



10 July 2020

Distribution statement and fund update

APN Regional Property Fund | ARSN 110 488 821

Dear Investor

Please find enclosed the distribution statement for your investment in the APN Regional Property Fund ("Fund") for the period ending 30 June 2020.

A monthly distribution of 0.8500 cents per unit was paid for the month ended 30 June 2020 and a total of 2.55 cents per unit has been paid for the quarter ending 30 June 2020. For FY2020, the Fund has provided investors a total annual distribution of 10.20 cents per unit representing an 7.1% distribution yield (on the recapitalisation unit price of \$1.4346 per unit).

The June 2020 monthly distribution was deposited into your nominated bank account on 10 July 2020. If you do not receive the amount indicated in the attached distribution statement, please contact APN Investor Services on 1800 996 456.

If withholding tax has been deducted from your distribution you are either a non-resident investor or you have not supplied us with a Tax File Number (TFN) or an Australian Business Number (ABN). Please provide us with your TFN or ABN if you wish to avoid future deductions of withholding tax.

Fund Update

We are pleased to provide a brief update of a number of leasing movements that have occurred since the last investor update as outlined below:

- **Property NSW** (levels 2-5, 26 Honeysuckle Drive) has not taken up their five-year option period and are unlikely to commit to the building long term given their leasing pre-commitment to a new development located at 6 Stewart Avenue. However, a lease extension to 31 May 2021 has been agreed, across levels 4 and 5, prior to these two levels being backfilled by QBE (details below). Although Property NSW requested a lease extension over their other two levels (levels 2 and 3), APN has not yet agreed to a lease extension given we are dealing with a number of active lease requirements in the market that require occupation soon after Property NSW's existing lease expiry in November 2020.
- **QBE** (level 4 in 28 Honeysuckle Drive) has executed a Heads of Agreement that includes a one-year extension on their current premises before they expand across a larger footprint at 26 Honeysuckle Drive. From November 2021, QBE will move from 28 Honeysuckle to 26 Honeysuckle, and expand their occupation across two levels that Property NSW are vacating (levels 4 and 5) on a new seven-year term. This will increase their presence from 1,000 sqm to 1,500 sqm from November 2021.
- **MJ's Café** (ground, 28 Honeysuckle Drive) has executed a six-year lease extension, with the new expiry November 2026. Given this tenant has been impacted by COVID-19, a three-month rent-free period was provided as part of the lease extension.
- **My Cosmetic Clinic** (ground, 26 Honeysuckle Drive) requested rent relief after their trade was impacted by COVID-19. As part of our discussions to provide relief, and to ensure their business longevity, we agreed to extend the lease by additional two years to July 2024, whilst improving their short-term cash flow by providing relief in the form of three months' rent free.

- **Newcastle Newspapers** (level 3, 28 Honeysuckle Drive) has given notice that they will be vacating their premises at lease expiry in November 2020. We are however in advanced discussions with a replacement tenant to backfill this level and will continue to keep investors updated.

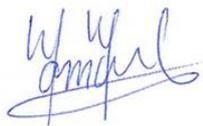
APN continues to negotiate with a number of tenants, both existing and potential new tenants to the building, and will provide a further investor update in August following the completion of the FY2021 financial accounts.

In addition, and on the back of the positive leasing developments noted above, we are pleased to announce that the forecast distribution rate of 10.20 cents per unit will be maintained for FY2021 which represents a 7.10% distribution yield (on the recapitalisation unit price of \$1.4346 per unit).

You can view all the Funds investor communications by visiting our website at <https://apngroup.com.au/fund/regi/> and can also find topical articles that we regularly publish on our blog at blog.apngroup.com.au/.

If you have any queries, please contact APN Investor Services on 1800 996 456 between 8.30am – 5.30pm Melbourne time or email us at apnpg@apngroup.com.au.

Yours sincerely



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APN Property Group

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