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Two more acquisitions for Australian Property Opportunities Fund

The Australian Property Opportunities Fund (Fund) today announced the successful acquisition of two prime neighbourhood shopping centre investments, Lynbrook Village Shopping Centre in south-east Melbourne and Lake Innes Village in Port Macquarie, for a combined purchase price of \$47.35 million.

The investments, both of which were developed by and acquired from Coles, represent an initial unlevered yield of 8.0% for Lynbrook Village Shopping Centre and 7.5% for Lake Innes Village. Once each centre is fully leased, the yields are estimated to increase to 8.2% and 8.6% respectively.

David Rogers, Director of Investments for Fort Street Real Estate Capital, the Fund's Investment Manager, said that these acquisitions, together with the previously announced acquisition of Oxford Square in Sydney, brought the Fund's total investment to date to \$110.05 million.

Mr Rogers said that if the Fund were to adopt gearing of 50%, consistent with its capital management strategy, the existing three investments would represent approximately 34% of the Fund's total assets.

"We are delighted with the addition of these prime neighbourhood shopping centres to our growing portfolio," Mr Rogers said.

"Both centres are anchored by Coles supermarkets on new 20-year leases and have a good mix of specialty tenants. They are both located in strong trade areas with excellent underlying demographics and provide significant potential for further rental growth."

Mr Rogers added that one of the particularly attractive features of these investments is the long weighted average lease expiry – 9.0 years for Lynbrook Village and 14.6 years for Lake Innes Village.

Lynbrook Village Shopping Centre was purchased for \$30.0 million and is located in Melbourne's south-east growth corridor, 36 km from the CBD. It is a convenience-based shopping centre anchored by a full-line 3,623sqm Coles, has 30 specialty stores (including Australia Post, ANZ Bank, Flight Centre and Jets Fitness), three ATMs and parking for 376 cars. Lynbrook Village is the only shopping centre in the main trade area of 19,500 people, with no additional retail facilities expected to be built within the trade area in the future.

Lake Innes Village was purchased for \$17.35 million and is located on John Oxley Drive, 4km from the Port Macquarie CBD. The centre is anchored by a full-line 3,384sqm Coles, has 12 specialty stores (including ANZ Bank and Pharmacy Select), three ATMs and parking for 220 cars. The adjoining land has been sold to Charles Sturt University, with construction for their new Port Macquarie campus scheduled to commence in early 2014, and stage one expected to be complete by the end of 2015. Lake Innes Village will be linked to the new university through an upgrade to the existing car park area to be undertaken by Coles. The centre also has development approval for a pad site which may provide further upside.



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The Australian Property Opportunities Fund is an unlisted trust with the primary objective of providing investors with access to a diversified portfolio of Australian commercial property. The Fund acquires small-to-medium-sized assets in the office, retail and industrial sectors, predominantly in major real estate markets on Australia's eastern seaboard. Fort Street Real Estate Capital is the Manager of the Fund. Archerfield Capital Partners provides strategic and investment advisory services to the Fund.