



# APN REGIONAL PROPERTY FUND

## INVESTOR UPDATE

AS AT 31 DECEMBER 2016

**APN** | Property Group

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# 1H FY17 Highlights

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- Stable income underpinned by 42% leased to government tenants and 40% leased to national corporate tenants
- Net Profit of \$2.01 million
- FY17 distribution guidance remains on track at 9.5 cents per unit, reflecting a distribution yield of 8.41% pa<sup>2</sup> (paid quarterly)
- NAV per unit \$1.13, up from \$1.11 at June 2016
- Current gearing of 34%<sup>1</sup>, down from 34.5% at June 2016
- 99% occupied with a diversified tenant mix
- WALE of 2.9 years by income

1. Calculated as total bank debt of \$15m divided by portfolio value of \$44.1m.

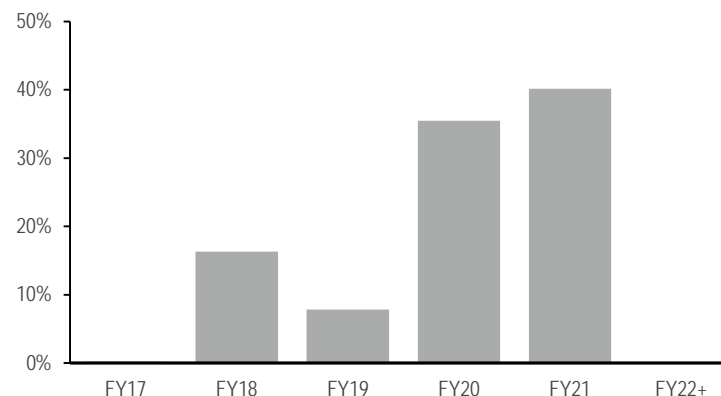
2. Calculated as FY17 distribution rate of 9.50 cents per unit divided by current NAV of \$1.13 per unit.



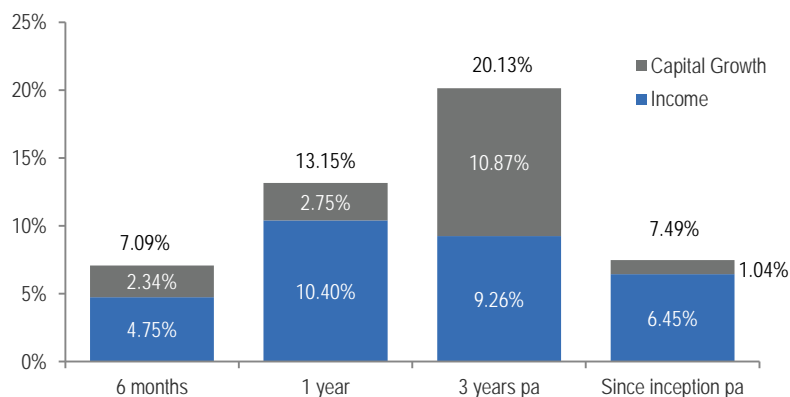
# Fund Key Metrics



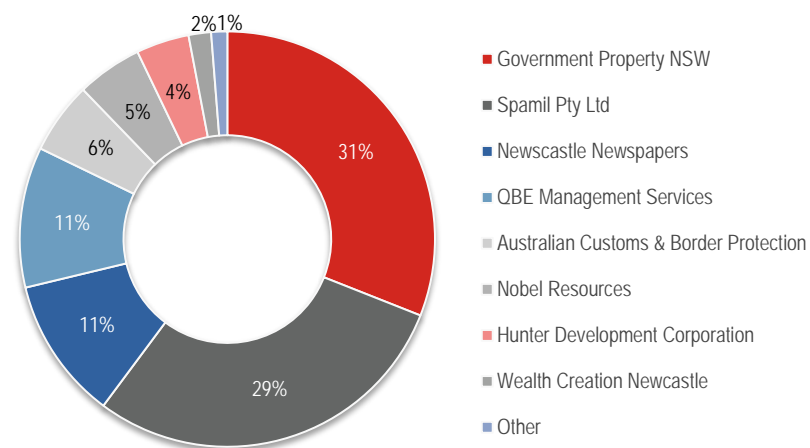
Lease Expiry Profile (by income)



Fund Total Return <sup>3</sup>



Tenant Profile (by income)



1. Calculated as total bank debt of \$15m divided by portfolio value of \$44.1m.
2. Calculated as FY17 distribution rate of 9.50 cents per unit divided by current NAV of \$1.13 per unit.
3. Performance is based on original fully paid units at \$1.00. Past performance is not necessarily a guide to future performance.
4. Fund inception date of 28 October 2004.

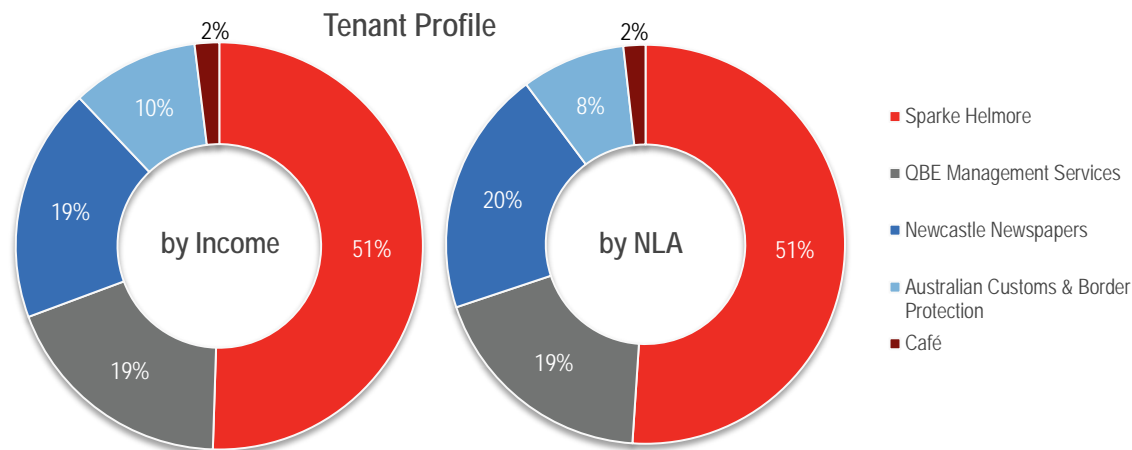
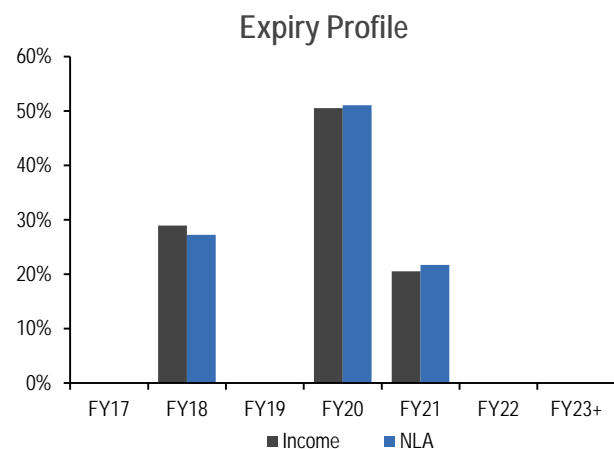
# Property 1 – 28 Honeysuckle Drive

## Overview

- Built in 2002, comprising seven storeys
- Five commercial tenancies and a rooftop telecommunications tenancy
- Modern building in the emerging Honeysuckle Precinct, located 1.5km to the west of the Newcastle City Centre
- 50% of the rental income sourced from a single tenant, who has been in occupation since the building was constructed
- The Fund is committed to targeting a NABERS rating of 4.5 in order to continue to retain and attract good quality tenants

## Metrics as at 31 December 2016

Property valuation <sup>1</sup>	\$25,300,000
Capitalisation rate	8.50%
NLA	5,330 m <sup>2</sup>
Rate/m <sup>2</sup> of NLA	\$4,747m <sup>2</sup>
Car parking	76 secured spaces
Net property income	\$2.37 million
Annual reviews	Fixed (3.5% – 5%)
Occupancy	100%
Weighted Average Lease Expiry	2.55 years (by income)



1. Based on an independent valuation

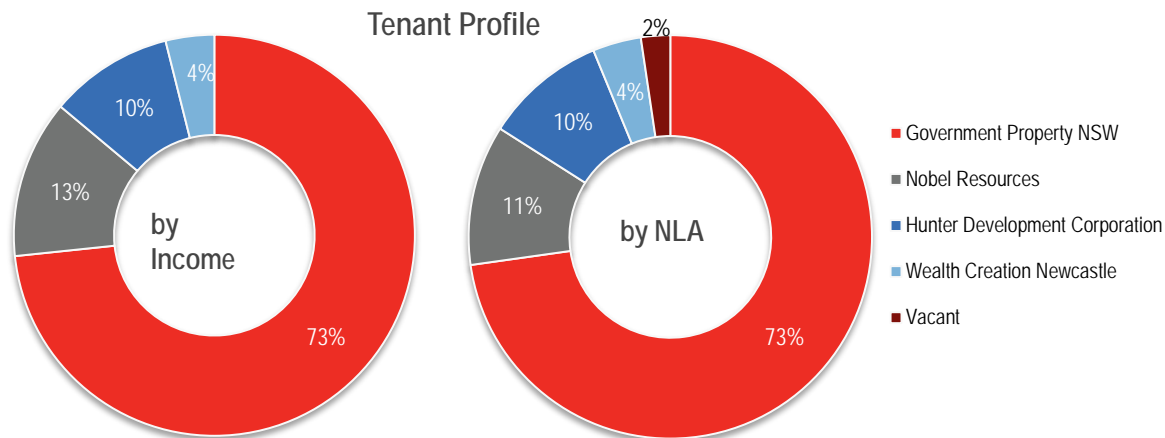
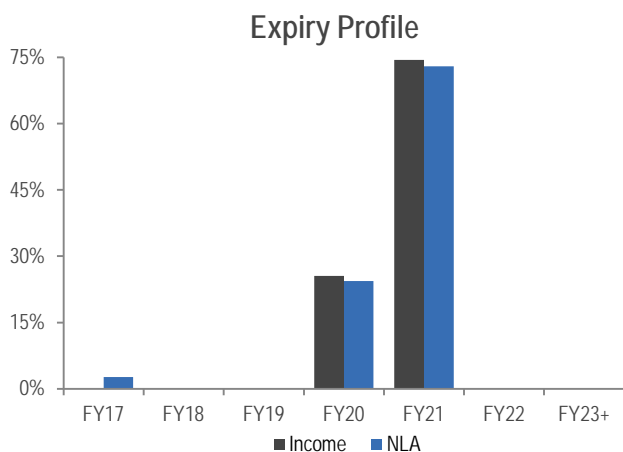
# Property 2 – 26 Honeysuckle Drive

## Overview

- Neighbouring 28 Honeysuckle Drive, this building was constructed in 2005, comprising seven storey's
- Removal of the heavy rail line directly behind the building has increased pedestrian access ways to and from the Honeysuckle Precinct
- Five commercial tenancies and two retail tenancies
- 86% of the rental income sourced from various NSW Government tenants
- Heads of Agreement entered into for a 5 year lease of building's sole vacancy; a small 97sqm tenancy on the ground level. Expected lease commencement in March 2017

## Metrics as at 31 December 2016

Property Valuation <sup>1</sup>	\$18,800,000
Capitalisation rate	8.75%
NLA	4,141 m <sup>2</sup>
Rate/m <sup>2</sup> of NLA	\$4,539m <sup>2</sup>
Car parking	90 secured spaces
Net property income	\$1.66 million
Annual reviews	Fixed (3.5% – 4%)
Occupancy	98%
Weighted Average Lease Expiry	3.38 years (by income)

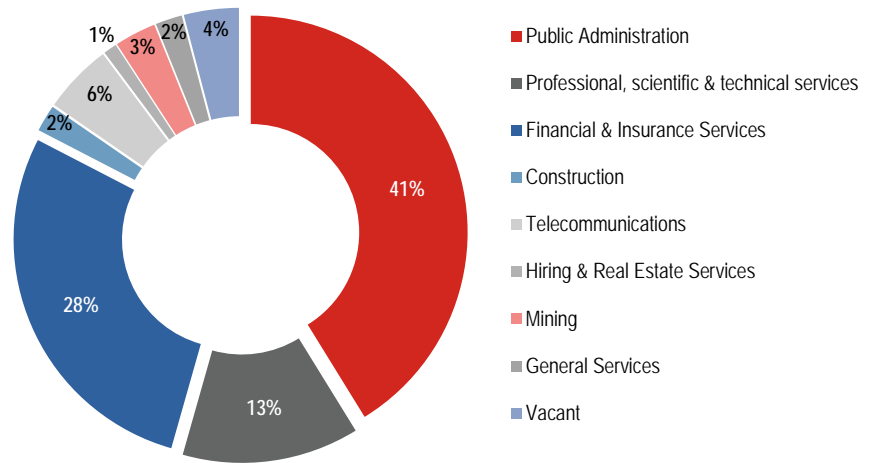


1. Based on an independent valuation

# Newcastle: Australia's 7<sup>th</sup> largest city

- Newcastle is located 162 km north east of Sydney CBD
- The Newcastle metropolitan area is the second most populated area in the Australian state of New South Wales
- Young demographic structure with 54% of residents aged 39 or below
- Strong population growth projected over next 15 years, with 42% of this growth expected within the dominant working age group (20 – 64)
- Gross Regional Product (GRP) of \$38.2 billion, significantly above other regional NSW centres
- Diverse economy with no single industry contributing more than 16% to GRP
- A-grade office space represents approx. one third of total office space in Newcastle. This portfolio makes up ~10% of the total A-grade office space
- Dominant tenant within the A-grade market is Public Administration, with State and federal Government Agencies representing 41% of the A-grade market
- Newcastle A-grade vacancy rate of 4.1% as at August 2016, making it one of the tightest A-grade markets in the country

Newcastle A-grade office tenants by Industry



Source: Colliers International

## Additional Information

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*For additional information on the Fund including the audited financial statements for the half-year ended 31 December 2016, please visit the APN Property Group website at [www.apngroup.com.au](http://www.apngroup.com.au)*