



Fund overview

The APN 541 St Kilda Road Fund (Fund) is a single asset, closed-ended fund which owns 541 St Kilda Road, Melbourne – a modern, substantially refurbished eight storey commercial office building located on St Kilda Road, 4 km from Melbourne’s CBD.

Manager's report

APN is pleased to report that the Fund reported consistent earnings and significant growth in the value of its commercial property over the period to 31 December 2013. 541 St Kilda Road was independently valued on 31 December 2013 at \$30.6 million, a 5.5% increase since the 30 June 2013 valuation of \$29.0 million. The increase in the value of the property was driven by the leasing up of Level 2 in the building to SEEK as well as increases the Net Operating Income (NOI) as a result of the successful implementation of a number of initiatives including increases in the recovery of outgoing expenses and an increase in the number of licensed parking bays. The increase in value also meant the Net Asset Value (NAV) per unit of the Fund increased to \$0.9798 as at 31 December 2013 (\$0.9210 at 30 June 2013).

The Fund continues ahead of APN’s expectations at an operational level and currently delivers a distribution yield of 9.00%pa¹ paid monthly. The six month total return to 31 December 2013 was 10.88% (comprising income of 4.50% and capital growth of 6.38%).

Unconditional contract of sale for 541 St Kilda Road

APN has entered an unconditional contract to sell 541 St Kilda Road for \$35.75 million and has received a 5% deposit. The sale price represents a 27.7% premium to the initial purchase price of \$28 million and a significant premium to the Fund’s most recent independent valuation. APN believes this is an outstanding result reflecting a passing yield of 7.14% compared with the original acquisition yield of 9.18% and compares favourably with recent transactions for A-grade commercial office buildings in the St Kilda Road precinct. Settlement is due in July 2014 and APN expects investors will receive proceeds of between \$1.18 and \$1.22 per unit (with a total return between 26% - 29% since inception of the fund). The Fund will continue to make monthly distributions over the period to expected settlement.

Historical unit values

There is no defined unit price for the Fund. For your reference we have provided the current NAV per unit and the issue prices for each capital raising.

Date	Net Asset Value per unit
31 December 2013	\$0.9798 ²

AT A GLANCE

Fund size (total assets)	\$31.9 million ²
Borrowings (loan to value ratio)	41.20%
Weighted Average Lease Expiry (WALE)	3.4 years
Fund commenced	10 May 2013
Minimum investment	Closed to new investment
Redemption facility	Not available
Distributions	Paid monthly
Unit values	Changes to NAV per unit are advised post audited half-yearly financial reporting. Please refer below
Distribution reinvestment	Not available
Sector allocation by value	Office: 100%
Geographic allocation by value	Victoria: 100%

Historical distributions

Date	Distribution (cents per unit)
31 December 2013	0.75
30 November 2013	0.75
31 October 2013	0.75
30 September 2013	0.75
31 August 2013	0.75
31 July 2013	0.75
30 June 2013	0.75
31 May 2013	0.75

Important distribution details / date

Distribution Payment	Accruing at the end of every month and payable on the last day of the month, unless that day is a non-business day which will then revert to the following business day
Distribution Statements	Dispatched monthly
Tax Statements	Dispatched annually by end of August

¹ Current running yield is calculated by dividing the annualised distribution rate by the latest entry unit price. Past performance is not an indicator of future performance. Please refer to the PDS for further details. The PDS can be downloaded from www.apngroup.com.au or a hard copy can be obtained free of charge by contacting 1800 996 456.

² As at 31 December 2013. A contract for the sale of the property was signed after this date with indicative proceeds expected of \$1.18 - \$1.22 per unit.

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 \$2.0 billion (as at 31 December 2013) of real estate and real estate securities on behalf of institutional and retail investors. Please refer to www.apngroup.com.au or contact us if you would like more information on APN.

Investment team members

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