

THE VILLAGE SHOPPING CENTRE

IGA ANCHORED SHOPPING CENTRE |
15 YEAR IGA LEASE + OPTIONS

JULY
2016



Overview

This opportunity is to purchase The Village Sandstone Point, which is an established neighborhood centre in the fast growing suburb of Sandstone Point, north of Brisbane, Queensland.

The modern neighborhood shopping centre securely anchored by an IGA supermarket with a Metcash Limited guarantee and 7 specialty stores, including a BWS Bottle Shop, Century21 Real Estate Agency, Dentist, Medical Centre, Pharmacy, Newsagent and Hairdresser.

- » Target Internal Rate of Return (IRR) of approx. 15%.
- » Current fully let income forecast at \$765,000 pa.
- » IGA accounts for 53% of GLA with a 15yr lease with 2x 5yr options expiring 2031.
- » Weighted Average Lease Expiry (WALE) anticipated > 5yrs.
- » 161 onsite car spaces.
- » Sandstone Point is a suburb approximately 52kms north of Brisbane within the Moreton Bay Region. It is located across the bridge from Bribie Island and has views of Moreton Bay.

The shopping centre is approx. 2,289 sq. metres of gross floor area with 152 at grade car bays. There is the potential for re-development upside to increase the floor area.

We are estimating a total cost of \$11.5m, inclusive of due diligence, establishment fees, stamp duty, legals, accounting, insurance and finance costs. The Manager will seek to borrow 70%LVR or \$7.1m of the purchase price requiring an estimated \$4.4m in equity capital.



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Key Features

These are the Key Features that attracted us to this investment:

- » **Location** – significant main trade area in growing neighborhood.
- » **Value** – the purchase price reflects a purchase yield of approx. 7.4% on the net passing rent, which is attractive for a securely leased property of this nature. There is further value through re-development and increasing below market rents.
- » **The Major Tenant** – IGA an iconic Australian business and part of a top ASX listed counterparty underpinning this investment.
- » **Strong Tenant Mix** – strong mix of specialty tenants with the majority on fixed rental increases.
- » **Cash Distributions of 9% per annum** – The surplus income will be retained as a cash reserve. If not required, the surplus funds will be applied as a bonus return of capital to investors.
- » **Security** – Subject to our pre-acquisition Due Diligence, a major risk that we can identify is vacancies resulting from a break or non-renewal of lease, which is mitigated with the number of leases within the centre, however to insure against that risk, accumulated cash funds of approx. \$800k at calendar year 2023 should be available.

K Target cash distribution
of 9% per annum
paid monthly

- » **Significant Depreciation Allowances** – The modern centre will provide significant depreciation allowances in the coming years.
- » **Flexibility** – Several exit options are available to us, including:
 - › Sale within 7 years from purchase at subject to syndicate approval, assuming a conservative a passing yield of 7%, this equates to a sale price of approx. \$14.0m and when combined with an accumulated cash reserve of approx. \$800k, investors will be returned their initial equity plus an additional return in a range of 30-50% on initial investment after costs and mortgage repayment; or
 - › The asset can continue beyond the 7 year mark as a going concern; or
 - › The building can be refurbished and re-let at increased \$/sqm.



Investment Outline

Investment timeframe	Up to 7 years
Forecast Income distribution	9% pa
Distributions	Monthly in arrears
Purchase price (excl. GST)	\$10.4m
Equity to be raised	\$4.4m
LVR (Loan to Value Ratio)	70%
DSCR (Debt Service Cover Ratio) average	2.6 x

Trust Structure



Financial Model

Diagram 1. Investor returns estimated over 10 year timeframe (excl. any sale proceeds)

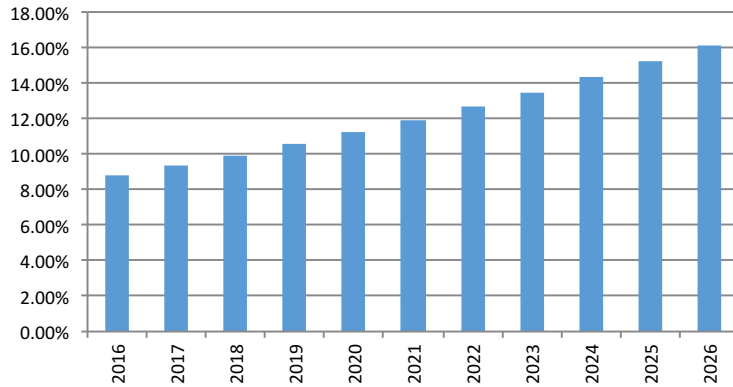


Diagram 2. Fixed 9%pa estimated income distribution to unit holders

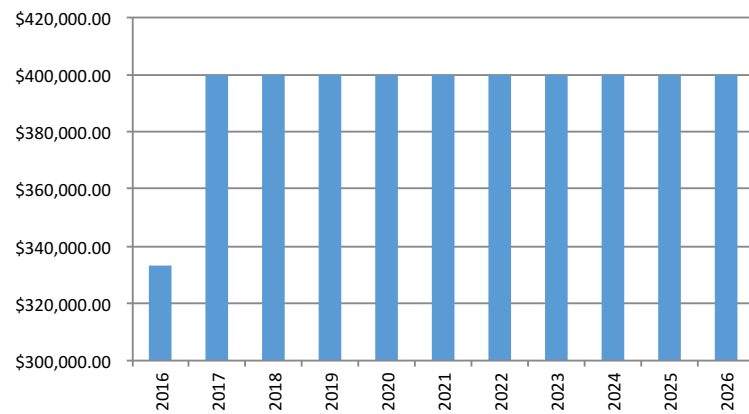


Diagram 3. Estimated cash reserve accrual account

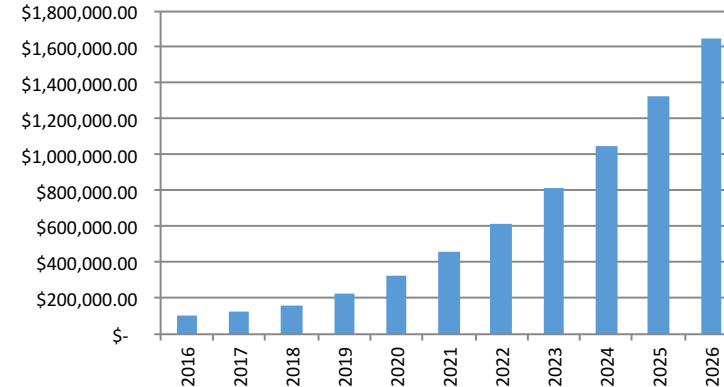
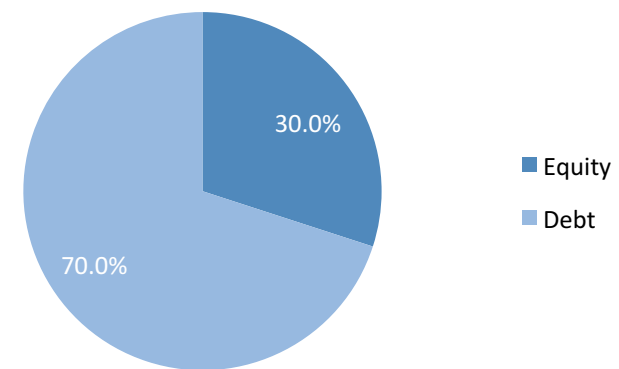


Diagram 4. LVR – Commencing Loan to Value Ratio at purchase





Timing

The property will be acquired subject to an exclusive Due Diligence period, during which time we will conduct a comprehensive technical and legal review of the property by end of July 2016.

If any matters of major concern arise during our Due Diligence, we are at liberty to withdraw our offer to purchase.

The term of the Syndicate will be no greater than 7 years, unless adjusted by the investor committee.

The target settlement date is August 2016.

No Investment Advice

The information contained in this Information Sheet is not financial product advice. The information contained in this document is general information only and does not take into account your investment objectives, financial situation and particular needs. It is, therefore, important that you read this Information Sheet in full before deciding whether to invest in the Unit Trust and take into consideration your investment objectives, financial situation and particular needs. If you are in any doubt, you should consider consulting your financial advisor, stockbroker or other professional advisors.

Illiquid Investment for Sophisticated Investors

Applicants must understand that a Unit Trust is an illiquid investment for Sophisticated Investors. As a result, a return of capital would only be possible where assets in the Trust are sold or an alternative liquidity strategy is implemented by the Trustee.

FOR MORE
INFORMATION
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