

# Wholesale Australian Property Fund

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**2 December 2020**

## Wholesale Australian Property Fund update

The Wholesale Australian Property Fund (the Fund) aims to provide investors with income and long-term capital growth by investing in 26 quality commercial properties in major metropolitan markets throughout Australia. The Fund has a long track record of paying a reliable income distribution and achieving solid returns using low debt. Since its inception in March 1985, the average net return to investors through to 30 September 2020 has been 8.7% per annum<sup>1</sup>.

An update on key initiatives is provided below:

- **Distribution** – the Fund is currently paying a fixed distribution of 1.81 cents per unit which equates to an annual yield of 5.81% based on the 1 December 2020 unit price. We are pleased to announce that the policy of paying a fixed distribution of 1.81 cents per unit has been extended through to 31 December 2021.
- **Draft Valuations** – valuations are on track to increase by 0.75% as at 31 December 2020. The table below shows the draft valuations which have been approved by the Investment Committee. For ease of reference and transparency, historical valuations have also been included.

WHOLESALE AUSTRALIAN PROPERTY FUND										
PORTFOLIO SUMMARY			VALUATIONS							
Property	State	Sector	31-Dec-2019	31-Mar-2020	30-Apr-2020	31-May-2020	30-Jun-2020	30-Sep-2020	Draft 31-Dec-2020	Quarterly Variance
			\$m	\$m	\$m	\$m	\$m	\$m	\$m	
Casula Mall	NSW	Retail	214.0	210.0	200.0	197.0	197.0	197.0	197.0	-
Stud Park Shopping Centre	VIC	Retail	154.6	151.3	146.2	143.6	143.6	142.3	143.3	0.7%
Gasworks Plaza	QLD	Retail	138.5	135.1	128.0	122.0	122.0	122.0	122.0	-
Brickworks	QLD	Retail	137.0	135.1	127.3	124.8	124.8	124.9	125.4	0.4%
124 Walker St, North Sydney	NSW	Office	126.5	128.3	125.5	125.5	127.2	126.2	126.2	-
Bond One, Walsh Bay	NSW	Office	142.0	137.2	135.5	135.8	135.8	135.8	138.1	1.7%
12 Moore St, Canberra	ACT	Office	52.0	48.5	47.7	44.4	44.5	44.5	44.5	-
636 St Kilda Rd, Melbourne	VIC	Office	121.8	117.3	116.3	116.9	117.2	116.4	116.7	0.3%
425 Collins St, Melbourne	VIC	Office	42.0	42.5	39.4	39.4	39.7	39.7	40.2	1.4%
199 Grey St, Brisbane	QLD	Office	98.5	93.7	94.0	93.5	93.5	92.0	91.5	-0.5%
Gasworks Workspace, Brisbane	QLD	Office	78.0	78.5	77.0	77.0	77.5	78.5	78.5	-
33 Park Rd, Brisbane	QLD	Office	47.2	43.6	44.0	43.7	43.7	48.5	49.0	1.0%
Stanley House, South Brisbane	QLD	Office	31.5	30.8	31.0	30.5	30.6	30.6	30.6	-
Connect Corporate Centre B1, Mascot	NSW	Industrial	49.0	49.2	47.0	47.0	47.5	47.7	48.0	0.5%
Connect Corporate Centre B2, Mascot	NSW	Industrial	110.0	109.0	105.0	106.5	107.5	108.0	109.5	1.4%
Connect Corporate Centre B3, Mascot	NSW	Industrial	186.7	184.1	177.5	177.0	177.5	178.6	179.3	0.3%
Hillrose Business Park, Rosehill	NSW	Industrial	16.8	16.8	16.8	16.8	16.8	16.8	16.8	-
Arndell Park Industrial Estate, Arndell Park	NSW	Industrial	16.7	16.7	16.7	16.7	17.5	17.5	17.5	-
CentralWest DC, Laverton North	VIC	Industrial	57.5	59.4	56.7	56.8	56.8	57.3	61.2	6.8%
704-744 Lorimer St, Port Melbourne	VIC	Industrial	43.5	43.3	41.2	41.3	41.3	41.5	42.6	2.6%
2 Pound Rd West, Dandenong	VIC	Industrial	22.0	21.8	21.0	21.0	21.0	23.9	24.0	0.3%
202-228 Greens Rd, Dandenong	VIC	Industrial	29.1	29.6	28.4	28.4	28.4	29.4	30.0	2.0%
121 Evans Rd, Salisbury	QLD	Industrial	33.0	35.2	34.7	35.0	35.1	36.3	36.4	0.4%
Acacia Gate Industrial Estate, Acacia Ridge	QLD	Industrial	20.6	20.4	20.1	20.1	20.5	21.5	22.7	5.8%
7-9 French Ave, Brendale	QLD	Industrial	23.7	23.6	23.7	23.7	23.7	24.0	24.2	0.8%
2 Second Ave, Mawson Lakes	SA	Industrial	35.0	36.0	36.3	36.3	36.3	36.5	36.7	0.6%
<b>Total - Direct Property Portfolio</b>			<b>2,027.1</b>	<b>1,997.1</b>	<b>1,937.0</b>	<b>1,920.7</b>	<b>1,926.9</b>	<b>1,937.3</b>	<b>1,951.8</b>	<b>0.75%</b>
<b>Variance:</b>				<b>-1.5%</b>	<b>-3.0%</b>	<b>-0.8%</b>	<b>0.3%</b>	<b>0.6%</b>	<b>0.7%</b>	

<sup>1</sup> Note that past performance is not a reliable indicator of future performance.

- **Debt Refinance** – AMP Capital has successfully extended all of the Fund's debt maturities which previously expired in 2021. Two new debt tranches – each \$200 million – have been secured from two major domestic banks with one tranche maturing in November 2023 and the other maturing in November 2025. In addition, the Fund's total debt facility size has been increased from \$500 million to \$575 million (a third \$175 million tranche matures in 2024 and was not refinanced as part of these negotiations). The increased facility size provides access to an extra \$75 million of capital which can be drawn to fund acquisitions, capex or withdrawals. The weighted average interest cost of the Fund's debt is approximately 1.4% as at 1 December 2020.
- **Leasing** – the following leases have been agreed at Stud Park Shopping Centre in recent weeks:
  - a new 13-year lease with Coles
  - a new 10-year lease (with a 5-year break clause) with Kmart
  - a new 5-year lease with mycar.

Heads of Agreement have been signed with two other tenants on 10-year terms with leases expected to be executed either in Q4/2020 or Q1/2021. These transactions are expected to increase the valuations of the relevant properties.
- **Divestment update** – as previously announced, Fund's property at Rosehill in Sydney is subject to a compulsory acquisition order from the NSW state government (the property is needed for the construction of the western Sydney metro). Industrial values continue to rise strongly in this market and this will be reflected in the compensation that the Fund receives. Any upside in value is likely to be included in the Fund's unit price following agreement of the terms which are currently being negotiated.
- **Returns** – the Fund is currently paying a fixed quarterly distribution of 1.81 cents per unit which equates to a yield of 5.81% as at 30 November 2020. On top of the distribution, the Fund aims to provide capital growth in line with inflation. Recent leasing activity will assist the fund to meet the objective of providing an annual total return in the order of 6-8%.

We will continue to provide investors with updates and thank you for your ongoing support.

## Further information

If you have any questions about this update, please contact your Client Account Manager or our Client Services Team on 1800 658 404, between 8.30am and 5.30pm (Sydney time) Monday to Friday or via email at [clientservices@ampcapital.com](mailto:clientservices@ampcapital.com).

### Wholesale Australian Property Fund at a glance

- Open-ended fund established 1985
- 8.7% return to investors (net of fees) since inception<sup>#</sup>
- Gross assets of \$1,959 million<sup>#</sup>
- 26 income-producing properties<sup>#</sup>
- Diversified across the office, retail and industrial sectors
- Debt limited to 25% of gross assets as at the date drawn
- Portfolio occupancy of 96% and WALE of 4.2 years<sup>#</sup>
- Redemptions payable monthly (subject to conditions)<sup>\*</sup>
- Bonus units available if opt-in to DRP
- No entry fee and no buy/sell spread

<sup>#</sup> As at 30 September 2020

<sup>\*</sup> While the Fund is liquid, the Responsible Entity aims to process withdrawal monthly, however this may be extended to 12 months or longer in certain circumstances. See the latest Fund Product Disclosure Statement for details, available at [ampcapital.com](http://ampcapital.com).

[ampcapital.com](http://ampcapital.com)

**Important Notice:** National Mutual Funds Management Limited (ABN 32 006 787 720, AFSL 234652) is the responsible entity (**Responsible Entity**) of the Wholesale Australian Property Fund (**Fund**) and the issuer of the units in the Fund. To invest in the Fund, investors will need to obtain the current Product Disclosure Statement (**PDS**) from AMP Capital Investors Limited (ABN 59 001 777 591, AFSL 232 497) (**AMP Capital**). The PDS contains important information about investing in the Fund and it is important that investors read the PDS before making an investment decision about the Fund. Neither AMP Capital, the Responsible Entity, nor any other company in the AMP Group guarantees the repayment of capital or the performance of any product or any particular rate of return referred to in this document. While every care has been taken in the preparation of this document, AMP Capital makes no representation or warranty as to the accuracy or completeness of any statement in it including without limitation, any forecasts. This document has been prepared for the purpose of providing general information, without taking account of any particular investor's objectives, financial situation or needs. Investors should consider the appropriateness of the information in this document, and seek professional advice, having regard to their objectives, financial situation and needs. This document is solely for the use of the party to whom it is provided and must not be provided to any other person or entity without the express written consent of AMP Capital. This document is not intended for distribution or use in any jurisdiction where it would be contrary to applicable laws, regulations or directives and does not constitute a recommendation, offer, solicitation or invitation to invest.