

6.8%

AVERAGE ANNUAL RETURNS FROM DAY 1 SINCE ACQUISITION

**BACKGROUND**

In 2019 Leyton Funds embarked on a strategy to establish a multi asset fund which provided our investors with exposure to highly sought-after and difficult to access sectors of the commercial property market: childcare and fuel / convenience retail.

Through a development management agreement with a developer, Leyton Funds was able to secure the assets off market and before construction had commenced. The assets were purchased on a 'fund through' basis which resulted in transaction cost savings for the Trust and the early deployment of capital earned interest throughout the development phase.

The two (2) assets were acquired for a total consideration of \$11,200,000 through an equity investment from Leyton Funds' investors of \$6,075,000.

**KEY BENEFITS**

- ◇ Long Weighted Average Lease Expiry (WALE) of 15-years commencing at completion of the developments, providing a greater degree of certainty and predictability for future rental income.
- ◇ Brand new assets, requiring little to no capital works over the hold period, as well as providing the potential for significant depreciation benefits.
- ◇ Income secured by tenants with long and successful track records in stable "non-discretionary" services and retail sectors of the economy.
- ◇ Income growth through annual reviews (3.0% and CPI) throughout the full 15-year term of each lease.
- ◇ Geographic diversity with the assets located in key strategic growth areas in South Australia and Queensland.



LEYTON FUNDS

# LONG WALE TRUST NO. I

## FUND THROUGH PURCHASE EXPLAINED

By purchasing on a 'fund through' basis, the Trust was able to secure assets which are highly sought after, typically sold via auction, and as such more difficult to acquire at best value.

The 'fund through' works as follows:

- ◇ The Trust settles on the development sites as vacant land, following the satisfaction of required conditions such as planning approval and lease execution. The sites are made available to the Developer to undertake the development. From the date of settlement, the Developer pays interest to the Trust.
- ◇ The Developer completes the developments as per the approved plans and the Trust advance the funds to pay for the developments with third party verification.
- ◇ At completion of the developments and handover to the tenants, a final development payment is made to the Developer by the Trust, constituting the Purchase Price, less any funds advanced for the purchase of the sites and construction.

## ACTUAL INVESTOR RETURNS EXCLUDING CAPITAL GROWTH

	DEVELOPMENT PHASE	2021	2022
ACTUAL RETURN	circa 5% annualised	6.11%	7.4%

