

Fund overview

The APN Nowra Property Fund is a single asset, fixed-term, unlisted property fund established in November 2018. The property is located at 198 Princes Highway, South Nowra, New South Wales and comprises a large format retail building constructed in 2016. The Fund aims to provide a stable income profile whilst achieving moderate capital growth.

Manager's report

The Fund has performed in line with expectations during the quarter and continues to deliver an income distribution of 8.00 cents per unit for FY20.

Bunnings, which occupies 100% of the building under a sublease agreement with Home Consortium Group (the building's tenant), continues to trade well since completing its fitout in May 2019. As previously advised, Bunnings occupancy of the building has no direct impact on the Fund's income given the sub-lease agreement.

Home Consortium's lease term has 11.9 years remaining with the rental income being guaranteed by Woolworths Limited.

In line with the lease and the Funds forecasts, an annual rent review was completed in August for the tenant which saw the rent increase by CPI (1.7%) or from \$1.79m to \$1.82m per annum.

A Directors' valuation of \$24.2 million (cap rate 7.0%) was completed as at 30 June 2019 and remains in line with last external valuation completed in June 2018. The Fund's asset gearing therefore remains constant at 43.5%. In addition, all the Fund's debt is hedged at a fixed interest rate ahead of that assumed within the Information Memorandum, providing certainty around future distributions.

The Fund's audited Net Asset Value (NAV) as at 30 June 2019 is \$1.02 per unit which has decreased by \$0.03 per unit from the initial NAV of \$1.05 per unit. This reduction has been driven by the substantial falls in Australian interest rates since the fixed rate was locked in December 2018 and reflects the liability that would be incurred should the Fund cancel and payout the fixed interest rate hedge. This liability has no impact on future distributions that the Fund is expected to pay, and will reduce as the hedging contract expires.

Expiry Profile (by income)



AT A GLANCE as at 30 September 2019

NAV	\$1.01 per unit
Unit price revaluation	Changes to Net Asset Value per unit are advised following the completion of the audited Annual and Half-Yearly financial reports
Property value	\$24.2 million
Borrowings (loan to value ratio)	43.5%
Weighted Average Lease Expiry (WALE)	11.9 years (by income)
Occupancy	100%
Fund commenced	8 November 2018
Fund maturity	7 November 2023
Annual distribution	8.00 cents per unit
Distribution yield to NAV	7.84%
Distribution payments	Monthly
Sector allocation (by value)	Large Format Retail: 100%
Geographic allocation (by value)	New South Wales: 100%



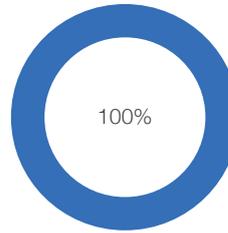
Historical unit values

There is no defined unit price for the Fund. For your reference we have provided the historical Net Asset Value (NAV) per unit.

Date	Net Asset Value (NAV) per unit
30 September 2019	\$1.01
30 June 2019	\$1.02
31 March 2019	\$1.05
31 December 2018	\$1.05
8 November 2018	\$1.05



Tenant Profile (by income)



- Home Consortium Group (rent guaranteed by Woolworths Ltd)

Important distribution details / dates

Distribution payment	Accruing at the end of each month. Payment is made on the 10th day following month's end unless that day is a non-business day in which case the distribution will be paid on the following business day.
Distribution statement	Dispatched at the time of payment above.
Tax statement	Dispatched annually (by end of August).

APN Property Group

APN Funds Management Limited (APN FM) is a wholly owned subsidiary of APN Property Group Limited, an ASX listed company (ASX code: APD) that manages approximately \$2.9 billion (as at 30 June 2019) of real estate and real estate securities on behalf of institutional and retail investors. APN FM is an active investment manager with a concentrated focus on income, and has been investing on behalf of its clients in commercial real estate since 1996.

Investment team members

Tim Slattery Chief Executive Officer
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