

APN Nowra Property Fund

Fund overview

The APN Nowra Property Fund is a single asset, fixed-term, unlisted property fund that was established in November 2018. The property is located at 198 Princes Highway, South Nowra, New South Wales and comprises a large format retail building that was constructed in 2016. The Fund aims to provide a stable income profile whilst achieving moderate capital growth through the Fund's 5 year expected life.

Manager's report

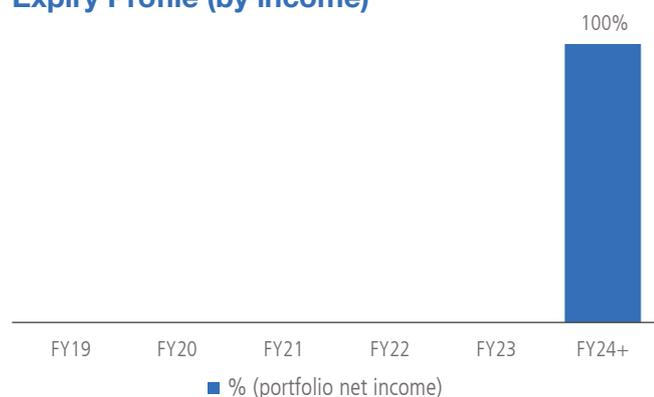
The Fund continues to perform in line with expectations since inception, providing monthly distributions of 7.80% per annum.

Since the last investor update the buildings sole occupant, Home Consortium Group, has entered into a sub-lease agreement with Bunnings Warehouse on a two year term whilst Bunnings undertake a refurbishment of their existing store in Nowra. Bunnings has commenced their fitout works and are progressing well and are expected to begin trading in May 2019. The Bunnings' occupancy of the centre will not have a direct impact on the Fund's income.

Home Consortium's lease term has 12.36 years until expiry with the rental income being guaranteed by Woolworths Limited until expiry.

The most recent Directors' valuation of \$24.2 million was completed as at 31 December 2018 resulting in the Net Asset Value (NAV) remaining unchanged at \$1.05 per unit. The Fund's gearing remains at 43.5%, comfortably below the covenant of 60%. The Fund has also hedged 100% of its debt from June 2019 at an interest rate ahead of that assumed within the Fund Information Memorandum.

Expiry Profile (by income)



AT A GLANCE as at 31 March 2019

NAV	\$1.05 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)	12.36 years (by income)
Occupancy	100%
Fund commenced	8 November 2018
Fund maturity	7 November 2023
Redemption facility	Not available
Annual distribution	7.80 cpu
Distribution yield (to NAV-\$1.05)	7.42%
Distribution payments	Monthly
Distribution reinvestment	Not available
Sector allocation by value	100% Retail
Geographic allocation (by value)	New South Wales: 100%

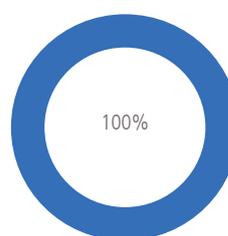
Historical unit values

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
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)

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 \$2.8 billion (as at 30 December 2018) 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

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