

Case Study

Stockwell Property Group



Issue Date	June 2015
Amount	\$35
Maturity	29 June 2021
Term	6 years (partially amortising)
Coupon	7.75% p.a.

Issuer Profile

The Issuer, W.A. Stockwell Pty Ltd is the parent company of the Stockwell Property Group (Stockwell), a Queensland-based diversified property group with over 60 years of experience in property development, property investment and design and construction across the residential, retail and commercial property sectors. Stockwell has three business units: (1) the Investment business that owns and manages their portfolio of investment properties; (2) the Development business; and (3) the Operations business comprising development management, design & construction, property management and funds management.

Issuer Need

Stockwell has built and sold over 500 residential apartments over the last 10 years and at the time of Issue had a residential development pipeline of over 360 apartments in the highly sought after inner-Brisbane suburb of West End. Stockwell needed a funding partner to provide additional capital to accelerate their development pipeline and take advantage of current favourable conditions.

FIIG Solution

By issuing a Senior Secured Note at the parent level, Stockwell introduced an additional level of debt capital not met by the bank market. The bond was used to partially reduce bank debt in the investment properties, providing increased flexibility and improved terms with the bank financiers. The structured amortising bond was effective in matching the group's current requirement for capital and the expected cash flow from their development pipeline with the bond being repaid as projects were realised.

FIIG CEO

FIIG CEO Mark Paton said the success of the Stockwell issue confirmed the market appetite, especially among wholesale investors, for credit exposure to quality Australian companies.

"The strong reception for the Stockwell issue once again illustrates that Australian private investors and SMSFs have unmet demand for fixed income investments offering good income streams," Mr Paton said.

"When you combine this with the many benefits that a bond issue offers a company, such as debt diversification and longer duration than they can get elsewhere, it is easy to see why the market is rapidly growing."

"Bond issues were also an ideal source of funding for property companies such as Stockwell because they resembled corporate lending - which considers the company's entire business - rather than the more restrictive bank lending which requires security against specific property assets."

"To successfully build a diversified property business you need just as much flexibility as you would in any other industry. A bond issue can provide that missing flexibility because we take a traditional corporate lending approach, considering the credit risk of the entire business with a focus on its cash flows rather than just specific hard assets." Mr Paton said.

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