



Fund overview

The APN Regional Property Fund is a fixed term, unlisted property fund due to expire in June 2024. The properties are located at 26-28 Honeysuckle Drive, Newcastle, New South Wales and comprise two A-grade commercial office buildings situated within the CBD. The Fund aims to provide Unitholders with sustainable distributions with the potential for income and capital growth.

Manager's report

We hope all investors are keeping safe during these unprecedented times imposed as a result of COVID-19.

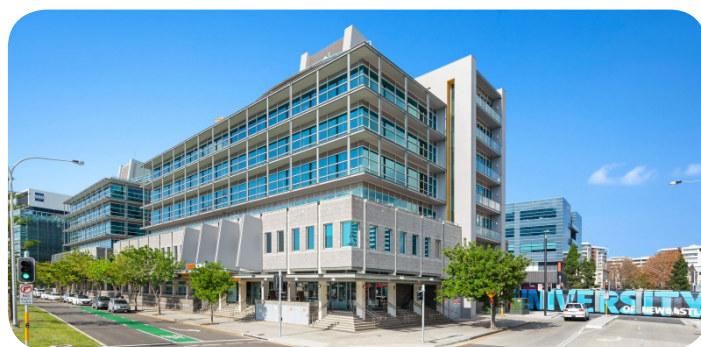
Since the start of March APN has implemented its established business continuity plan to ensure our business operates effectively despite the widespread disruption being experienced across the community. We have also been working closely with our tenants to ensure they are able to operate in an environment that is safe and in accordance with government requirements. APN's immediate priority is the health and wellbeing of its employees, tenants and other stakeholders.

Despite the current situation, the Fund remains well placed for the following reasons:

- The building is occupied by quality lease covenants across a broad range of services and industries including both NSW and Federal government tenants, resource sector tenants, legal services and other service industries with government related contracts.
- We continue positive discussions with a number of tenants regarding their lease expiries in FY2021.
- The Fund's gearing is currently 33.7%, below the debt covenant of 55%.
- The interest coverage ratio (ICR), which is the multiple of income received above the interest expense, is 5.9x compared to the debt covenant of 2.0x.
- In order to protect the Fund against fluctuations in interest rates, 97% of the Fund's debt interest expense is hedged at a fixed rate.
- Both the bank debt facility and interest rate hedge are due to expire in February 2022, ensuring there is no near-term refinancing risk.

The Fund has been performing ahead of expectations leading into this crisis, largely on the back of leasing outperformance in FY2020. During these unprecedented times we continue to communicate with our tenants to understand the operating impacts of COVID-19, and anticipate a number of the smaller tenants may be seeking some form of rental assistance. Support will be assessed on a case by case basis and take into account the Code of Conduct for Landlords and Tenants as directed by the National Cabinet. The Code of Conduct applies to any tenant with a business turnover of less than \$50 million. Given the majority of the tenants within the Fund are either government entities or businesses with a turnover of greater than \$50 million, we do not anticipate the Code of Conduct to materially impact the Fund. We will however continue to update investors as the matter progresses.

As at 31 March 2020, the Net Asset Value (NAV) per unit of \$1.3979 remains in line with that at 31 December 2019.



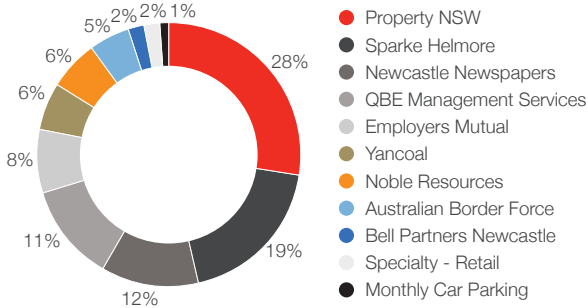
AT A GLANCE as at 31 March 2020

Net Asset Value (NAV)	\$1.3979 per unit
Unit price revaluation	Changes to Net Asset Value per unit are advised following the completion of the audited Annual and Half-Yearly financial reports
Property value	\$51.75 million
Borrowings (loan to value ratio)	33.7%
Weighted Average Lease Expiry (WALE)	2.8 years (by income)
Occupancy	96%
Fund commenced	28 October 2004
Annual distribution	10.20 cents per unit
Distribution yield (to NAV)	7.30%
Distribution payments	Monthly
Sector allocation (by value)	Office: 100%
Geographic allocation (by value)	New South Wales: 100%

Despite the challenging conditions and outlook, the Fund is well positioned to deliver the income distribution of 10.20 cents per unit for the remainder of the financial year.



Income split by tenant



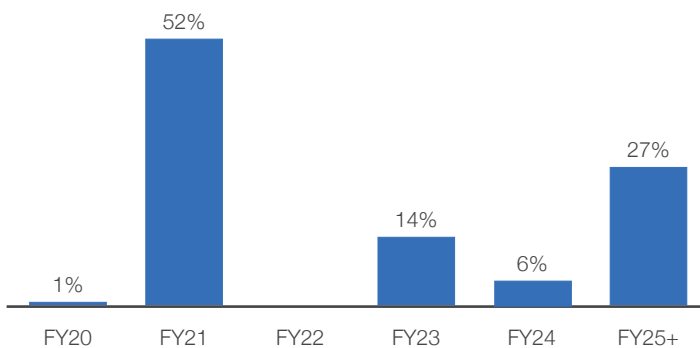
Historical unit values

For your reference we have provided the historical NAV per unit.

Date	NAV per unit
31 March 2020	\$1.3979
31 December 2019	\$1.4062
30 September 2019	\$1.4000
30 June 2019	\$1.3970
4 February 2019 ²	\$1.4046

2. NAV based on the forecast within the PDS dated 4 February 2019.

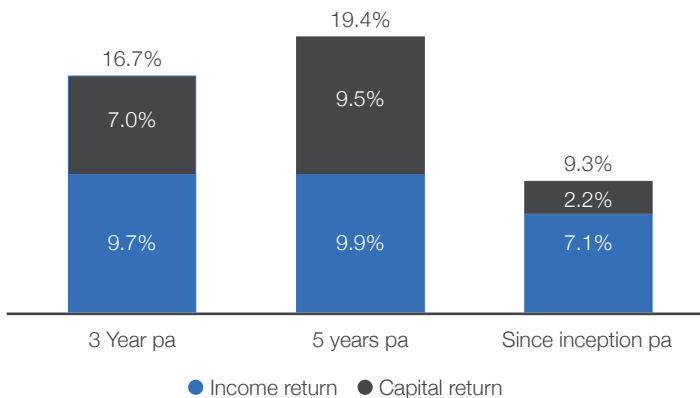
Expiry Profile by income



Note: FY20 expiries relate to monthly car park licence agreements

Total Fund Return¹

The Fund has delivered steady returns since its inception. The graph below reflects performance to the quarter end on 31 March 2020.



1. Performance is based on original fully paid units at \$1.00. Past performance is not necessarily a guide to future performance. Fund inception October 2004.

Important distribution details / dates

Distribution payment	Accruing at the end of each month. Payment is made on the 10th day following month's end unless that day is a non-business day in which case the distribution will be paid on the following business day.
Distribution statement	Dispatched at the time of payment.
Tax statement	Dispatched annually (by end of August)

APN Property Group

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 \$3.1 billion (as at 31 December 2019) 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.

Investment team members

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