



21 January 2016

## APN Convenience Retail Property Fund

In light of Monday's announcement by Woolworths Limited in respect of the Masters business, APN is providing an update to the market on the APN Convenience Retail Property Fund (the **Fund**).

As previously advised to the market, the Fund is currently being established and includes a property agreed to be leased to Masters which is currently on APN Property Group Limited's balance sheet.

APN is committed to the Fund and its investment strategy. The Fund is founded on quality, long term cash rental income streams from non-discretionary retail tenants.

In the current low rate environment, APN believes this strategy is very well suited to deliver attractive risk-adjusted returns, including high monthly income yields to investors. We believe this product is ideal for self managed superannuation funds and other investors seeking commercial property investments with strong and regular income returns.

The Masters property is subject to a development agreement and is under construction. The property is leased to Masters for a 15 year term, which commences on its completion (scheduled for the middle of calendar 2016). The performance of Masters' obligations under the lease is guaranteed by Woolworths Limited.

APN remains comfortable with its investment decision and the due diligence processes supporting that decision. In the event the developer or Masters / Woolworths wish to alter the arrangements with respect to the property any such change will require APN's agreement.

At this time the Fund's launch will be deferred. A further update will be provided in due course.

As previously advised to the market, APN does not include any assumption on management fees from this Fund in its earnings guidance. Therefore, there is no change to APN's FY2016 Operating Earnings Guidance as announced on 18 January 2016. The seed properties for the Fund currently on APN's balance sheet are financed with equity and debt facilities with security limited to the assets of the Fund.

Set out below is further information on these properties.

Property	Status	Tenant and Guarantor	NLA (sqm)	Lease term (years)	Independent Valuation (\$m)	Valuation Cap Rate
7-Eleven Eagleby	Complete and trading	7-Eleven (Aust. Parent)	198	15.0	\$4.425	6.50%
Hungry Jack's Nowra		Hungry Jack's (Aust. Parent)	301	15.0	\$8.3	6.75%
Shell Service Centre Nowra		Viva Energy (sub-tenants Coles Express and Subway)	298	15.0		
Masters Nowra	Construction (mid CY2016 completion)	Masters (Guaranteed by Woolworths Limited)	13,000	15.0	\$24.2	7.00%
<b>Total</b>			<b>13,797</b>	<b>15.0</b>	<b>\$36.925</b>	<b>6.88%</b>

**ENDS**

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#### **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.

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