



28 June 2018

## Launch of new property fund

APN Property Group Limited (**APN**) is pleased to announce the launch of its latest direct property fund to investors, the APN Nowra Property Fund (the **Fund**).

The Fund holds a retail property located at 198 Princes Highway in South Nowra which APN acquired on its recent completion in 2016 and which APN currently holds on its balance sheet. The property is 100% leased to the Home Consortium Group with a remaining lease term of over 13 years and the benefit of a guarantee from Woolworths Limited, a leading Australian supermarket operator with a current market capitalisation of more than \$35 billion.

The Fund will offer wholesale investors:

- An unlisted, single asset, direct property fund with a 5 year initial term
- Forecast reliable and growing income stream and potential capital growth
- Investment in an established retail precinct in South Nowra on the NSW coast, 2 hours by road south of Sydney - the recipient of major infrastructure investment, including the Pacific Highway upgrade
- An initial forecast distribution yield of 7.80% per annum (FY2019 annualised) – paid monthly and forecast to increase to 8.00% in FY2020
- Forecast tax deferral on distributions of approximately 90% (FY2019)
- Gearing of 43.5% with a five year debt facility with a major Australian bank
- Lease Guarantee from Woolworths Limited (ASX:WOW)
- A weighted average lease expiry of over 13 years
- Initial net tangible asset backing of \$1.05 per unit based on a \$24.2 million valuation of the Property (7.04% cap rate)
- Total Fund equity of \$13.1 million
- Scheduled Fund unit allotment date in August 2018

APN originally acquired the property as part of a portfolio which it subsequently divested for a profit of \$2.74 million. In establishing the terms for the Fund, APN has determined to set the price of units in the Fund such that Fund investors will receive the benefit of a \$1.4 million discount to the Property's independent valuation (ie \$22.8 million instead of \$24.2 million). As part of this, APN has implemented a performance fee arrangement based on 30% of the excess over a 7.50% investor return which may be paid on a successful realisation of the asset of the Fund.

Tim Slattery, APN's Chief Executive Officer said 'We are really pleased to be able to introduce the new Nowra Fund which will provide investors a starting forecast annual distribution yield of 7.80% and a high degree of income security with the Woolworths guarantee. We considered the Fund's terms carefully in deciding to reduce the entry price for investors while putting in place a performance fee which will see the Fund's investors and APN as manager both strongly aligned to a successful end outcome for the Fund.'

**ENDS**

For further information, please contact:

**Tim Slattery**

Chief Executive Officer

T +613 8656 1000

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

**Michael Groth**

Chief Financial Officer

T +613 8656 1000

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