



19 November 2015

## Launch of new fund and debt facilities

APN Property Group Limited (**APN**) announced today the launch of the APN Convenience Retail Property Fund (the **Fund**), the Group's latest unlisted direct property fund.

Forecast to deliver a sustainable distribution yield of 7.20% pa (paid monthly), the Fund's income is backed by secure long term leases (15 year weighted average lease expiry) to some of Australia's leading convenience retailers including Shell/Viva Energy, Hungry Jack's, Subway and Masters Home Improvement (guaranteed by Woolworths Limited). The properties, located in Spring Hill, Brisbane and South Nowra, New South Wales, have been acquired under guaranteed delivery contract arrangements and are situated in attractive customer demographic and forecast population growth areas.

Please refer to the attached Fund summary for a more detailed overview of the Fund.

APN has secured two debt funding facilities to support the above initiative and provide additional balance sheet capacity and flexibility. Both facilities have been negotiated on an arms length basis and are summarised as follows:

|                     |  |
|---------------------|--|
| <b>Lender</b>       | Bank of Melbourne  |
| <b>Amount (max)</b> | \$25.847 million   |
| <b>Term</b>         | 3 years  |
| <b>Type</b>         | APN Convenience Retail Property Fund term debt, with recourse limited to properties owned by the Fund                      |
| <b>Cost</b>         | Delivery phase: All-in rate of approximately 4.80%<br>Investment phase: All-in rate of approximately 3.50%                 |
| <b>Lenders</b>      | Private independent institutional investor and an entity associated with APN Director, Chris Aylward (equal participation) |
| <b>Amount (max)</b> | \$10 million (in aggregate)  |
| <b>Term</b>         | One year   |
| <b>Type</b>         | Corporate facility   |
| <b>Cost</b>         | 8.00% pa (with additional 2.00% pa if outstanding after six months)  |

**ENDS**

For further information, please contact:

**Tim Slattery**

Executive Director

T +613 8656 1000

E [tim.slattery@apngroup.com.au](mailto:tim.slattery@apngroup.com.au)

**About APN Property Group**

APN Property Group Limited (ASX code: APD) is a specialist real estate investment manager. Since 1996, APN has been actively investing in, developing and managing real estate and real estate securities on behalf of institutional and retail investors. APN's focus is on delivering superior investment performance and outstanding service. Performance is underpinned by a highly disciplined investment approach and a deep understanding of commercial real estate.

**[www.apngroup.com.au](http://www.apngroup.com.au)**

## APN Convenience Retail Property Fund

**An opportunity** to invest in well-located, long lease term properties focusing on the convenience retail sector

**15.0** yrs<sup>1</sup>

WEIGHTED AVERAGE LEASE EXPIRY

**7.20** %<sup>2</sup>  
pa +

INITIAL FORECAST DISTRIBUTION  
YIELD PAID MONTHLY

### Investment highlights

- Weighted average lease expiry of ~15 years<sup>1</sup>
- 7.20% pa<sup>2</sup> initial forecast distribution yield with growth potential
- Leased to Masters Home Improvement, Shell / Viva Energy, Subway, Hungry Jack's and other leading retailers
- Brand new, 100% convenience retail portfolio located in population growth areas
- 100% occupied
- 40% initial Fund gearing
- Distributions to be paid monthly



To register your interest and receive the Product Disclosure Statement, please contact your financial adviser or contact APN Investor Services directly on:

☎ 1800 996 456

✉ [apnpg@apngroup.com.au](mailto:apnpg@apngroup.com.au)

🌐 [www.apngroup.com.au](http://www.apngroup.com.au)

## Property details

### NOWRA MASTERS HOME IMPROVEMENT AND SOUTH NOWRA SERVICE CENTRE

|                  |   |
|------------------|---|
| Property         | Masters Home Improvement and South Nowra Service Centre   |
| Age              | Brand new   |
| Ownership        | Freehold  |
| Address          | 190 Princess Highway, Nowra NSW   |
| Land area        | 35,992 sqm  |
| Building details | Freestanding Masters Home Improvement store and a modern highway service station with two freestanding fast food retail offerings |

#### Metrics

|                |  |
|----------------|--|
| Purchase price | \$32,500,000                                     |
| Valuer         | CBRE   |
| Passing yield  | 6.95%  |
| Base rent      | \$2.28 million pa (75% guaranteed by Woolworths) |
| Annual reviews | CPI / Fixed (3% – 5%)                            |
| WALE           | 15 years <sup>1</sup>                            |

### EAGLEBY SERVICE STATION

|                  |  |
|------------------|--|
| Property         | 7-Eleven Eagleby   |
| Age              | Brand new  |
| Ownership        | Freehold   |
| Address          | 126 River Hills Road, Eagleby QLD  |
| Land area        | 2,080 sqm  |
| Building details | Brand new modern 7-Eleven service station comprising a freestanding canopy over the forecourt area and a customer service/convenience store towards the rear |

#### Metrics

|                    |                       |
|--------------------|-----------------------|
| Purchase price     | \$4,425,000           |
| Valuer             | Savills               |
| Valuation Cap rate | 6.50%                 |
| Base rent          | \$290,000 pa          |
| Annual reviews     | Fixed 4% increases    |
| WALE               | 15 years <sup>1</sup> |

## Fund details

|                            |  |
|----------------------------|--|
| Overview                   | <ul style="list-style-type: none"> <li>Direct property fund with a fixed 8 year term.</li> <li>Consistent with APN's 'Property for Income' philosophy:               <ul style="list-style-type: none"> <li>secured by long term leases; and</li> <li>strong tenant covenants (focus on anchor tenants with national presence).</li> </ul> </li> <li>Investment platform will allow for additional capital raisings and further issuance of units during 'establishment' period.</li> </ul>  |
| Objective                  | <ul style="list-style-type: none"> <li>The Fund's objective is to provide Unitholders with a sustainable income yield likely to be partially (tax deferred) with the potential for income and capital growth.</li> </ul>   |
| Investment Mandate         | <ul style="list-style-type: none"> <li>Eastern seaboard direct real estate focus.</li> <li>Retail assets with convenience based offerings.</li> <li>National retailer anchor tenant covenants.</li> </ul>  |
| Subsequent Equity Raisings | <ul style="list-style-type: none"> <li>Opportunities for additional property acquisitions funded via further equity raisings and potentially debt (within the Fund's gearing policy), dependent on size of the asset and compliance with investment mandate criteria.</li> </ul>   |
| Fees and expenses          | <ul style="list-style-type: none"> <li>Base management fee of 0.60% of Gross Asset Value per annum (excluding the value of works undertaken in respect of a property under construction).</li> <li>Expense recoveries estimated at approximately 0.20% of Gross Asset Value per annum.</li> <li>Property acquisition fee: 2.00% purchase price (excluding transaction costs).</li> <li>Property disposal fee: 1.00% disposal price (excluding transaction costs).</li> <li>Performance fee: 20% of the amount by which the Fund's internal rate of return exceeds a target rate of return of 10% per annum.</li> <li>Leasing fees: market based.</li> <li>Debt arrangement fee: up to 0.50% but not charged on initial debt facilities.</li> </ul> |

## APN | Property Group

A SPECIALIST REAL ESTATE INVESTMENT MANAGER SINCE 1996

<sup>1</sup> Forecast as at 30 November 2015. The WALE forecast is subject to property and other general risks, which include timely delivery of development assets.

<sup>2</sup> Forecast to 30 June 2016. This forecast yield is subject to property, financing and other general risks. Forecast distributions are not guaranteed.

Any investment in the APN Convenience Retail Property Fund (Fund) (ARSN 608 924 287) is subject to general, property specific, financing and other investment risks. Please refer to the Product Disclosure Statement (PDS) for further details, which will be available to download from [www.apngroup.com.au](http://www.apngroup.com.au). Alternatively, a hard copy will be available free of charge by contracting 1800 996 456. Allotments or issues of units in the Fund will be made only on receipt of an application form completed in accordance with the instructions set out in the PDS. A copy of the PDS will be available at [www.apngroup.com.au](http://www.apngroup.com.au) or by contacting us on 1800 996 456. The PDS will be issued by APN Funds Management Limited as responsible entity for the Fund, which will be the issuer of units in the Fund. The information provided in this material does not constitute financial product advice and does not purport to contain all relevant information necessary for making an investment decision. It is provided on the basis that the recipient will be responsible for making their own assessment of financial needs and will seek further independent advice about the investments as is considered appropriate.