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The Stables Property Fund

7.6% Initial Yield, Woolworths as Anchor Tenant

Placer Property announced today the launch of The Stables Property Fund, its next offering following on from the successful NewActon East Property Fund.

The Stables Property Fund (Fund) is a recently developed, neighborhood shopping centre in the Adelaide suburb of Golden Grove. The centre is anchored by Woolworths Supermarket and BWS (Beer Wine Spirits), accounting for 61% of the gross property income. Other tenants include HealthSense Medical Centre and Chemmart Pharmacy, and a number of specialty shops. The property boasts a long weighted average lease expiry of 11 years by income.

Placer is seeking to raise \$16.5 million in equity from investors, such as self managed super funds. The Fund offers investors an initial income return of 7.6% p.a., paid quarterly, and an initial NTA of \$0.95.

Placer Property Joint Managing Director, Mario Papaleo, said that the investment is ideal for investors seeking regular and reliable income.

“The Fund gives investors access to an investment in a new Woolworths anchored shopping centre that most investors couldn’t buy on their own. The 7.6% yield is attractive, particularly in this low interest rate environment.

“The number of investors, especially SMSFs, participating in unlisted property investments has continued to grow each year, and we expect that trend to continue as investors seek to diversify their investment portfolios by gaining access to quality property investments such as The Stables.” Mr Papaleo said.

The Stables Property Fund has an investment term of 6.2 years. The initial gearing will be 45% with 100% of the interest rate exposure hedged for the term of the debt facility of four years, adding further stability and reliability to the investment return.

Placer Property Joint Managing Director, David Omond, said “Placer saw an opportunity in the area as there was no full line supermarket within a five kilometre drive. We sourced and purchased the land in late 2013 and developed The Stables Shopping Centre, which opened for business in 2015.

This property is well located in the northeast suburb of Golden Grove. Its main catchment area boasts residents with earnings that are above the national and Adelaide averages, as a result we expect the centre will perform well.”

KEY POINTS

- **Attractive yield** – Forecast annualised distribution yield of 7.6% in FY16, with tax deferred income of 100%.
- **High NTA** – Initial NTA of \$0.95.
- **Major supermarket chain as anchor tenant** – 61% of the property’s rental income will be sourced from the property’s major tenant, Woolworths Supermarkets.
- **Long leases** – 11 years weighted average lease expiry by rental income.
- **Quality asset in prime location** – The property was developed recently to a very high standard and boasts a catchment area with residents, whose average income is higher than the national and Adelaide averages. There is no other full line supermarket within a five kilometre drive.
- **Managed risk** - The fund's initial gearing is 45% with a four year debt facility through a major Australian bank, and interest rates hedged for the term of the loan.
- **Defined investment and exit strategy** –The fund will own this asset only. The investment term is scheduled to end 30 June 2022, when it is intended that the property will be marketed for sale.

About Placer Property

Placer Property Limited holds an Australian Financial Services License (AFSL 442806) by the Australian Securities and Investment Commission.

Placer Property draws on the skills and knowledge of senior management who are specialists in unlisted property funds management and the extensive experience of its Directors. Senior management share over 19 years property related experience.

As a specialist property fund manager, the primary objective of Placer Property is to facilitate quality property investment opportunities for investors seeking regular and reliable income derived from the ownership of commercial property.

Placer Property is focused on Australian property investment opportunities.

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