

# APN | Regional Property Fund

ARSN: 110 488 821 APIR Code: APN1341AU

## NOTICE OF MEETING AND EXPLANATORY MEMORANDUM

### The Meeting will be held at:

**Venue:** Hall & Wilcox  
Level 11, Rialto South Tower  
525 Collins Street, Melbourne VIC 3000

**Date:** Tuesday, 28 May 2019

**Time:** 3.00 pm (Melbourne time)

### YOUR VOTE IS IMPORTANT

You should read this Notice of Meeting and Explanatory Memorandum in full before deciding whether or not to vote in favour of the Resolution.

**This is an important document and requires your immediate attention. You should read the whole document in its entirety before deciding how to vote.**

If you are unable to attend the Meeting, please complete the Proxy Form enclosed and return it in accordance with the instructions set out on that form. If you are in any doubt about what action you should take you are recommended to consult a professional or financial adviser.

3 May 2019

Dear Unitholder

## **APN Regional Property Fund (NSX: APR) - Extraordinary General Meeting of Unitholders**

On behalf of the board of APN Funds Management Limited (**APN FM or Responsible Entity**), in its capacity as responsible entity of the APN Regional Property Fund ARSN 110 488 821 (Fund), I am pleased to provide you with this notice of an extraordinary general meeting of Unitholders to be held on Tuesday, 28 May 2019 (**Meeting**).

The Fund is currently listed on the National Stock Exchange of Australia (NSX). The Meeting has been called to consider a resolution to withdraw all units in the Fund (Units) from quotation on the NSX and to delist the Fund (**Resolution**).

Enclosed and set out below is additional information on the proposed Resolution. The APN FM Board is **unanimously recommending that Unitholders vote in favour** of the Resolution. APN Property Group Limited as a Unitholder of the Fund intends to vote its interest in favour of the Resolution.

I encourage you to read the enclosed materials in full, including the reasons for the APN FM Board recommending the delisting resolution. Unitholders should also note that there are risks associated with the delisting of the Fund, including the risk that your investment the Fund will be illiquid. Unitholders should read section 4.2 of the enclosed Explanatory Memorandum for further details in relation to these and other risks.

### **Additional information**

Accompanying this letter you will find:

- a Notice of Meeting for Unitholders outlining the Resolution to be voted upon;
- an Explanatory Memorandum outlining the information relevant to your consideration of the Resolution; and
- a proxy form and prepaid envelope for your response.

These are important documents and I encourage you to read them carefully and to consult your financial adviser, accountant, taxation or other professional adviser for independent advice.

The APN FM Board unanimously recommends Unitholders exercise their vote and vote in favour of the Resolution. Your vote is important. You are able to vote in person or by proxy, please find enclosed proxy forms.

The Meeting will be held at 3:00 pm (Melbourne time) on Tuesday, 28 May 2019. Proxies should be lodged no later than 5:00pm (Melbourne time) on Thursday, 23 May 2019.

If you have any queries regarding this Meeting, please contact APN Investor Services on 1800 996 456.

Thank you for your ongoing support of the Fund and your consideration of the Resolution.

Yours sincerely



Geoff Brunsdon  
**Chairman**

## NOTICE OF MEETING OF UNITHOLDERS

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**NOTICE IS HEREBY GIVEN** that a meeting of the Unitholders of the Fund will be held:

- at Hall & Wilcox, Level 11, Rialto South Tower, 525 Collins Street, Melbourne VIC 3000
- on Tuesday, 28 May 2019
- at 3:00 pm (Melbourne Time)

APN FM as the responsible entity of the Fund issues this notice.

Additional information concerning the proposed resolution to be considered by Unitholders at the Meeting (**Resolution**) is contained in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting. The business to be considered at the Meeting is as follows:

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*"To voluntarily withdraw the Fund from the official list of the National Stock Exchange of Australia and withdraw the Units in the Fund from quotation on the National Stock Exchange of Australia"*

Please see the attached Explanatory Memorandum for further information in respect of the Resolution.

**BY ORDER OF THE BOARD.**

**3 May 2019**

## **PROXY**

If you do not plan to attend the Meeting in person, you are encouraged to complete and return the Proxy Form accompanying this Notice of Meeting.

- A Unitholder entitled to attend and cast a vote at the Meeting may appoint a person to attend and vote at the Meeting as the Unitholder's proxy.
- A Unitholder may appoint up to two proxies. If two proxies are appointed, each proxy may be appointed to represent a specified proportion of the Unitholder's voting rights. If you wish to appoint two proxies please photocopy this form and use one for each proxy.
- A proxy need not be a Unitholder.
- A Unitholder may appoint the Chairman of the Meeting as their proxy. If a Unitholder wishes to appoint an individual other than the Chairman or a body corporate as their proxy, the Unitholder must write the name of that individual or body corporate where indicated in the proxy form. If this section is left blank or the Unitholder's named proxy does not attend the Meeting, the Chairman of the Meeting will be deemed to have been appointed as the Unitholder's proxy.
- A Unitholder may direct their proxy how to vote on the Resolution by placing a mark in the relevant box. If no box is marked, your proxy may decide whether or how to vote on the Resolution. If more than one box is marked, the Unitholder's vote will be invalid.
- Proxies may only be appointed by returning the enclosed proxy form to the Secretary at APN's registered office no later than 48 hours before the commencement of the Meeting. The Proxy Form must be signed by the Unitholder or an attorney duly authorised in writing. If the Unitholder is a company, the form must be executed by the company or by its duly authorised officer or attorney. If an attorney or other duly authorised officer (in the case of a company) signs the Proxy Form, a copy of the authority under which the appointment was signed or a certified copy of the authority must be sent to the Company Secretary at the same time as the Proxy Form.

## **QUORUM**

The quorum for the Meeting is two Unitholders (present in person or by proxy) together holding at least 10% of all units currently on issue in the Fund.

## **VOTING THRESHOLD**

The Resolution is an ordinary resolution. The Resolution will be passed if more than 50% of the votes cast by Unitholders entitled to vote on the Resolution are cast in favour of the Resolution.

# EXPLANATORY MEMORANDUM

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## 1 Background to the Resolution

As announced to the NSX on 4 February 2019, the Fund recently undertook a recapitalisation transaction that comprised a concurrent withdrawal offer, rights issue and public offer of Units (pursuant to the product disclosure statement dated 4 February 2019 (PDS)) (together, the Recapitalisation). For detailed information relating to the Fund, Unitholders should read the PDS.

As part of the Recapitalisation process, APN FM carefully considered a range of options for the Fund, including the continuation of the Fund's listing on the NSX, the potential listing of the Fund on the Australian Securities Exchange, and the winding up of the Fund and realisation of its assets.

The Fund was listed on the NSX (then the Bendigo Stock Exchange) in 2004. At that time, the real property portfolio of the Fund comprised several properties, most of which were shopping centres. Over time the assets of the Fund have changed in nature, and today the Fund's assets comprise two A-grade office buildings in Newcastle. Information regarding the assets of the Fund is contained in the PDS.

## 2 Rationale for the Resolution

APN FM received feedback from a significant number of existing and new investors expressing frustration that they cannot complete on-market trades of the Fund's units at prices they consider to be reasonable based on the underlying Net Asset Value (NAV) per unit. The Fund's market capitalisation is significantly lower than the NAV reported at 31 December 2018 and, while investors have expressed a desire to trade on-market at a price that reflects NAV, the on-market trading price cannot be 'set' to reflect NAV outside the ordinary operation of the market.

APN FM has taken this feedback into account in considering the Fund's status as a listed managed investment scheme and the proposal of the Resolution to Unitholders.

Further, APN FM considers that, while the Fund's assets are delivering stable returns for investors, the mandate of the Fund and the current intentions of APN FM in respect of the Fund's portfolio (ie that there is no current intention to acquire additional assets), mean that its nature is more closely aligned with a fixed term, unlisted property fund.

Following the strong investor sentiment received that the Fund should be delisted from the NSX, APN FM has formed the view that it is in the best interests of unitholders to propose the Resolution, and if it is passed, apply for voluntary withdrawal of the Units from quotation on NSX.

## 3 Timing of the delisting process

If the Resolution is passed, APN FM would seek to implement the voluntary withdrawal of the Fund from the NSX in accordance with the following timetable:

Friday, 3 May 2019	Fund remains in a state of voluntary suspension, meaning Units are unable to be traded on NSX
Tuesday, 28 May 2019	Extraordinary General Meeting held and Resolution passed
Wednesday, 29 May 2019	Trading on the NSX resumes
Friday, 14 June 2019	Trading suspended and application for voluntary withdrawal submitted to NSX
Friday, 21 June 2019	Withdrawal of the Fund from NSX

This proposed timeline is subject to change by APN FM.



## **4 Advantages and disadvantages of delisting the Fund from the NSX**

### **4.1 Advantages of delisting the Fund**

#### ☒ **Forecasts**

The financial forecasts for the Fund, as set out in the PDS, will remain unchanged in any material sense as a result of the delisting. This means that if the Resolution is passed, investors can expect to receive the same distributions while the Fund is unlisted as they would currently expect to receive.

#### ☒ **Reduced fees and compliance costs**

The quotation of the Units on the NSX requires the payment of an annual listing fee of approximately \$21,000 to NSX. In addition, the Fund incurs some additional compliance, legal and other fees in order to comply with the obligations that apply to it by virtue of its listing on the NSX.

APN FM believes that the delisting of the Fund will result in cost savings for the Fund.

#### ☒ **Liquidity opportunity for Unitholders in 2024**

If the Resolution is approved, APN FM intends, as outlined in the PDS, to maintain its commitment to offer investors a liquidity event in 2024, based on the NAV of the Fund at that time. If a liquidity event which presents an opportunity for investors to realise their full investment in the Fund has not been provided by 31 December 2024, APN FM will take steps to realise the assets of the Fund and proceed to a winding up of the Fund.

Given that it is not currently intended that APN FM will offer investors a liquidity event prior to this time, your investment in the Fund should be considered to be for a fixed term if the Resolution is passed (subject to any transfer of your Units that you are able to facilitate).

### **4.2 Disadvantages and risks of delisting the Fund**

There are risks and potential disadvantages in relation to the delisting of the Fund which Unitholders should be aware of. These include:

#### ☒ **Legal regulation**

There are certain legal regulations that will no longer apply to the Fund if it is delisted, some of which are designed to protect investors. These include the NSX Listing Rules, and the takeovers regime in Chapter 6 of the Corporations Act 2001 (Cth) (Corporations Act).

However, and importantly, the Fund will remain a registered managed investment scheme under the Corporations Act, and APN FM, as responsible entity of the Fund, will remain subject to its legal duties to investors, including those to act in the best interests of members, and to treat all members fairly and equally. APN FM places the utmost importance on corporate governance and complying with these duties as responsible entity of the Fund.

Further, the Fund will remain a 'disclosing entity' under the Corporations Act, and will continue to comply with the same continuous disclosure policy as it currently applies.

#### ☒ **Limited opportunities for liquidity**

While relatively limited trading activity in the Fund currently takes place on the NSX, there is some opportunity for liquidity for investors in the Fund while it is listed on NSX, and the listing of securities on any exchange generally provides potential for liquidity opportunities to increase (ie if trading in Units were to significantly escalate). However, the trading price of Units when the Fund commenced voluntary suspension on 4 February 2019 was \$1.20, which was 16.4% below the Fund's NAV of \$1.4346 per Unit at that point in time.

If the Fund is an unlisted scheme, Unitholders are not expected to have any opportunities to realise their investment and exit the Fund during the period up to December 2024 (other than where 'off-market' buyers are identified by investors and transfers subsequently completed).

## 5 Tax considerations

The delisting itself should not trigger any adverse tax issues for the Fund or for Unitholders. However, for tax purposes there are a number of different tests and thresholds for listed and unlisted trusts, which may be relevant in the future, for example:

- Revenue tax losses - The same business test is not available for unlisted trusts when looking to utilise carry forward losses. The Fund does not currently have any revenue tax losses, therefore this is not currently an issue. For any revenue tax losses incurred in the future, the Fund can utilise these losses if other loss testing rules are satisfied (i.e. 50% stake test).
- Landholder duty - The threshold for a relevant acquisition to trigger NSW landholder duty in a 'private landholder' is 50%. This threshold applies on an aggregated basis, which can include existing interests held by the acquirer, interests held or acquired by associated persons, and interests acquired as part of an aggregated transaction.

In the future, the Fund will endeavour to operate so no adverse tax impacts arise for Unitholders relating to the above recommendation of the Responsible Entity.

APN FM recommends that Unitholders vote in favour of the Resolution for the reasons outlined above in Section 4.1.

## 6 Important Notice

### Please note that:

- (a) The information contained in this Explanatory Memorandum has been prepared by APN FM without taking into account individual Unitholders' personal investment objectives, financial situation and needs. Before making a decision in relation to the Resolution, you should consider the information in the context of your personal financial and taxation situation and seek professional advice from a lawyer, accountant or other professional adviser if necessary.
- (b) This Explanatory Memorandum contains certain statements which relate to the future (i.e. forward looking statements). Forward looking statements involve known and unknown risks, uncertainties and assumptions and other important factors could cause actual outcomes to be different from statements made in this document. Subject to the law, none of the Responsible Entity or any other person gives any representation, assurance or guarantee that forward looking statements will actually occur.
- (c) Past performance information contained in this document is not a reliable indication of future performance.
- (d) Unitholders are also alerted to the other risk factors noted in the PDS for the Fund which, unless the context otherwise requires, continue to apply.



**APN Regional Property Fund**

**Responsible Entity:**

APN Funds Management Limited  
ACN 080 674 479 AFSL No 237500

Level 30, 101 Collins Street,  
Melbourne, Victoria 3000

**T** +61 (3) 8656 1000

**W** [apngroup.com.au/funds/regi](http://apngroup.com.au/funds/regi)



**APN FUNDS MANAGEMENT LIMITED ACN 080 674 479 (APN FM)**  
**in its capacity as Responsible Entity of the APN Regional Property Fund ARSN 101 227 614 (Fund)**

## PROXY FORM

I/We, **<Unitholder Account Name>**

Investor Number: **<Unitholder Investor Number>**

of **<Unitholder Account Address>**

being Unitholder/s in the Fund and entitled to attend and vote hereby appoint:

of .....

OR failing that person or body corporate, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote for me/us on my/our behalf in respect of:

☐ (A) all of my units in the Fund being **<Unitholder Units Held>** held as at 3 May 2019;

OR

☐ (B) if not all of my units in the Fund, \_\_\_\_\_ (number of units to be voted) of the \_\_\_\_\_ (total number of units held) units held by me/us (if left blank, I acknowledge that the person will be entitled to act in respect of all of my units in the Fund),

at the Meeting of Unitholders to be held:

- at Hall & Wilcox, Level 11, Rialto South Tower, 525 Collins Street, Melbourne VIC 3000
- on Tuesday, 28 May 2019
- at 3:00 pm (Melbourne time)

and at any adjournment thereof.

**The Chairman of the Meeting intends to vote undirected proxies in favour of the Resolution to be considered at the Meeting.**

**Voting directions to your Proxy - please mark X to indicate your directions**

	For	Against	Abstain*
<b>Resolution to voluntarily withdraw the Fund from NSX</b>			

\* If you mark the Abstain box, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### **Signature of Unitholders – THIS MUST BE COMPLETED**

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented

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**Unitholder 1 (Individual)**  
Sole Director and Sole  
Company Secretary

**Joint Unitholder 2 (Individual)**  
Director / Company Secretary

**Joint Unitholder 3**  
Director

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Contact Daytime Number

\_\_\_\_\_  
Date

## Lodgement of a Proxy Form

This Proxy Form must be received by APN FM by 5:00pm (Melbourne time) on Thursday, 23 May 2019. Unitholders returning their Proxy Form by mail or in person should ensure that it reaches the Responsible Entity by **no later than 5:00pm (AEST) on Thursday, 23 May 2019.**

Any Proxy Form received after that time will not be effective for the Meeting. You can return this Proxy Form (and any power of attorney under which it is signed) using the reply-paid envelope or:

By mail:	By hand:	By fax:	By email:
APN Funds Management Limited PO BOX 18011 Melbourne Collins Street East Victoria 8003 Australia	APN Funds Management Limited Level 30, 101 Collins St Melbourne VIC 3000	(03) 8656 1010	Email scanned completed forms to: apnpg@apngroup.com.au

## IMPORTANT INFORMATION

### Proxy

If you do not plan to attend the Meeting in person, you are encouraged to complete and return the Proxy Form accompanying this Notice of Meeting.

- A Unitholder entitled to attend and cast a vote at the Meeting may appoint a person to attend and vote at the Meeting as the Unitholder's proxy.
- A Unitholder may appoint up to two proxies. If two proxies are appointed, each proxy may be appointed to represent a specified proportion of the Unitholder's voting rights. If you wish to appoint two proxies please photocopy this form and use one for each proxy.
- A proxy need not be a Unitholder.
- A Unitholder may appoint the Chairman of the Meeting as their proxy. If a Unitholder wishes to appoint an individual other than the Chairman or a body corporate as their proxy, the Unitholder must write the name of that individual or body corporate where indicated in the proxy form. If this section is left blank or the Unitholder's named proxy does not attend the Meeting, the Chairman of the Meeting will be deemed to have been appointed as the Unitholder's proxy.
- A Unitholder may direct their proxy how to vote on the Resolution by placing a mark in the relevant box. If no box is marked, your proxy may decide whether or how to vote on the Resolution. If more than one box is marked, the Unitholder's vote will be invalid.
- Proxies may only be appointed by returning the enclosed proxy form to the Secretary at APN's registered office no later than 48 hours before the commencement of the Meeting. The Proxy Form must be signed by the Unitholder or an attorney duly authorised in writing. If the Unitholder is a company, the form must be executed by the company or by its duly authorised officer or attorney. If an attorney or other duly authorised officer (in the case of a company) signs the Proxy Form, a copy of the authority under which the appointment was signed or a certified copy of the authority must be sent to the Company Secretary at the same time as the Proxy Form.

## **STEP 1: APPOINTING A PROXY**

If you are entitled to attend and vote at the Meeting, you may appoint a proxy to attend the Meeting and vote on your behalf. A proxy can be an individual or a body corporate and need not be a Unitholder. You may select the Chair of the Meeting as your proxy.

If you leave this section blank, or your proxy does not attend the Meeting, the Chair of the Meeting will be your proxy.

**Appointing a second proxy:** You can appoint up to two proxies. If you appoint two proxies, you must specify the proportion or number of votes each proxy may exercise. If no percentage is specified, each proxy may exercise half of your votes. Fractions of votes will be disregarded. A separate Proxy Form must be used for each proxy.

**Additional Proxy Forms:** You can obtain additional Proxy Forms by telephoning APN FM. Alternatively you may copy this Proxy Form. Please lodge both Proxy Forms together.

## **STEP 2: VOTING DIRECTIONS**

You may direct your proxy how to vote by placing a mark (X) in one of the boxes opposite each Resolution. All your APN Regional Property Fund Units will be voted in accordance with your directions. If your mark the "Abstain" box for a Resolution, you are directing your proxy not to vote on that Resolution.

If you mark more than one box for a Resolution, your vote on that Resolution will be invalid.

**Voting a portion of your holding:** You may indicate that only a portion of your voting rights are to be voted on any item by inserting a percentage or the number of Units you wish to vote in the appropriate box or boxes. The total votes cast, or the percentage for or against, an item must not exceed your voting entitlement or 100%.

**No directions:** If you do not mark any of the boxes on a given Resolution, your proxy may vote as he or she chooses.

## **STEP 3: SIGNING INSTRUCTIONS**

You must sign this form as follows in the spaces provided:

**Individual:** The Proxy Form must be signed by the Unitholder personally or by power of attorney (see below).

**Joint holding:** Where the holding is in more than one name, either Unitholder may sign.

**Power of attorney:** To sign under power of attorney, you must lodge the power of attorney with APN FM. If you have not previously lodged that document, please attach a certified copy of the power of attorney when you return it.

**Companies:** For a corporate Unitholder, if the company has a sole director who is also the sole company secretary, that person must sign this Proxy Form. If the company does not have a company secretary (under section 204A of the Corporations Act), its sole director must sign this Proxy Form. Otherwise, a director must sign jointly with either another director or a company secretary in accordance with section 127 of the Corporations Act. Please indicate the office held by signing in the appropriate place.

**Corporate Representative:** If a representative of the corporate Unitholder or proxy is to attend the Meeting; the appropriate Certificate of Appointment of Corporate Representative must be produced before the Meeting. A form of the certificate may be obtained from APN FM.