



BSX Announcement

16 March 2010

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Announcement

APN Regional Property Fund (BSX code: APR) | ARSN 110 488 821

Dear Sir/Madam

Reinstatement of distributions

APN Funds Management Limited (APN FM) as Responsible Entity for the APN Regional Property Fund ("Fund") is pleased to advise that following the successful refinancing of the Fund's bank debt with Commonwealth Bank of Australia (CBA) in October 2009, quarterly distributions to Ordinary Fully Paid Units in the APN Regional Property Fund will be reintroduced, commencing with the distribution to be paid for the March 2010 quarter.

The distribution rate will be set at approximately 50% of forecast cash earnings calculated over a financial year (or part thereof) commencing from 1 January 2010. This policy will ensure compliance with the terms of the new CBA bank debt facility which requires that 50% of cash earnings be used to repay debt whilst the Fund's loan to valuation ratio (LVR) remains above 55%. The current LVR of the Trust is 60.8%.

The Fund distributes on a quarterly basis with distributions generally payable by the last business day of the month following the end of the quarter. The proposed calendar for distributions for the Fund for the quarter ending 31 March 2010 has been determined as per the following schedule.

Unit Class	BSX Code	Ex Date	Books Close	Payment Date	Distribution Amount
Ordinary Fully Paid	APR	18 Mar 10	31 Mar 10	30 Apr 10	0.7500 cents per unit

Please note that the quarterly distribution policy is subject to review at all times and may be changed for any reason and without notice, particularly if material events not contemplated in the forecasts should occur.

Outlook

Although commercial property conditions (particularly at the prime end) are expected to improve over 2010, we do not expect valuations of the properties within the Fund's portfolio to increase materially for another 12 to 18 months. As a consequence, we are not expecting the Fund's LVR to decrease below 55% within the short term, thus keeping distributions at 50% of cash earnings.

As the economy continues to recover, interest rates are expected to rise over the coming year which will cap growth in cash earnings as rising interest rates offset rental growth. Whilst the Fund is 90% hedged for the term of the CBA facility (to 30 October 2012), the hedging structure allows interest rates to float up to a maximum of 6.25% in financial year 2011 and 6.80% thereafter.

Please turn over

The Fund's properties continue to perform well with a weighted average lease expiry of 6.14 years as at 28 February 2010. Capital improvements to the Grafton property have been completed and are expected to drive an increase in sales over the coming year. Rental arrears across the portfolio are minimal at only 0.50% of passing annual gross income. There are no major lease expiries until December 2012 and rental growth will continue across the portfolio via in-built fixed and CPI rent reviews.

Yours sincerely

APN Funds Management Limited

A handwritten signature in black ink, appearing to be 'John Freemantle', written over a light grey horizontal line.

John Freemantle
Company Secretary

About APN Property Group

APN Property Group (ASX code: APD) is one of Australia's leading boutique real estate investment managers, with a strong and consistent record of investment performance.

We have a highly focussed and simple approach – to deliver superior investment performance and outstanding service, executed with passion, common sense and discipline.