

**NSX Appendix 2C**  
**Half-year Report**  
**Half-year ended 31 December 2018**

**Name of entity:** APN Regional Property Fund  
**ARSN:** 110 488 821

**Results for announcement to the market**

	<b>\$'000</b>	
Revenues from ordinary activities	up 1.86% to 2,622	
Profit from ordinary activities after tax attributable to members	down 59.38% to 1,929	
Net profit for the period attributable to members	up 59.38% to 1,929	
Net tangible assets per unit	<b>31 December 2018</b> \$1.4320	<b>30 June 2018</b> \$1.4060

<b>Distributions</b>	<b>Amount per unit (cents)</b>	<b>\$'000</b>
Interim	4.75	1,252
<b>Total</b>	<b>4.75</b>	<b>1,252</b>
Previous corresponding period	4.75	1,252
Record date for determining entitlements to the distribution	31 December 2018	

Note: Franked amount per unit is not applicable

**For further details, please refer to the following documents:**

- Directors' Report and half-year Financial Statements (attached)
- 30 June 2018 annual Financial Statements



Chantal Churchill  
Company Secretary  
4 February 2019

# APN Regional Property Fund and its Controlled Funds

ARSN 110 488 821

Interim Financial Report for the half-year ended  
31 December 2018

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# Directors' report

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The directors of APN Funds Management Limited (ACN 080 674 479), the Responsible Entity of APN Regional Property Fund (the "Fund") submit herewith the interim financial report of the Fund and its controlled funds (the "Group") for the half-year ended 31 December 2018.

In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

## Information about the directors

The following persons were directors of the Responsible Entity during the half-year and up to the date of this report:

Geoff Brunsdon AM	(Chairman and Independent Director)
Howard Brenchley	(Independent Director)
Jennifer Horrigan	(Independent Director)
Michael Johnstone	(Independent Director)
Michael Groth	(Alternate Director for Howard Brenchley)

## Principal activities

The Fund is a registered managed investment fund domiciled in Australia.

The principal activity of the Group is direct property investment. There has been no significant change in the activities of the Group during the half year.

The Group did not have any employees during the period.

## Review of operations

The principal investment objective of the Group is to maximise unitholder value through investment in properties with strong lease covenants, secure income streams and potential for capital growth.

## Operating results

The results of the operations of the Group are disclosed in the condensed consolidated statement of profit or loss and other comprehensive income. The net profit for the half-year ended 31 December 2018 was \$1,929,000 (31 December 2017 net profit: \$4,749,000).

## Fund update

On 24 December 2018, the Responsible Entity provided an update to investors on the Group's strategy and proposed liquidity event which outlined the significant progress made on initiatives which the directors believe will maximise investor value in advance of the proposed liquidity event.

The directors have determined that the preferred transaction structure is to raise new equity and debt to fund the withdrawal of unitholders wishing to realise their investments, by opening the Fund to investment from existing and new investors.

Both the withdrawal offer and the capital raising will be based on a unit price that is the Net Asset Value of the Fund (based on the midpoint of two independent valuations) as at 31 December 2018 incorporating the costs associated with the liquidity event.

Withdrawal offer documentation, the Product Disclosure Statement and associated information will be provided to investors in early February 2019.

On 31 January 2019 the Group received confirmation of a credit approved offer of finance for a debt facility to 28 February 2022 from the incumbent financier, including an increase in the facility limit (to facilitate the withdrawal offer and forecast expenditure requirements) and revised market-based pricing. This credit approved offer remains subject to documentation and satisfaction of customary conditions precedent. To

## Directors' report (continued)

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facilitate the completion of this process the financier has previously provided a 60-day extension of the existing facility to 28 February 2019.

Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

### Distributions

In respect of the half-year ended 31 December 2018, a final distribution of 2.375 cents per unit was paid to the unitholders on 31 January 2019 (2017: 2.375 cents per unit). The total distributions paid to unitholders during the half-year ended 31 December 2018 was 4.750 cents per unit (31 December 2017: 4.750 cents per unit).

For full details of distributions paid and payable during the half-year, refer to note 3 to the condensed consolidated financial statements.

### Auditor's independence declaration

A copy of the external auditor's independence declaration, as required under section 307C of the *Corporations Act 2001* is set out on page 3.

### Matters subsequent to the end of the financial year

Other than the receipt of the confirmation of a credit approved offer of finance for a debt facility to 28 February 2022 from the incumbent financier on 31 January 2019 as detailed in the above Fund Update section, there has been no other matter or circumstance occurring subsequent to the end of the half-year that has significantly affected, or may significantly affect, the operations of the Group, the results of the Group, or the state of affairs of the Group in future financial years.

### Rounding of amounts

The Group is an entity of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the directors' report and the interim financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the directors of the Responsible Entity, APN Funds Management Limited.



Geoff Brunsdon AM  
Director

Melbourne, 4 February 2019

4 February 2019

The Board of Directors  
APN Funds Management Limited  
Level 30, 101 Collins Street  
MELBOURNE VIC 3000

Dear Board Members

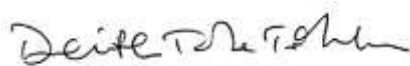
**Independence Declaration – APN Regional Property Fund and its Controlled Funds**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of APN Funds Management Limited, the Responsible Entity, regarding the half-year financial report for APN Regional Property Fund and its Controlled Funds.

As lead audit partner for the review of the financial statements of APN Regional Property Fund and its Controlled Funds for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully,



DELOITTE TOUCHE TOHMATSU



Peter A. Caldwell  
Partner  
Chartered Accountants

## **Independent Auditor's Review Report to the Unitholders of APN Regional Property Fund and its Controlled Funds**

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of APN Regional Property Fund ("Fund") which comprises the condensed consolidated statement of financial position as at 31 December 2018, the condensed consolidated statement of profit and loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Fund and the entities it controlled at the end of the half-year or from time to time during the half-year as set out in pages 6 to 15.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the Responsible Entity of the Fund ("the Directors") are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Fund ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

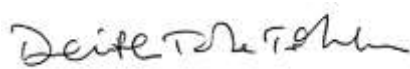
#### *Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors, would be in the same terms if given to the Directors as at the time of this auditor's review report.

## *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Fund is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Peter A. Caldwell  
Partner  
Chartered Accountants  
Melbourne, 4 February 2019



## Directors' declaration

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The directors of APN Funds Management Limited, the Responsible Entity of APN Regional Property Fund (the "Fund"), declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached condensed consolidated financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Fund and the Group.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the directors of the Responsible Entity, APN Funds Management Limited.

A handwritten signature in dark ink, appearing to read 'G. Brunsdon', followed by a long horizontal line extending to the right.

Geoff Brunsdon AM  
Director

Melbourne, 4 February 2019

# Condensed consolidated statement of profit or loss and other comprehensive income

for the half-year ended 31 December 2018

		Half-year ended 31 December 2018	Half-year ended 31 December 2017
	Notes	\$'000	\$'000
<b>Income</b>			
Rental income		2,686	2,603
Straight line rental income recognition		(75)	(39)
Interest income		11	10
Changes in the fair value of investment properties		537	3,211
<b>Total income</b>		<b>3,159</b>	<b>5,785</b>
<b>Expenses</b>			
Net property expenses		586	508
Investment management fees	7	206	183
Other expenses		138	85
Auditor's remuneration		12	6
Finance costs		288	254
<b>Total expenses</b>		<b>1,230</b>	<b>1,036</b>
<b>Net profit / (loss) for the period</b>		<b>1,929</b>	<b>4,749</b>
<b>Other comprehensive income</b>			
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>1,929</b>	<b>4,749</b>

Notes to the condensed consolidated financial statements have been included in the accompanying pages.

# Condensed consolidated statement of financial position

as at 31 December 2018

	Notes	31 December 2018 \$'000	30 June 2018 \$'000
<b>Assets</b>			
Cash and cash equivalents		1,986	2,044
Trade and other receivables		-	233
Other Assets		105	40
Investment properties	5	51,750	51,100
<b>Total assets</b>		<b>53,841</b>	<b>53,417</b>
<b>Liabilities</b>			
Trade and other payables		445	707
Distribution payable	3	626	626
Interest bearing liabilities	4	15,000	14,991
<b>Total liabilities</b>		<b>16,071</b>	<b>16,324</b>
<b>Net assets</b>		<b>37,770</b>	<b>37,093</b>
<b>Equity</b>			
Contributed equity	6	21,970	21,970
Retained earnings		15,800	15,123
<b>Total Equity</b>		<b>37,770</b>	<b>37,093</b>

Notes to the condensed consolidated financial statements have been included in the accompanying pages.

## Condensed consolidated statement of changes in equity

for the half-year ended 31 December 2018

	Notes	Contributed equity \$'000	Retained earnings \$'000	Total \$'000
<b>Balance at 1 July 2017</b>		<b>21,970</b>	<b>9,412</b>	<b>31,382</b>
Net profit for the period		-	4,749	4,749
Other comprehensive income		-	-	-
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>4,749</b>	<b>4,749</b>
Distributions to unitholders		-	(1,252)	(1,252)
<b>Balance at 31 December 2017</b>		<b>21,970</b>	<b>12,909</b>	<b>34,879</b>
<b>Balance at 1 July 2018</b>		<b>21,970</b>	<b>15,123</b>	<b>37,093</b>
Net profit for the period		-	1,929	1,929
Other comprehensive income		-	-	-
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>1,929</b>	<b>1,929</b>
Distributions to unitholders		-	(1,252)	(1,252)
<b>Balance at 31 December 2018</b>		<b>21,970</b>	<b>15,800</b>	<b>37,770</b>

Notes to the condensed consolidated financial statements have been included in the accompanying pages.

# Condensed consolidated statement of cash flows

for the half-year ended 31 December 2018

	Notes	Half year ended 31 December 2018 \$'000	Half year ended 31 December 2017 \$'000
<b>Cash flows from operating activities</b>			
Net rental income received		2,205	2,019
Interest received		11	10
Other expenses paid		(490)	(369)
Recapitalisation costs		(41)	-
Finance costs paid		(303)	(168)
<b>Net cash inflow / (outflow) from operating activities</b>		<b>1,382</b>	<b>1,492</b>
<b>Cash flows from investing activities</b>			
Payments associated with investment property		(188)	(128)
<b>Net cash inflow / (outflow) from investing activities</b>		<b>(188)</b>	<b>(128)</b>
<b>Cash flows from financing activities</b>			
Distributions paid		(1,252)	(1,252)
<b>Net cash inflow / (outflow) from financing activities</b>		<b>(1,252)</b>	<b>(1,252)</b>
Net increase / (decrease) in cash and cash equivalents		(58)	112
Cash and cash equivalents at the beginning of the period		2,044	2,028
<b>Cash and cash equivalents at the end of the period</b>		<b>1,986</b>	<b>2,140</b>

Notes to the condensed consolidated financial statements have been included in the accompanying pages.

# Notes to the condensed consolidated financial statements

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## 1. GENERAL INFORMATION

APN Regional Property Fund (the “Fund”) is a registered managed investment scheme domiciled in Australia. APN Funds Management Limited (“APN FM”) (ACN 080 674 479) is the Responsible Entity of the Fund.

The address of its registered office and principal place of business is as follows:

Level 30  
101 Collins Street  
MELBOURNE VIC 3000  
Tel: (03) 8656 1000

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1. Statement of compliance

The interim financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The interim financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual report.

The financial statements were authorised for issue by the directors on 4 February 2019.

### 2.2. Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. All amounts are presented in Australian dollars, unless otherwise noted.

The Group is an entity of the kind referred to in *ASIC Corporations (Rounding in Financials / Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the interim financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 30 June 2018, except for the impact from adoption of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

### 2.3. Going concern

On 24 December 2018, the Responsible Entity provided an update to investors on the Group's strategy and proposed liquidity event. As detailed in this update, significant progress has been made on initiatives which the directors believe will maximise investor value in advance of the proposed liquidity event.

The directors have determined that the preferred transaction structure is to raise new equity and debt to fund the withdrawal of unitholders wishing to release their investments, and open to existing and new investors.

Both the withdrawal offer and the capital raising will be based on a unit price that is the Net Asset Value of the Fund, adjusted for the costs associated with the liquidity event.

# Notes to the condensed consolidated financial statements (continued)

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The process for the liquidity event will commence in early February 2019.

On 31 January 2019 the Group received confirmation of a credit approved offer of finance for a debt facility to 28 February 2022 from the incumbent financier, including an increase in the facility limit (to facilitate the withdrawal offer and forecast expenditure requirements) and revised market-based pricing. This credit approved offer remains subject to documentation and satisfaction of customary conditions precedent. To facilitate the completion of this process the financier has previously provided a 60-day extension of the existing facility to 28 February 2019.

Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

## 2.4. Adoption of new and revised standards and interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current half-year. These include:

Standard/ Interpretation	Impact on financial statements
AASB 9 <i>Financial Instruments</i> ("AASB 9")	<p>The Group has applied AASB 9 using the modified retrospective approach and the related consequential amendments to other Accounting Standards for the first time.</p> <p>The requirements under AASB 9 that are applicable to the Group and the impact of its application is disclosed below:</p> <p><i>Classification and measurement of financial assets</i></p> <p>The directors have reviewed and assessed the Group's existing financial assets as at 1 July 2018 based on the facts and circumstances that existed at that date and have concluded that the application of AASB 9 has had no material impact on the classification or measurement of the Group's financial assets. Financial assets that were measured at fair value through profit or loss (FVTPL) or amortised cost under AASB 139 continue to be measured at fair value or amortised cost under AASB 9.</p> <p><i>Impairment of financial assets</i></p> <p>The directors have reviewed and assessed the Group's existing financial assets and trade receivables for impairment using the AASB 9 expected credit loss model as opposed to the AASB 139 incurred credit loss model and have concluded that the application of AASB 9 has had no material impact on the Group's impairment allowance required for existing financial assets and trade receivables.</p> <p>With effect from 1 July 2018, the Group's new accounting policy in respect to impairment of financial assets is as follows:</p> <p>Financial assets, other than those at fair value through profit or loss, shall recognise a loss allowance for expected credit losses and changes in those expected credit losses at each reporting date to recognise the 12-month or lifetime expected credit losses determined by the significance of the change in credit risk since initial recognition of the financial asset.</p>

## Notes to the condensed consolidated financial statements (continued)

AASB 15 <i>Revenue from Contracts with Customers</i> ("AASB 15")	AASB 15 requires an entity to recognise revenue in a manner that represents the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled.
	The Group's primary revenue source is rental income from its investment in convenience retail properties. Rental income is not within scope of AASB 15.
	The Group's other revenue balances consist of interest income, fair value gains from investment properties and derivatives. All of these are outside the scope of AASB 15 and therefore the Group has not revised its existing accounting policies upon adoption of the new revenue recognition rules.

### 2.5. Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Group has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Standard/ Interpretation	Impact on financial statements
AASB 16 <i>Leases</i> ("AASB 16") (applying to annual periods beginning on or after 1 January 2019)	AASB 16 introduces a comprehensive model for the identification, recognition and measurement of lease arrangements for lessors and lessees. The recognition and measure of lease arrangements for lessors remain substantially unchanged.  As at 31 December 2018, the Group has not identified any contracts for which it is a lessee. The Group is a lessor by virtue of the lease arrangements associated with its investment properties. As AASB 16 does not significantly alter lessor accounting, the Group does not expect a significant impact resulting from the adoption of AASB 16.

### 3. DISTRIBUTIONS

	31 December 2018		31 December 2017	
	Cents per security	\$'000	Cents per security	\$'000
Distributions paid during the period	2.375	626	2.375	626
Distributions payable	2.375	626	2.375	626
<b>Total distributions paid / payable</b>	<b>4.750</b>	<b>1,252</b>	<b>4.750</b>	<b>1,252</b>

### 4. INTEREST BEARING LIABILITIES

	31 December 2018 \$'000	30 June 2018 \$'000
Secured bank loan at the end of the period <sup>1</sup>	15,000	14,991

<sup>1</sup> Includes deferred borrowing costs of \$nil (2017: \$19,000).

As at reporting date the Fund is compliant with all financial covenants with the Fund's Loan to Value Ratio (LVR) being 29.25 % (2017: 30.86%) versus a covenant of 60%. The Interest Cover Ratio (ICR) was 6.26 times (2017: 7.49 times) which is greater than the minimum requirement of 2.00 times.

On 31 January 2019 the Group received confirmation of a credit approved offer of finance for a debt facility to 28 February 2022 from the incumbent financier, including an increase in the facility limit (to facilitate the



## Notes to the condensed consolidated financial statements (continued)

withdrawal offer and forecast expenditure requirements) and revised market-based pricing. This credit approved offer remains subject to documentation and satisfaction of customary conditions precedent. To facilitate the completion of this process the financier has previously provided a 60-day extension of the existing facility to 28 February 2019.

### 5. INVESTMENT PROPERTY

#### Reconciliation of carrying amount

	31 December 2018 \$'000	30 June 2018 \$'000
Carrying amount at beginning of the period	51,100	45,300
Capital additions to the investment property	188	421
Straight line revenue recognition	(75)	(56)
Net gain / (loss) on fair value adjustments <sup>1</sup>	537	5,435
<b>Carrying amount at end of the period</b>	<b>51,750</b>	<b>51,100</b>

<sup>1</sup> The net gain in fair value adjustments is wholly unrealised and has been recognised as "net gain in fair value adjustments on investment properties" in the condensed consolidated statement of profit or loss and other comprehensive income.

Included within the carrying value of investment properties is:

- a deduction of \$600,000 (30 June 2018: \$nil) representing lease incentive commitments the Group has provided under lease contracts; and
- a deduction of \$1,066,000 (30 June 2018: \$nil) representing the remaining forecast capital expenditure required to complete the Group's property improvement initiatives (upgrades to entrance foyers, end-of-trip facilities and refurbishment of the bathroom facilities).

### 6. CONTRIBUTED EQUITY

#### Number of units on issue

	31 December 2018 No.	31 December 2017 No.
At beginning of the period	26,374,836	26,374,836
Applications	-	-
Redemptions	-	-
Units issued upon reinvestment of distributions	-	-
<b>At the end of the period</b>	<b>26,374,836</b>	<b>26,374,836</b>

### 7. RELATED PARTY TRANSACTIONS

#### 7.1 Transactions with key management personnel

The Group does not employ personnel in its own right. However, it is required to have a Responsible Entity to manage the activities of the Group. As such there are no staff costs (including fees paid to directors of the Responsible Entity) included in the condensed consolidated statement of profit or loss and other comprehensive income.

# Notes to the condensed consolidated financial statements (continued)

## 7.2 Transactions with the Responsible Entity and related bodies corporate

The Responsible Entity and Manager of the Group is APN Funds Management Limited ("APN FM") (ACN 080 674 479). APN FM's immediate and ultimate parent entity is APN Property Group Limited (ACN 109 846 068). Accordingly, transactions with entities related to APN Property Group Limited are disclosed below.

Transactions with the Responsible Entity / Manager have taken place at arm's length and in the ordinary course of business. The transactions are as follows:

	31 December 2018		31 December 2017	
	Paid \$'000	Payable \$'000	Paid \$'000	Payable \$'000
Investment management fees	103	103	91	92
Registry fees	5	5	5	5
Accounting Fees	5	5	5	5
Expense recoveries	5	1	8	-
	<b>118</b>	<b>114</b>	<b>106</b>	<b>102</b>

## 8. COMMITMENT AND CONTINGENCIES

### 8.1 Lease incentives

Included as a deduction from the fair value of investment properties (refer note 5) are commitments relating to lease incentives totalling \$600,000.

### 8.2 Capital expenditure

Also included as a deduction from the fair value of investment properties (refer note 5) is the forecast cost of the Group's property improvement initiatives. Construction has commenced on upgrades to entrance foyers, end-of-trip facilities and refurbishment of the bathroom facilities. The capital expenditure associated with these initiatives is forecasted to be \$1,159,000 of which \$1,066,000 remained outstanding as at 31 December 2018.

## 9. SUBSEQUENT EVENTS

On 31 January 2019 the Group received confirmation of a credit approved offer of finance for a debt facility to 28 February 2022 from the incumbent financier, including an increase in the facility limit (to facilitate the withdrawal offer and forecast expenditure requirements) and revised market-based pricing. This credit approved offer remains subject to documentation and satisfaction of customary conditions precedent.

There has been no other matter or circumstance occurring subsequent to the end of the half-year that has significantly affected, or may significant affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## 10. NET TANGIBLE ASSET BACKING

	31 December 2018	31 December 2017
	\$	\$
Net tangible asset backing	1.4320	1.3224