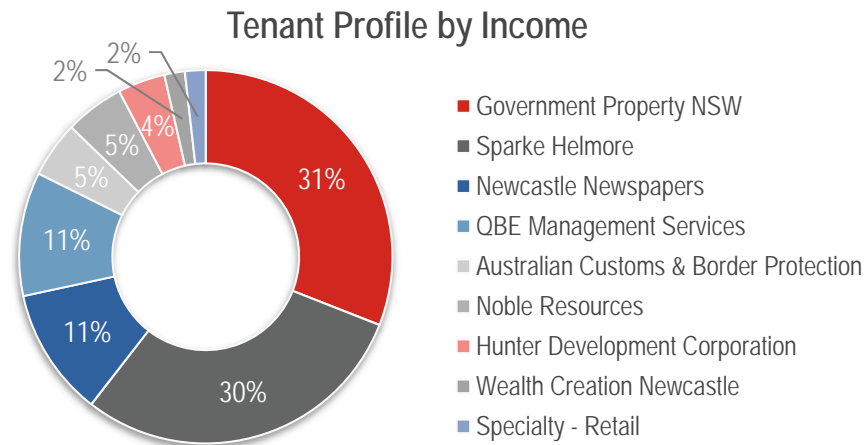
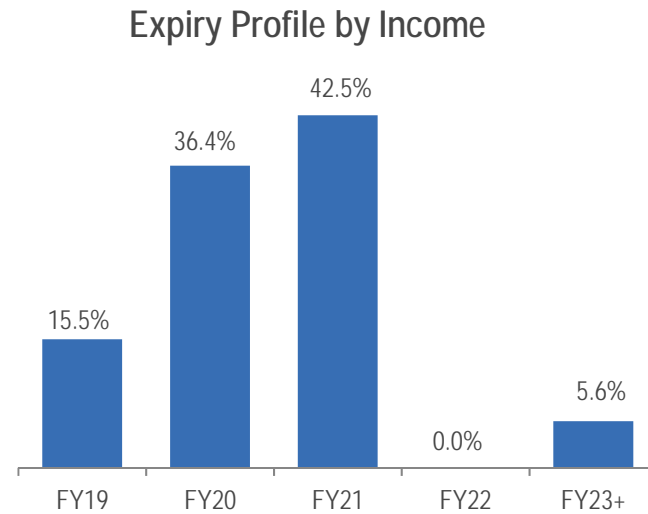
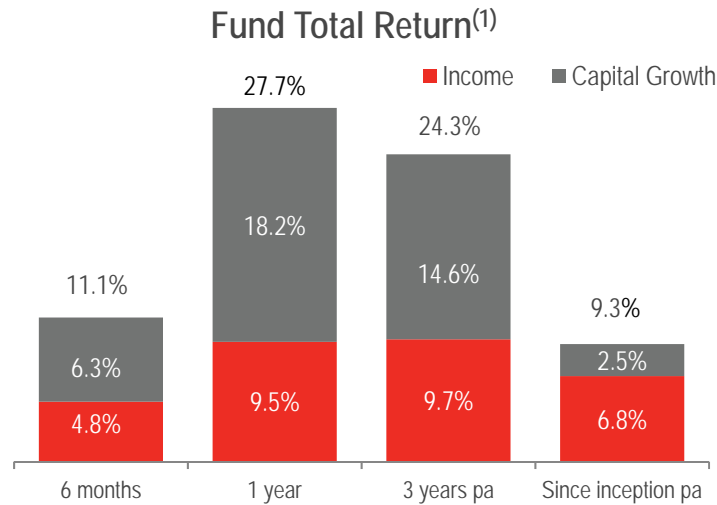
- 80% of the stable income is secured by government and national corporate tenants.
- Significant capital works projects underway to improve building amenities including end of trip facilities and foyer upgrades
- Interim NABERS reading of 4.4 stars received
- WALE of 1.9 years by income
- Completed repainting of the external façade and entry foyer of both buildings
- 100% occupancy – 17 tenancies



1. Calculated as total bank debt of \$15m divided by portfolio value of \$51.1m.

2. Calculated as FY18 distribution rate of 9.50 cents per unit divided by the last trading price of APR in FY18 of \$1.11.

# Fund Key Metrics



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 of 28 October 2004.

# Property 1 – 26 Honeysuckle Drive

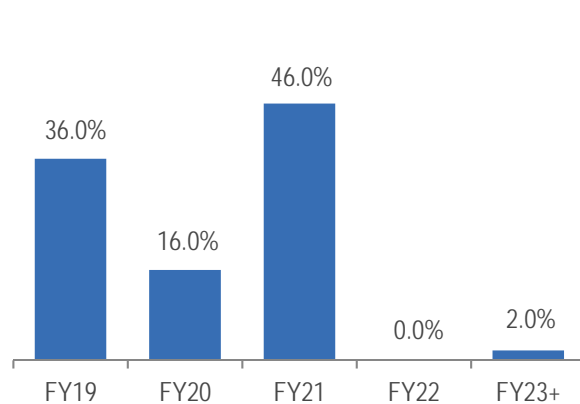
## Overview

- Modern building within the Honeysuckle Precinct, located 1.5km to the west of the Newcastle City Centre
- Five commercial and two retail tenancies over seven storeys
- 83% of the rental income sourced from various NSW Government tenants
- 100% occupancy

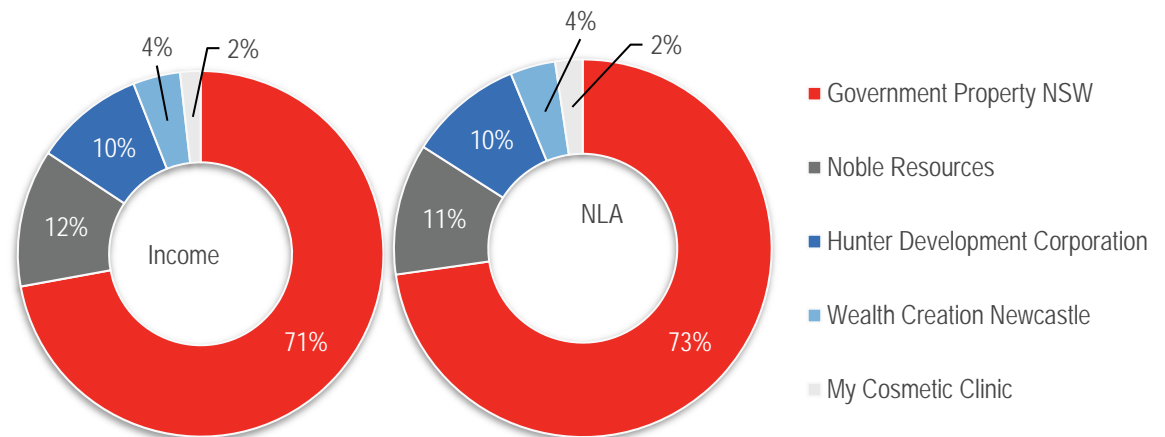
## Metrics as at 30 June 2018

Independent Valuation	\$21,900,000
Capitalisation rate	7.50%
Net Lettable Area	4,141 sq m
Valuation of NLA	\$5,289/sq m
Car parking	72 secured spaces
Net property income (annual)	\$1.76 million
Annual reviews	Fixed (3.50% – 5.00%)
Occupancy	100%
Weighted Average Lease Expiry	1.69 years (by income)

### Expiry Profile



### Tenant Profile



# Property 2 – 28 Honeysuckle Drive

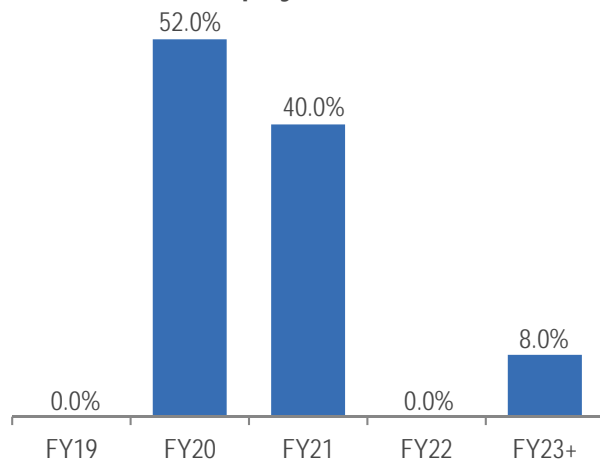
## Overview

- Built in 2002, comprising seven storeys
- Five commercial tenancies, a single retail tenancy and a rooftop telecommunications tenancy
- 50% of the rental income sourced from a single tenant, who has been in occupation since the building was constructed
- The Fund is planning to undertake a variety of capital expenditure projects designed to retain and attract high quality tenants

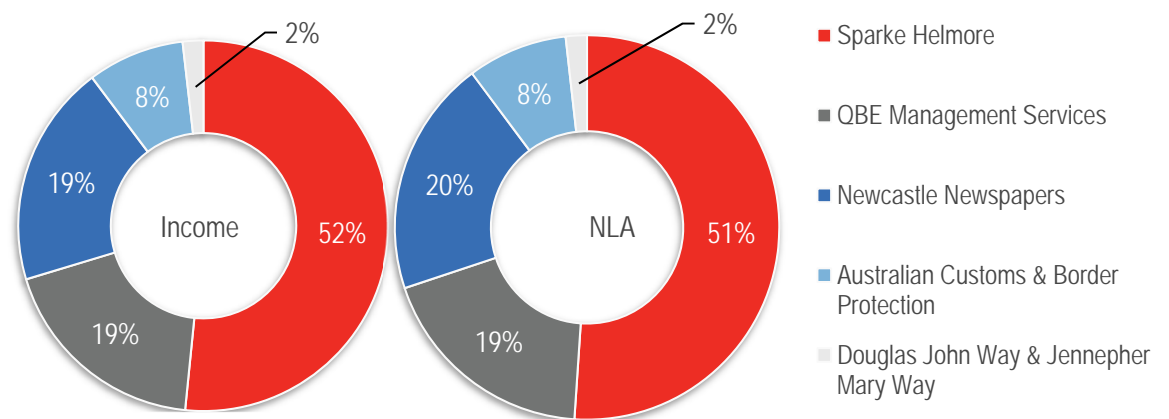
## Metrics as at 30 June 2018

Independent Valuation	\$29,200,000
Capitalisation rate	7.50%
Net Lettable Area	5,330 sq m
Valuation of NLA	\$5,478/sq m
Car parking	92 secured spaces
Net property income (annual)	\$2.40 million
Annual reviews	Fixed (3.50% – 5.00%)
Occupancy	100%
Weighted Average Lease Expiry	2.07 years (by income)

## Expiry Profile



## Tenant Profile

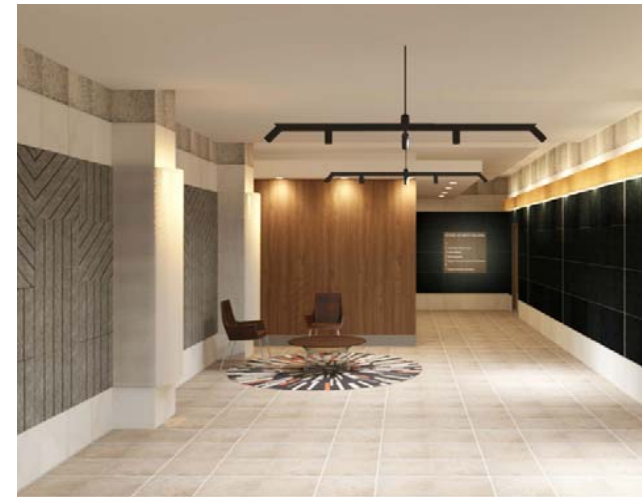


# Active Asset Management

- To assist with tenant retention and the long term marketability of the assets, APN has committed to a number of capital expenditure/maintenance programs including:
  - Upgrade to the foyers of both 26 & 28 Honeysuckle drive
  - Upgrade and expansion of the end of trip facilities to include four male and three female shower cubicles, and 14 male and 12 female lockers. Works are expected to be completed within the current financial year
  - Refit the old end of trip facilities into a dedicated accessible toilet/shower facility
  - Upgrades to the female, male and accessible toilet facilities across three levels
  - Ongoing tuning of the building management system to continually improve the NABERS energy efficiency rating.



Architect impression: End of trip facilities



Architect impression: Foyer – 28 Honeysuckle Drive

## Fund Strategy

---

- As outlined in our 1H FY18 investor presentation, the Board is committed to providing investors with a liquidity event. The original timeframe for this was 30 June 2018.
- As outlined to investors on 24 May 2018, the Board is now targeting to provide the liquidity event by 31 December 2018 to allow additional time to finalise a number of projects that are being undertaken in order to increase value to unitholders. These include:
  - a major tenant renewal;
  - the finalisation of the results from the recently completed NABERS upgrade; and
  - major tenant enhancement and retention capital expenditure programs, including the end of trip facilities and foyer upgrades.
- Each of these initiatives are well underway and the Board is confident that the new target timing provided to investors remains achievable. We will again be communicating to investors over the coming months.
- Management are continue to work proactively to further secure and maximise the portfolio's financial performance through lease renewal initiatives, active management of operating expenses, and undertaking of capital projects ensuring the properties' strong position in the market is maintained.



## Additional Information

---

For additional information on the Fund including the audited financial statements for the year ended 30 June 2018, please visit the **APN** Property Group website at [www.apngroup.com.au](http://www.apngroup.com.au)

# Disclaimer

---

This presentation has been prepared by APN Funds Management Limited (ACN 080 647 479, AFSL No. 237500) (the "Responsible Entity") as the responsible entity and issuer of the financial products in respect of APN Regional Property Fund (ARSN 110 488 821). The APN Regional Property Fund is a direct real estate fund listed on the National Stock Exchange (NSX code: "APR"). Information contained in this presentation is current as at 30 June 2018. The information provided in this presentation does not constitute financial product advice and does not purport to contain all relevant information necessary for making an investment decision. It is provided on the basis that the recipient will be responsible for making their own assessment of financial needs and will seek further independent advice about investments as is considered appropriate. This presentation does not constitute an offer, invitation, solicitation or recommendation with respect to the subscription for, purchase or sale of any security, nor does it form the basis of any contract or commitment.

Except as required by law, no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions, or as to the reasonableness of any assumption, contained in this presentation. By reading this presentation and to the fullest extent permitted by law, the reader releases the Responsible Entity and their respective affiliates, and any of their respective directors, officers, employees, representatives or advisers from any liability including, without limitation, in respect of any direct or indirect or consequential loss, damage, cost, expense, outgoing, interest, loss of profits or loss of any kind ("Losses") arising in relation to any recipient or its representatives or advisers acting on or relying on anything contained in or omitted from this presentation or any other written or oral opinions, whether the Losses arise in connection with any negligence, default or lack of care on the part of Responsible Entity or any other cause.

The forward-looking statements, opinions and estimates provided in this presentation are based on estimates and assumptions related to future business, economic, market, political, social and other conditions that, while considered reasonable by the Responsible Entity, are inherently subject to significant uncertainties and contingencies. Many known and unknown factors could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements. Such factors include, but are not limited to: operating and development risks, economic risks and a number of other risks and also include unanticipated and unusual events, many of which are beyond the Responsible Entity ability to control or predict. Past performance is not necessarily an indication of future performance. The forward-looking statements only speak as at the date of this presentation and, other than as required by law, the Responsible Entity disclaim any duty to update forward looking statements to reflect new developments. To the fullest extent permitted by law, the Responsible Entity makes no representation and gives no assurance, guarantee or warranty, express or implied, as to, and takes no responsibility and assumes no liability for, the authenticity, validity, accuracy, suitability or completeness of, or any errors in or omission, from any information, statement or opinion contained in this presentation.

The Responsible Entity or persons associated with it, may have an interest in the securities mentioned in this presentation, and may earn fees as a result of transactions described in this presentation or transactions in securities in APR.