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### Issue overview

Estimated Offer Size	\$25.4m
Purchase Price	\$52.1m
Gearing (initial)	48%
Security Price	\$1.00
Initial NTA	\$0.88
Yield (FY22e annualised)	7.2%
Tax Deferral (FY22)	40%
First quarterly payment	Sep 2021
WALE (w.avg lease expiry)	6 years
Minimum Investment	\$50,000
Offer Closes	12 Aug 21
<b>Fees:</b>	
Management (% gross assets)	0.75%+GST
Acquisition (% purchase price)	1.5%+GST
Performance (>8% IRR)	15.0%

### Forecasts FY22 FY23 FY24 FY25

Yield * (%)	7.2	8.0	7.9	8.0
Tax Deferral 40-50	35-45	30-40	25-35	

\* Under ASIC guidelines, the forward financial forecasting within a PDS is typically kept to a minimum period of the first financial year.

\* The combination of the Fund's WALE of 6 years, fixed lease increases, and high level of occupancy provides a higher degree of confidence in forecasts.

\* The Fund's average yield over the 7 year term is forecast to be 7.9%.

\* Stirling will pay Tribeca Private a one off placement fee of 1.5%.



## 7.2% initial yield from large format retail / industrial portfolio

Unlisted offer seeking to raise \$25.4m, paying quarterly income. Key features:

- **Target total return 9.6%, initial tax deferral ~40%:** Yield expected to average 7.9% over the Fund's 7 year term, driven by average fixed rent increases of 3.2%. Cash yield enhanced by forecast tax deferral of at least 40% in FY22, sliding to ~25-35% in FY25.
- **555 Kessels Road, MacGregor, Brisbane:** Acquisition announced on 12 May 2021 via a Put and Call Option Deed with Aventus (ASX: AVN) of a large format retail centre anchored by The Good Guys. The population catchment is enhanced being located 11km south of Brisbane, near junction of the Pacific and Gateway Motorways.
- **9-11 Channel Road, Mayfield West, Newcastle:** Acquired May 2021, comprises 2 adjoining high bay clearance industrial warehouses on 2 separate titles. Located in Newcastle's prime industrial precinct with strong connectivity to the Port, Pacific and New England Highways, freight rail, and Airport. Lease include 2x7 year options.

Location	Cost	Cap Rate	Sector	Settlement	Buildings	Land	Occupancy	Rent Increases	WALE
Brisbane	\$42.15m	6.0%	Retail	Aug 2021	12,355sqm	29,128sqm	91%	3.3% Fixed	5.9 years
Newcastle	\$9.92m	6.2%	Industrial	May 2021	5,438sqm	12,355sqm	100%	3.0% Fixed	6.8 years
<b>Total</b>	<b>\$52.07m</b>	<b>6.0%</b>			<b>17,793sqm</b>	<b>43,453sqm</b>	<b>93%</b>	<b>3.2% Fixed</b>	<b>6.0 years</b>

SOURCE: STIRLING

- **7 Year Closed End Fund (May 2028), Liquidity Event Nov 2024:** The Responsible Entity to provide a Liquidity Event in Nov 2024 (3.5 years post Newcastle acquisition), allowing Unitholders to elect for full redemption of their Units. Funding of redemptions expected from utilising new equity, available capital, or disposals. Redemption price to be based on Fund NTA (via independent valuation) less transaction costs / fees.
- **Strong track record in managing property funds:** Executed 9 leases at its Junction Fair Shopping Centre Fund since acquisition in June 2020, with rent increases and longer leases. It also signed a 15 year agreement for lease on a new childcare centre to be constructed on site, and increased the forecast cash return from 9.10% to 9.75%.
- **Risks:**
  - ⇒ **No liquidity event before Nov 2024:** The Responsible Entity has discretion to suspend the Liquidity Event if deemed not in the best interests of the Fund / Investors.
  - ⇒ **48% Gearing:** Higher than most LPTs. A decline in the property valuations could place pressure on the 55% gearing covenant.
  - ⇒ **Impact of Fees:** NTA reduces to \$0.88 from impacted by stamp duty, acquisition costs, as well as debt facility and fund establishment costs. In addition, the Fund charges annual fees for Management (0.75% of gross assets) and Costs / Expenses (0.15% of gross assets). A Performance Fee (15% for >8% IRR) is also payable.
  - ⇒ **Debt financing:** The \$25m 5 year debt facility with CBA is floating rate at a margin of 1.77% above 3 month bank bill, plus a line fee payable on the facility limit. Stirling intends to undertake an interest rate hedge to lock in a fixed rate for 3.5 years.
  - ⇒ **Financial hardship of tenants, magnified by lockdowns:** Non-essential retail may be forced to close under lockdowns, which could impact the ability of tenants to pay rent. Gyms and playcentres may face longer lockdowns due to social distancing.

Tenant	Sector	Locations	Founded	Rev \$m	Ownership	GLA sqm	% Fund Income	Fixed Increase	Lease Expiry
Port Hunter Conveyers	Engineering	1	1986	30	Private	5,438	19.94%	3.00%	2028
The Good Guys	Electical	>100	1952	760	JB Hi-Fi	2,499	18.72%	3.00%	2026
Focus on Furniture	Furniture	23	1999	132	Private(Monash Private Cap)	1,755	13.96%	3.50%	2026
James Lane	Furniture	30	2008	n/a	Private (Tenezo Pty Ltd)	1,069	9.64%	3.00%	2028
World Gym	Gym	29 (>215 global)	1976	n/a	Private(US Cammilleri family)	1,856	9.16%	3.25%	2029
Lighting Illusions	Lighting	6	2003	27	Private (Eventus Holdings)	1,815	9.05%	4.00%	2028
Eureka Street	Furniture	31	1986	139	Private (Natan Brisblat)	1,046	8.05%	3.00%	2026
Vacant (2.3 year rental guarantee)						1,209	7.53%	3.00%	
Chipmunks Playcentre	Playcentre	22 (+15 NZ)	1996	n/a	Private(NZ Spence family)	1,106	3.95%	4.00%	2029
						<b>17,793</b>	<b>100%</b>	<b>3.22%</b>	

SOURCES: STIRLING, ASIC, DUN & BRADSTREET, COMPANY WEBSITES

### Important Disclaimer

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