8 November 2018

APN Regional Property Fund (NSX code: APR)

Major Tenant Renewal and further leasing activity

Dear Investor,

APN Funds Management Limited (**APN FM**) as responsible entity of APN Regional Property Fund (**Fund**) is pleased to announce that it has completed a major leasing transaction with Sparke Helmore Lawyers (**Sparke Helmore**).

Sparke Helmore currently occupies 2,721 sqm of net lettable area across levels 5, 6, and 7 of 28 Honeysuckle Drive, Newcastle under a lease that was due to expire in December 2019. Under the lease variation, Sparke Helmore has extended its occupancy of levels 6 and 7 (1,721 sqm) for an additional eight year term (expiring 31 January 2027) at a net rental rate in line with current market rates, whilst also surrendering level 5 (1,000 sqm) effective 1 February 2019.

As part of its active management approach APN FM will undertake several capital improvement initiatives across levels 6 and 7 including the refurbishment of the bathroom facilities, installation of new energy efficient lighting and new carpeting. APN FM is also taking the opportunity to complete the same upgrades to level 5 in line with its objective of continually improving the overall tenant amenity of the building.

As a result of the above leasing outcome, the weighted average lease expiry (**WALE**) of the Fund will increase from 1.6 years to 2.7 years[1]. Distributions (which the Fund pays quarterly), are confirmed at the current annual rate of 9.50 cents per unit for the remainder of FY2019.

In conjunction with the above, APN FM is also pleased to advise it has entered into a heads of agreement with a new tenant to occupy 650 sqm of level 5 at 28 Honeysuckle Drive that will be surrendered by Sparke Helmore. The proposed ten year lease remains subject to final negotiation and execution of documentation.

Commenting on the leasing success, Tom Forrest, Head of Direct Property said: "Sparke Helmore is a quality longstanding tenant within 28 Honeysuckle Drive which has been in occupation since the building was constructed almost 16 years ago. Securing Sparke Helmore's long term commitment to the building, whilst also engaging with new tenants to backfill level 5, demonstrates the success of APN's leasing strategy and active asset management approach. We continue to see real benefits from our tenant amenity enhancement initiatives, with work commenced on brand new end of trip facilities and foyer upgrades, and the recently completed building energy efficiency (NABERs) works. These initiatives not only deliver improved outcomes for existing and renewing tenants but also actively contributes to a meaningful point of difference for new tenant enquiries and engagement."

As communicated within the recent investor update, the Board continues to target a liquidity event for the Fund as an alternative to units being transacted via the National Stock Exchange (NSX). The above leasing outcome with Sparke Helmore is a key component of delivering investor value. APN FM will provide a further investor update in due course including in regards to the proposed liquidity options.

ENDS

For further information, please contact:

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Note 1: Calculated as at 31 October 2018.

About APN Regional Property Fund

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 A-grade office buildings located in the Newcastle CBD, New South Wales.

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 $2.8 billion (as at 30 June 2018) 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.

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