



12 July 2021

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 2021.

A monthly distribution of 0.8500 cents per unit was paid for the month ended 30 June 2021 that was deposited into your nominated bank account on 12 July 2021. Following this payment, a total of 2.5500 cents per unit has been paid for the quarter ending 30 June 2021 and brings the total annual distribution for the financial year to 10.2 cents per unit. If you have not received the amount indicated in the distribution statement attached, 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 APN 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 on the Fund as follows:

- Both the debt facility and fixed interest rate with the Bank of Melbourne has been extended through to 2024. This removes any refinancing risk and locks in 50% of the Funds interest rate exposure through to the next planned liquidity event in 2024.
- Landlord works are nearing completion on levels 2-5, 26 Honeysuckle Drive after Property NSW vacated. Levels 4 and 5, 26 Honeysuckle Drive will soon be handed over to QBE who will commence their fitout works prior to their 7-year lease commencing on 1 November 2021.
- Nine Entertainment have completed their fitout works and their lease commenced on the 1 June 2021. Filming from their new state of the art television studios is due to commence in August.
- The capex program is all but complete, the new lifts within 26 Honeysuckle Drive are now operational and bathroom upgrades across a number of levels have been finished.
- APN continues to negotiate with a number of prospective tenants, including both new and sitting tenants, and will continue to keep investors updated as outcomes are generated.

The vacancy arising from the departure of Property NSW will result in an anticipated reduction in income as the space is re-leased, which we anticipate to occur throughout 2021–22. As a result of this transition period, there is downward pressure on the forecast cashflows and the distribution rate for FY2022 will be reduced to 8.67 cents per unit, which represents a 15% reduction from FY2021.

It should be noted that the forecast vacancy period was factored into the most recent valuation uplift of 27%, which was undertaken following 5,000 square metres of leasing being completed over the last 24 months (50% of the portfolio), and attributed to a 33% increase of the Net Tangible Assets. As demonstrated by our recent capital works program and leasing outcomes, active management through expiry and re-leasing periods provides the opportunity to add-value that can more than offset periods of lower cashflow.

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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 1800 996 456  apnpg@apngroup.com.au

