

Fund overview

The APN Nowra Property Fund (“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 Unitholders with sustainable distributions with the potential for income and capital growth.

Manager’s report

The sole tenant of the Fund, Home Co., whose lease is guaranteed by ASX-listed Woolworths Limited, has 10.9 years remaining on their lease. Bunnings Warehouse continue to occupy the stand alone building on a sublease agreement with Home Consortium whilst they redevelop their existing store located approximately 1 kilometre to the north. APN continues to communicate with Home Co. to further understand their plans for the site after Bunnings vacate the premises in early 2021.

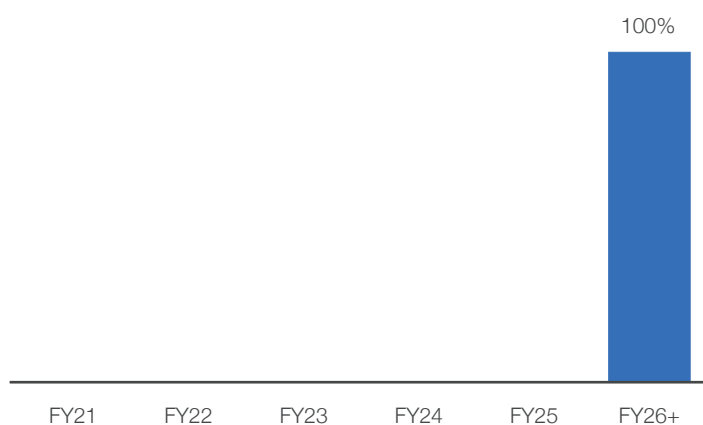
In line with the lease agreement with Home Co., an annual rent review was completed in August 2020. Although the CPI (Sydney All Groups) fell by negative 1.03% to June 2020, the lease ratchet mechanism was applied and resulted in the rent review being zero.

As a result of the rent remaining the same for the next 12 months, the forecast earnings for FY2021 will reduce slightly. However, given the strong performance since inception, APN will maintain the budgeted FY2021 distribution rate at 8.25 cents per unit – which is equivalent to an 8.25% distribution yield, based on the original entry unit price.

The current valuation remains in line with the most recent independent valuation completed at 31 December 2019 of \$25.5m, and gearing remains stable at 41.3%, significantly below the loan to value (LVR) covenant of 55%.

At 30 September 2020, the Net Asset Value (NAV) for the Fund is \$1.1154 per unit, which is generally in line with 30 June 2020 NAV.

Expiry Profile (by income)



AT A GLANCE as at 30 September 2020

Net Asset Value (NAV)	\$1.1154 per unit
Unit price revaluation	Changes to Net Asset Value per unit are advised following the completion of the audited Annual and unaudited Half-Yearly financial reports
Property value	\$25.5 million
Borrowings (loan to value ratio)	41.3%
Weighted Average Lease Expiry (WALE)	10.9 years (by income)
Occupancy	100%
Fund commenced	8 November 2018
Fund maturity	7 November 2023 (5-year initial Fund term)
Annual distribution	8.25 cents per unit
Distribution yield to NAV	7.4%
Distribution payments	Monthly
Sector allocation (by value)	Large Format Retail: 100%
Geographic allocation (by value)	New South Wales: 100%

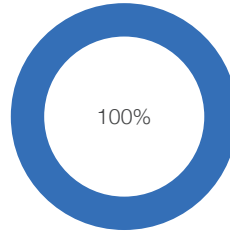


Historical unit values

For your reference, historical NAV per unit have been provided below.

Date	NAV per unit
30 September 2020	\$1.12
30 June 2020	\$1.11
31 March 2020	\$1.11
31 December 2019	\$1.12
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 Co. (rent guaranteed by Woolworths Ltd)

Total Fund Return

Since the fund inception in November 2018, investors have received a total annualised return of 14.0%, comprising of 8.0% income and 6.0% capital growth.



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 \$2.7 billion (as at 30 June 2020) of real estate and real estate securities on behalf of institutional and retail investors. APN 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

Tom Forrest Fund Manager, Unlisted Direct Property
Alex Abell Head of Direct Property

CONTACT US

- 1300 027 636
- apngg@apngroup.com.au
- apngroup.com.au

- apngroup.blog
- APN Property Group Limited
- @apngroup
- apnpropertygroup
- apnpropertygroup

This summary has been prepared by APN Funds Management Limited (APNFM) (ABN 60 080 674 479, AFSL No 237500) for general information purposes only and whilst every care has been taken in relation to its accuracy, no warranty is given or implied. APNFM is a wholly owned subsidiary of APN Property Group Limited ACN 109 845 068. APNFM is the responsible entity and issuer of the APN Property Group products. 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. Past performance is not necessarily an indication of future performance. Returns shown are for wholesale and sophisticated investors, net of fees and costs and are annualised. Returns and values may rise and fall from one period to another. Investors' tax rates are not taken into account when calculating returns. General risks apply to an investment in APN funds and must be considered before making an investment. We recommend that a person obtain financial, legal and taxation advice before making any financial investment decision. Further information is available from APN Funds Management Limited, at Level 30, 101 Collins Street, Melbourne 3000 or by visiting www.apngroup.com.au.