Core Property
Fund Research & Ratings
www.coreprop.com.au

Unlisted Property Trust Report

Primewest Agricultural Trust

June 2020

Diversified agricultural property fund targeting 7.5% distributions

For Wholesale Investors only

Primewest Agricultural Trust No.1

Contents

About Core Property Research

Core Property Research Pty Ltd was established in July 2017 to provide market leading and insightful research on the property funds sector for its clients and investors. Our ratings and research cover sector level research, ratings and recommendations on listed and unlisted property funds, and is built upon the extensive research experience of its staff.

The Core Property team collectively, has over 50 years' experience across property, financial services and investment markets. The team has also evaluated over 500 different funds across multiple sectors and a range of investment structures over the last decade.

Primewest Agricultural Trust No.1

June 2020

The Primewest Agricultural Trust No.1 ("the Trust") is an open-ended, unlisted property trust that invests in agricultural property investments in Australia. The Trust is managed by Primewest Property Management Ltd ("the Manager", "the Trustee") which has an established track record with over $4.4 billion of property under management.

The Trust provides an opportunity to invest in a portfolio of agricultural assets with long duration tenant covenants. Over time, the Manager seeks to invest up to $100M into a diversified portfolio of properties that operate in above-average value agricultural sectors such as Agri-infrastructure and water, fruit, nuts, and vineyards. The agriculture sector continues to benefit from worldwide population growth, relatively affordable land values, and increasing demand for Australian food products. The sector is forecast to grow revenues by 1.6% p.a. over the short to medium term.

The Trust was established in March 2020 and acquired its seed asset, the "Pinegatta" farm in Deniliquin NSW for $4.8M. The Trust is now looking to acquire its second asset, "Lamattina", a well-established agricultural property located on the Mornington Peninsula in VIC, for $42.0M. To facilitate the acquisition, the Trust is seeking to raise $31.5M of equity through the issue of 31.5M units at $1.00 per unit ("the Offer"). The Offer is available to wholesale investors only as defined by the terms of the Information Memorandum.

The Lamattina property is a 385.1 ha property which is operated by A&G Lamattina & Sons, a vegetable grower that was established in 1955. The property is being acquired on a sale and leaseback arrangement with a triple-net lease for 10 years, and 2x5 year options. The Lamattina family grow celery on the land and currently has around 50% of the celery market with major supply agreements with Coles, Woolworths, Aldi, and Costco.

Following the acquisition, the portfolio metrics are robust, with: (1) 100% occupancy; (2) a long Weighted Average Lease Expiry (WALE) of 9.7 years; (3) triple net leases with annual rent increases based on CPI +1% and (4) properties able to support initial distributions of 7.5% p.a. in FY21, paid monthly. As additional properties are acquired, the Manager will target distributions to be maintained at or above 7.5% p.a. Core Property notes these metrics are subject to change as the Trust acquires additional properties over time.

The Trust is targeting an initial Loan-To-Valuation Ratio (LVR) of 35% against an LVR covenant of 45%. The initial Interest Coverage Ratio (ICR) of 7.3x is well above the ICR covenant of 2.5x.

The Trust does not have a fixed term, granting the Manager the discretion to sell the properties when it considers it to be in the best interest of investors. A Periodic Withdrawal Facility will be offered in the eighth year (around June 2028) and every five years thereafter, providing investors the opportunity to redeem some or all of their investment.

Fees charged by the Fund are at the lower end of what Core Property has seen in the market (see Fees in Perspective). Core Property estimates the Trust to deliver an Internal Rate of Return (IRR) of between 9.2% - 10.9% (midpoint 10.0% p.a.) over eight years, based on the Manager's assumptions for the initial two assets and +/- 50 bps sensitivities to the cost of debt and terminal capitalisation rates. The Manager is forecasting an IRR of 10.0% over eight years, based on the two properties in the portfolio. The analysis includes the potential that investors may receive a capital gain or loss, based on market conditions.

It is important for investors to acknowledge that a pandemic caused by the spread of the COVID-19 virus can adversely impact the performance of the Trust amidst significant macroeconomic uncertainty. The duration and severity of the outbreak are uncertain and may negatively impact property values and potentially lower investor returns.

Investor Suitability

Core Property considers the Trust will appeal to investors seeking an attractive distribution yield, supported by leases to high-quality agricultural assets. Capital growth is expected to be supported by annual rental increases of 2% - 3%. Investors should be comfortable with an investment in the agriculture sector and recognize the specialized nature of the properties, dependency on water, weather, and farming expertise. Investors should also expect the Trust's portfolio to evolve as additional properties are acquired for diversification and scale. The Trust is illiquid and should be considered as a long-term investment.

Recommended

See the Appendix for a description of our ratings. The above rating must be viewed in the context of comparable Funds and not across all products

Fund Details	
Offer Open:	16 June 2020
Offer Close:	26 June 2020[1]
Min. Investment:	$100,000[2]
Unit Entry Price:	$1.00
Net Tangible Asset per unit:	$0.89
Liquidity:	Illiquid
Forecast Distributions:	FY21: 7.5 cpu
Distribution Frequency:	Monthly
Initial Investment Period:	8 years to June 2028[3]

1. The Trustee may shorten or extend the date at its discretion. A 10% deposit is payable on application, with the balance due by 10 July 2020.
2. The Trustee may accept amounts below this at its discretion.
3. Based on the earliest date under the Periodic Withdrawal Facility.

Fund Contact Details

Julian Lodge
Chief Investment Officer
julianl@primewest.biz
0419 952 144

Paul Marcuson
Head of Investor Relations
paulm@primewest.biz
08 9321 7133

Fund - Website

www.primewest.biz

Note: This report is based on the Primewest Agricultural Trust No.1 Information Memorandum dated 16 June 2020, together with other information provided by Primewest.

Key Considerations

Management Experience: The Manager, Primewest Management Ltd, is a subsidiary of Primewest Group Limited (ASX: PWG), one of Australia's leading real estate funds management businesses. Currently, Primewest manages 80 syndicates and funds (totaling $4.4B AUM) across 7 asset classes for over 700 underlying wholesale and high net worth investors. Primewest has recently increased its position in the agricultural sector with the acquisition of GoFARM Asset Management, an agricultural fund manager for the Vitalharvest Freehold Trust (ASX: VTH)

Trust Strategy: The Trust seeks to provide a regular income stream to investors over the long term through investing in a diversified portfolio of high-quality agricultural assets. Target assets will exhibit strong tenant covenants well positioned to benefit from growth in the industry.

Property Portfolio: The two-asset portfolio is valued at $46.8M, with a WALE of 9.7 years with triple net lease structures in place. The largest property, Lamattina is valued at $42M, or 90% of the portfolio and is located at 125 Brown Road, Boneo VIC. The property is acquired on a sale and leaseback for 10 years to 2030 to A&G Lamattina & Sons, who currently grow and supply around 50% of the celery in Australia from the location. The business also grows other vegetables to maintain crop rotation and has long term supply arrangements with Coles, Woolworths, Aldi, and Costco. The Trust also invests in "Pinegatta", at Avalon Road, Deniliquin, NSW which is valued at $4.8M and is fully leased to Kagome to 2026.

Agriculture Sector: The agriculture sector remains well supported by a growing worldwide population, the more affordable nature of Australian land values, and demand for Australian food products. The sector is forecast to maintain healthy revenue growth of around 1.6% p.a. whilst remaining reliant on weather conditions, trade conditions, and more recently a disrupted supply chain as a result of COVID-19. Core Property notes that agricultural properties are generally owned for long periods, with long term leases in place to provide a stable structure for operators.

Future Acquisitions: The Manager has expressed an intention to continue acquiring assets to reach a portfolio value of $100M. The Manager has indicated it will look to acquired similar style assets to complete the portfolio. Nevertheless, investors should be aware that the existing portfolio metrics are subject to change as the Manager acquires further properties.

Debt Profile: The Trust's two properties will $16.4M in debt on a term of up to three years. The initial Loan to Valuation Ratio (LVR) is low, at 35%, against an LVR covenant of 45%. The Trust also expects to have a cash balance of $1.1M following the acquisition of the Lamattina property which, if utilised to pay down debt, would reduce the LVR to 32.6%. The initial Interest Coverage Ratio (ICR) of 7.3x is comfortably above the ICR covenant of 2.0x. The Trustee will need to extend or replace the debt facility over the proposed investment term.

Initial NTA: The initial NTA is estimated at $0.89 per unit, following the acquisition of the two properties. Investors should expect the unit price to change as additional properties are acquired and properties are revalued over time.

Distributions: The Manager is targeting distributions of 7.5% p.a., paid monthly, based on the two properties in the Trust.

Fee Structure: Core Property considers the Trust's fees to be at the lower end of what we have seen in the market. The Management Fee is 0.50% p.a. of the Trust's Gross Asset Value.

Total Returns: Core Property estimates the Trust to deliver an Internal Rate of Return (IRR) of 9.2% to 10.9% (midpoint 10.0% p.a.) assuming an eight-year term and based on the Trust's sensitivities (+/- 50 bps sensitivity to the cost of debt and capitalisation rates, see the Financial Analysis section).

COVID-19 Impact: Investors should be aware that property valuations may be impacted by short term volatility as a result of the impact of COVID-19 on investment markets. This may affect the long-term capital returns of the Fund. It is also important to recognise that property markets are cyclical as history has proven. Over a 25-year history of measuring returns, typically, 70% - 80% of total returns are derived via income returns which is an important feature for long-duration assets such as property.

Trust Term/Liquidity: The Trust does not have a specified end date however the Manager has recommended an investment term of eight years. Periodic Withdrawal Facility will be provided on the eighth anniversary of the Trust however, the Manager may extend the opening by up to 2 years at its discretion. Investors must accept that by their very nature, unlisted property trusts are illiquid. Investors should consider the Trust to be a long-term investment and be willing to remain fully invested for a minimum eight years (to June 2028).

Investment Scorecard

Investment Scorecard	
Management Quality	★★★★☆
Governance	★★★☆☆
Portfolio	★★★☆☆
Income Return	★★★★☆
Total Return	★★★★☆
Gearing	★★★★☆
Liquidity	★☆☆☆☆
Fees	★★★★☆

Key Metrics

Fund Structure	
An unregistered managed investment scheme investing in a diversified portfolio of high-quality agricultural assets with strong tenant covenants.	

Management	
The Manager, Primewest Management Limited, is a subsidiary of Primewest Group Limited (ASX: PWG), one of Australia's leading real estate funds management businesses. Primewest currently over 80 separate syndicates and funds (totaling over $4.4B AUM) across 7 asset classes for over 700 underlying wholesale and high net worth investors.	

Property Portfolio	As at June 2020
No. of Properties:	2
Acquisition Price:	"Lamattina" - $42M "Pinegatta" - $4.8M
Property Location:	"Lamattina", 125 Browns Road, Boneo VIC "Pinegatta", Avalon Road, Deniliquin NSW
Property Sector:	Agricultural
Key Tenants:	A&G Lamattina & Sons, Kagome Australia
Occupancy:	100%
WALE:	9.7 years

Return Profile	
Forecast Distribution:	FY21: 7.5 cents per unit
Distribution Frequency:	Monthly
Tax advantage:	Distributions are expected to be tax deferred[1]
Estimated Levered IRR (pre-tax, net of fees):	9.2% - 10.9% p.a. (midpoint 10.0% p.a.)[2]
Investment Period:	8 years (recommended)

Note 1: Actual tax deferred component is to be confirmed by the Manager
Note 2: Based on current two asset portfolio. The Trust is likely to acquire additional properties in the future

Risk Profile	
Property/Market Risk:	Capital at risk is currently dependent on agricultural assets located in VIC and NSW. The Trust may acquire additional assets over time which may change the portfolio metrics.
Interest Rate Movements:	Any change in the cost of borrowings may impact the distributable income of the Trust's underlying investments.
Property Specific Risks:	Property investments are exposed to a change in occupancies, usages, prevailing market rents, and economic supply and demand.

For a more detailed list of the key risks, refer to Section 10:"Risks" of the Information Memorandum.

Fees Paid	
Core Property considers the Fees charged by the Fund to be at the low end of what has been seen in the market (see Figure 5: Fees in Perspective).	
Entry Fees:	Nil
Exit Fees:	Nil
Acquisition Fee:	2.0% of purchase price.
Sale Fee (Disposal Fee):	2.0% of sale price.
Management Fees:	- Ongoing Management Fees: 0.50% p.a. of the GAV Development Fee: Up to 4% (excl GST) of any project costs if managed in house
Performance Fee:	20% of the outperformance of the Trust over an equity IRR of 8.0% (pre-tax, net of fees).

Debt Metrics – indicative terms	
Initial Debt / Facility Limit:	$16.4M / $16.4M
Loan Period:	Up to 3 Years
Initial LVR / LVR Covenant:	35% / 45%
ICR / Low ICR / ICR Covenant:	7.3x / 7.3 / 2.5x

Legal	
Offer Document:	Primewest Agricultural Trust No.1 Information Memorandum, 16 June 2020
Wrapper:	Unlisted Property Trust
Trustee:	Primewest Management Ltd (ACN 091 415 833, AFSL 250963)

Trust Overview

The Trust is an unlisted property fund that seeks to invest in a national portfolio of investment-grade agricultural assets. The Investment Manager and Trustee is Primewest Management Ltd ("the Manager", "the Trustee"), which is part of the Primewest Group (ASX: PWG). Primewest was established in 1995 and manages a property portfolio of over $4.4 billion. In June 2020, Primewest increased its presence and capabilities in the agricultural sector through the acquisition of GoFARM Asset Management Pty Ltd. GoFARM is an agricultural fund manager for the Vitalharvest Freehold Trust (ASX: VTH), which owns a $275M diversified portfolio of agricultural properties which includes berry and citrus farms in Australia.

The Trust was established in March 2020 with a target to acquire $100M of agricultural assets over time. The seed asset, "Pinegatta", a 425-hectare vegetable farm in Deniliquin NSW, was acquired for $4.8M in April 2020 with $3.5M of equity being raised.

The Trust is seeking to raise a further $31.5M through the issue of 31.5M units at an Issue Price of $1.00 per unit ("the Offer"). The funds raised will be used, in conjunction with debt, to acquire "Lamattina", a 385-hectare farm in Boneo, VIC ("the Property") for $42.0M. The Offer is open to Wholesale investors only under the terms of the Information Memorandum.

On a combined basis, the properties are valued at $46.8M and are 100% leased with a Weighted Average Lease Expiry (WALE) of 9.7 years. The properties are leased on a triple net lease structure, with outgoing paid by the tenants.

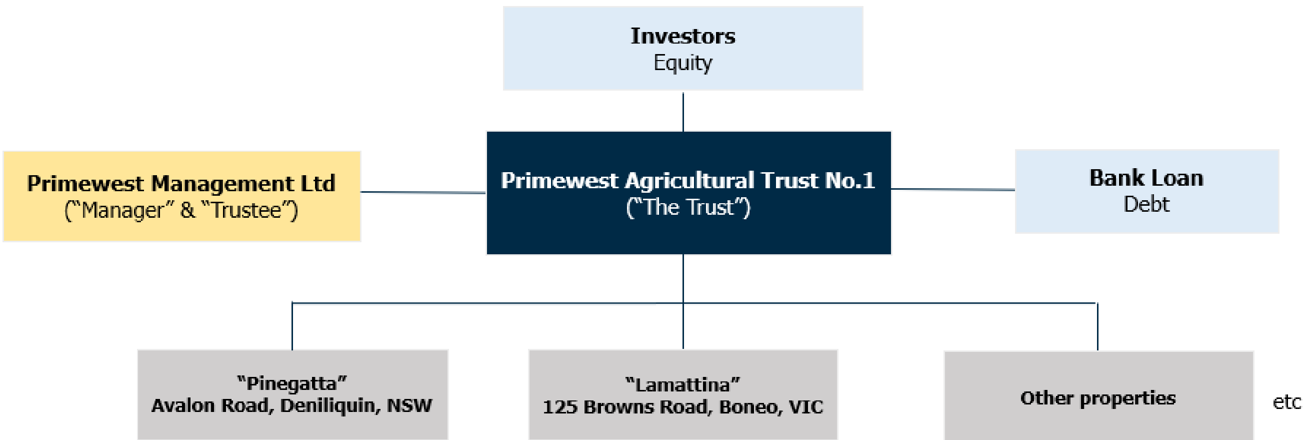
The Lamattina property will be the main property in the portfolio and is used to grown celery by A&G Lamattina & Sons Pty Ltd, which was established in 1955. The Property is being acquired on a sale and leaseback arrangement, on a triple net structure, with a 10-year lease and 2x5 year options to extend.

Investors should expect the property metrics to change as additional properties are acquired by the Trust as part of its strategy to build a diverse portfolio of $100M in agricultural assets.

The Manager is forecasting distributions to increase to 7.5% p.a. following the acquisition of Lamattina, with distributions paid monthly. The Manager intends for distributions to remain at or above 7.5% p.a. as additional properties are acquired by the Trust.

The Trust is open-ended. The Manager intends to offer a Periodic Withdrawal Facility for investors to redeem their units at the end of the 8 years (2028), and every five years thereafter. The Withdrawal Facility may be postponed by up to two years. As such, investors should consider the Trust as illiquid and expect to remain invested for a minimum period of up to eight years to benefit from any potential capital upside.

Figure 1: Trust structure



Source: Core Property, Primewest

Investment Strategy

The investment strategy for the Trust to own a national portfolio of investment-grade agricultural assets. The Trust will focus on assets with quality tenants and attractive lease terms with a target portfolio of $100M in assets. The Trust's target assets are expected to:

- Focus on above-average value agricultural sectors such as agri-infrastructure and water, fruit, nuts and vineyards; and
- Comprise of strong tenant covenants well-positioned to benefit from anticipated improvements in the Australian agricultural industry.

Core Property notes that the Trust's strategy includes all agricultural properties. As such, agricultural assets may also include meat and poultry, grains, wineries, and other agricultural producers over time.

Liquidity / exit strategy

The Trust does not have a specified end date however the Trustee will offer a Periodic Withdrawal Facility (PWF) for investors to redeem their units in the Trust. The Periodic Withdrawal Facility will be offered on the eighth anniversary of the commencement of the Trust (on around March 2028) with discretion to postpone the opening for up to two years. The Withdrawal Facility will remain open for three months. The Trustee expects subsequent PWFs to open every five years thereafter, subject to postponement of up to two years by the Trustee. The Withdrawal Price under a PWF will be calculated based on an independent valuation of the properties within three months prior to the PWF and will be based on a redemption price of all the units in the Trust.

If the Trustee is unable to satisfy a Withdrawal Request within 12 months from the closing of the PWF, the Trustee may either dispose of selected assets in the Trust to satisfy the request; or dispose of all assets and wind up the Trust. A disposal of any or all of the assets in the Trust may take up to two years, or such a period as the trustee deems as necessary.

Alternatively, the Trustee may facilitate the sale or transfer of units between investors but is under no obligation to do so. A transfer fee of up to 1.0% (excl GST) of the gross value of the units transferred may be payable.

Investors should view the Trust as illiquid investment and expect to remain invested until the first PWF opens (expected to be in eight years, around March 2028). As such investors should consider the Trust to be a long-term investment. The Manager may also sell any or all of the properties if it considers it to be in the best interest of investors.

Sources & Application of funds

The Information Memorandum sets out the sources and application of funds under the terms of the Offer relating to the acquisition of the Lamattina property by the Trust.

Figure 2: Sources and Application of Funds

	$M	% of purchase price	% of total funds
Sources of funds			
Equity subscriptions	$31.5M	75.0%	68.2%
Bank debt	$14.7M	35.0%	31.8%
Total sources of funds	**$46.2M**	**110.0%**	**100.0%**
Application of funds			
Purchase price	$42.0M	100.0%	90.9%
Costs (Stamp Duty, Acquisition Costs, Fees)	$3.3M	7.9%	7.1%
Owners Reserve & Working Capital	$0.9M	2.1%	1.9%
Total application of funds	**$46.2M**	**110.0%**	**100.0%**

Source: Primewest, Core Property

Debt Facility & Metrics

The Trust will increase its debt facility to $16.4M to fund the acquisition of the Lamattina property. Based on indicative terms, the Manager is forecasting the increased debt facility for three-years at an all-in cost of debt of 2.60%. The Manager will need to extend the debt facility to include any new property that is acquired by the Trust. The debt will be cross collateralised, and the sale of any property will require approval from all loan facilities in the structure.

Following the acquisition of the Lamattina property, the Trust is forecast to have a Loan to Valuation Ratio (LVR) of 35%, against a bank LVR covenant of 45%. Core Property calculates that the value of the Properties must fall by 22.2% for the bank LVR covenant to be breached.

It should be noted that the Manager is forecasting a cash balance of $1.1M following the acquisition of Lamattina which, if utilized to pay down debt, would reduce the LVR to 32.6%.

Further, the initial Interest Coverage Ratio (ICR) is calculated to be 7.3x against a bank ICR covenant of 2.5x. Core Property estimates that net operating income must fall by 65.6% to breach the ICR covenant.

Investors should be aware that the debt will need to be extended or replaced, in order to cover the full trust term or for additional properties. Any change in the cost of debt may impact investor returns.

Figure 3: Debt Metrics – based on indicative terms

Details	Metric
Bank / Financier	NAB
Security	First ranked mortgage with a general security agreement over the assets of the Fund.
Debt Facility Limit/ drawn debt	$16.4M / $16.4M
Loan Period	3 years
% Hedged / Fixed	0%
Average cost of debt	2.60%
Initial LVR / LVR Covenant	35% / 45%
Initial interest covered ratio (ICR) / (Lowest ICR) / ICR covenant	7.3x / 7.3x / 2.5x
Amount by which valuation will have to fall to reach a 45% LVR	22.2%
Decrease in rent income to reach an ICR of 2.5x	65.6%

Source: Core Property, Primewest

Fees Charged by the Trust

Overall, Core Property considers the fees charged to be at the low end of what we have seen in the market.

A summary of the Fees charged by the Trust is presented below.

Figure 4: Summary of Fees charged by the Trust

Fee Type	Fee Charged	Core Property Comment
Entry Fee	Nil	
Exit Fee	Nil	
Establishment Fee (Property Acquisition Fee)	2.0% (excl GST) of the purchase price of the property.	The Acquisition Fee is at the high end of the industry average of 1.5% - 2.0%.
Property Disposal Fee	Up to 2.0% (excl GST) of the sale price of the property.	The Disposal Fee is at the high end of the industry average of around 1.0% - 2.0%
Ongoing Management Fees - Management Fee, Administration Costs & Expenses	Asset Management Fee of 0.50% p.a. of the value of the properties in the Trust. The Manager will also be entitled to be reimbursed for ongoing costs and expenses for the administration and running costs of the Trust.	We consider the Fee to be at the low end of the range of what we have typically seen in the industry (0.7% - 1.1% p.a. of GAV).
Development Management Fee	Up to 4.0% of the amount expended on any structural improvement, development or enhancement of the Property.	The Development Fee is in line with what Core Property has seen in the industry of 3% - 5%. The Fee is accrued daily and paid monthly when construction work occurs.
Debt Establishment Fee	0.25% of total debt drawn.	
Performance Fee	20% (excluding GST) of the Trust's performance above a per annum IRR of 8% after fees and costs, subject to the minimum Property Disposal Fee of 2% of the sale price of the property. If the Term is extended beyond the Initial Proposed Term, then the Trustee will be entitled to 50% of the Performance Fee with the balance payable upon the sale of the last remaining property held in the Trust.	Core Property considers the minimum 2% Performance Fee to be equivalent to a Disposal Fee. We have classified this in the Property Disposal Fee above. The Performance Fee is in line with what Core Property has currently seen in the market.
Transfer Fee	Not more than 1% of the gross consideration payable for the transfer of units	Payable by the transferor of units.

Source: Primewest, Core Property

All-in fee analysis

In the table below, Core Property analyses how much of the Trust's cash goes to the Trustee in fees, and how much is left over for investors as a percentage of the total Trust cash flow. The key assumptions include:

- Calculations assume an 8-year Trust term, based on the Periodic Withdrawal Facility.
- A Performance Fee has not been included.

Overall, Core Property estimates that the Manager takes 5.9% of the total cash generated by the Trust. Core Property considers the fees paid to the Manager to be at the low-end when compared to similar products, which are typically around 7% - 9%. In terms of fees paid to the Manager, Core Property estimates that 27.6% of the estimated fee is paid upfront and the remainder relates to ongoing management fees. Core Property stresses that these estimates of how much investors will receive are not guaranteed amounts. For further details, please refer to the *Financial Analysis* section.

Figure 5: Fees in Perspective – over an estimated eight-year period

Core Property estimates that for every $1.00 of equity invested the Fund can return:	Amount per $1.00 unit
Principal repayment to investors:	$1.00
Income and capital gains to investors:	$0.89
Total cash to investors:	**$1.89**
Acquisition fee:	$0.03
Base management fee:	$0.05
Disposal fee:	$0.03
Debt Establishment & Refinance fee(s):	$0.01
Fees for the Manager (excluding disposal/admin):	**$0.12**
Total cash generated by Fund:	**$2.01**
Fees = % of total cash generated (before fees)	5.9%
Up-front fee vs total fees	27.6%

Source: Core Property estimates

The Agriculture Sector

The outlook for the agribusiness sector in Australia remains positive supported by growing worldwide population, the more affordable nature of Australian land values compared to other countries, and the increasing demand for Australian food products. According to IBISWorld, agribusiness revenue for the June 2019 year was $282 billion, and is forecast to grow by 1.6% p.a. to reach $305 billion by June 2024. The sector benefits from Australia's proximity to Asian markets and a stable political structure and legal system. Notwithstanding this, the sector is dependent on weather conditions, trade conditions, and more recently a disrupted supply chain as a result of COVID-19.

According to Australian Bureau of Statistics 2019 data, approximately 4% of all Australian farms grew vegetables for human consumption. Vegetable production was the sixth-highest value agricultural industry in Australia, accounting for around 7% of the gross value of agricultural production for that year. There has been an increasing trend observed in the value of production with a 5% increase recorded during 2017/18 which has been predominantly driven by increases in tomatoes, potatoes, and mushrooms.

While the total number of businesses within the industry has been declining, economies of scale of individual businesses basis are increasing. In 2017/18, large-scale farms (greater than 70 hectares) accounted for 59% of the gross value of vegetable production. Small-scale vegetable farms (less than 5 hectares planted to vegetables) accounted for 12% of the gross value of production.

In 2016/17 nearly one-half of all vegetable growers sold their produce to a wholesale vegetable market in their state. Vegetable-growing farms that received more than 50% of their total vegetable receipts by selling directly to retailers (such as Coles or Woolworths) were mostly very large farms, around 41% of them planting more than 70 hectares of vegetables. The average area planted to vegetables by these farms was approximately 217 hectares per farm. These vegetable-growing farms earned substantially larger cash incomes compared to farms selling to other markets.

Vegetable-growing farms that received more than 50% of their total vegetable receipts by selling directly to processors were mostly medium-sized farms, with mainly outdoor vegetable operations and lower average rates of return. Around one-third of these farms planted 5 to 20 hectares of vegetables and another one-third planted around 20 to 70 hectares of vegetables. The average area planted to vegetables by these farms was around 41 hectares per farm.

Australia is a net exporter of fresh vegetables. For the year ending June 2019, Australia exported 237,530 tonnes of fresh vegetables. Vegetables such as broccoli, celery, lettuce, carrots, and mushrooms in particular all stand to benefit from growing export markets. Positive outlooks in the industry will come primarily from vegetables with a stable local consumption level and a growing export market. Broccoli is a vegetable that is enjoying growing domestic consumption, increasing prices, and a growing export market.

Vegetable Market Overview

For the year ending June 2019, 3.722 million tonnes of vegetables were produced with a production value of $4.722 billion, representing an increase of approximately 8.5% year-on-year.

Potatoes are the most valuable crop grown in Australia as measured by value of production, however, with their price per tonne being significantly lower than those of many other vegetable crops, this is mostly due to the large tonnages produced. This is also shown by the higher comparative value of Australian tomato production – approximately 34 percent of potato production on a volume basis, but 86 percent on a value basis. Many of the other most valuable vegetable crops in Australia also reflect an overall higher price per tonne, rather than a value supported by weight of production.

Figure 6: Vegetable Produce in Australia

Vegetable	2018/19 Value ($M)	2017/18 Value ($M)	YOY % Change	Vegetable	2018/19 Value ($M)	2017/18 Value ($M)	YOY % Change
Potatoes	752.6	745.9	1%	Asparagus	86.6	61.0	42%
Tomatoes	674.2	609.9	11%	Celery	74.9	60.2	24%
Mushrooms	437.7	456.6	-4%	Sweet Corn	76.9	60.2	28%
Leafy Salad Vegetables	396.3	348.7	11%	Peas	62.7	54.5	15%
Broccoli	255.7	229.8	2%	Ginger	26.8	48.7	-45%
Carrots	219.3	215.7	11%	Cauliflower	54.1	47.4	14%
Fresh Herbs	197.9	179.0	16%	Cabbage	44.1	471.6	6%
Onions	191.2	164.8	15%	Leeks	25.7	21.0	22%
Cucumbers	180.3	157.3	10%	English Spinach	16.6	19.3	-14%
Capsicums	171.1	155.6	17%	Brussel Sprouts	19.0	18.3	4%
Lettuce	172.8	147.1	9%	Eggplant	19.6	17.5	12%
Other Vegetables	89.1	81.6	45%	Garlic	19.3	15.6	24%
Beans	110.7	76.4	-2%	Beetroot	12.6	11.7	8%
Sweet potatoes	72.3	73.8	28%	Parsnip	11.8	11.2	5%
Zucchini	92.3	72.0	19%	Chilies	8.9	9.1	-2%
Pumpkins	82.0	68.8	2%	Artichokes	8.9	0.8	13%
Leafy Asian Vegetables	65.9	64.5					

Source: Hort Innovation (2020)

Mornington Peninsula Market Overview

The Mornington Peninsula is located south east of the Melbourne CBD and covers approximately 724 sqm. The area is popular amongst a combination of permanent residents and holiday/lifestyle visitors and residents. The population of the Mornington Peninsula Shire is projected to grow from 164,246 in 2018 to 181,097 by 2036.

A portion of the Mornington Peninsula has been classed as a Green Wedge Zone. The purpose of the Green Wedge Zone is to recognise and protect non-urban land outside the Urban Growth Boundary of the city of Melbourne for its agricultural, environmental, landscape, or recreational values. The climate, soils, rainfall, and proximity to markets result in the land supporting some of the state's most intensive enterprises.

The Green Wedge Management Program covers more than 50,000 hectares of the Mornington Peninsula and surrounding area and is a part of a concerted effort to create a more sustainable Melbourne city by curbing outward growth, consolidating development with a defined Urban Growth Boundary and protecting valuable non-urban areas.

Much of the land around Boneo and neighbouring locales is part of the Green Wedge management program. As much as this is important to the characteristics of the area, it means the property market is shaped by relatively finite supply. Most of the land appears to be tightly held and as a result of this, generating even higher demand given the narrow market. Given the restrictions on subdivision, there is also a market for properties that include more than one title or those with the option to subdivide.

The Property Portfolio

The acquisition of the "Lamattina" property will expand the Trust's portfolio to two properties valued at $46.8M. The properties have a coverage of 810.6 ha and are 100% leased with a weighted average lease expiry (WALE) of 9.7 years. Investors should expect the portfolio metrics may change as the Manager intends to acquire additional properties to reach a total portfolio value of $100M.

Figure 7: Property Portfolio Metrics – Pro forma upon settlement

Property	Acquisition Date	Site Area	Key Tenant	Valuation	Initial Yield	Portfolio Weight	Occupancy %	WALE
Pinegatta, Avalon Rd, Deniliquin NSW	April 2020	425.5 ha	Kagome	$4.8M	6.25%	10%	100%	6.1 years
Lamattina, 125 Browns Rd, Boneo, VIC	July 2020 (est. settlement)	385.1 ha	A&G Lamattina	$42.0M	7.38%	90%	100%	10.0 years
Total Portfolio		**810.6 ha**		**$46.8M**	**7.26%**	**100%**	**100%**	**9.7 years**

Source: Primewest

"Lamattina" - 125 Browns Road, Boneo, VIC is a 385.1ha parcel of land located in Boneo, approximately 63km south-east of Melbourne on the Mornington Peninsula. Approximately 70% of the land has been developed as a market garden, with developments, such as sprinkler installations, planned for the remaining 30%. The Property is considered well-suited for market gardening due to free draining soils, frost-free conditions, and the availability of supplementary water and reliable rainfall. The Property is being acquired on a sale and lease-back arrangement with A&G Lamattina & Sons Pty Ltd, fruit and vegetable growers who have been in operation since 1955. A new 10-year triple-net lease will be entered into, at a starting rental of $3.1M p.a., with annual increases of CPI + 1%, subject to a cap of 3%. The lease will have 2x5 year options to extend. The Lamattina operations currently grow celery on the Property with major supply agreements to Coles, Woolworths, Aldi, and Costco.

Figure 8: Lamattina – 125 Brown Road, Boneo VIC

Source: Primewest

"Pinegatta" - Avalon Road, Deniliquin, NSW was the first asset acquired by the Trust in April 2020. The property consists of a 425.5ha horticultural property located Deniliquin in the Riverina district of NSW, 734kms south west of Sydney, approximately 275kms north of Melbourne, and approximately 138kms from the nearest large town of Shepparton, VIC. The property is irrigated land with well-drained soil and six centre pivots providing water coverage across 258ha. The land was used for growing potatoes for the past 25-years however a new seven-year lease has been entered into with Kagome Australia, from September 2019 – 2026 who have commenced the growing of tomatoes and carrots on the property. The property includes a five-bedroom dwelling residence (306sqm), two machinery sheds (707sqm), a packing shed, and coolrooms (2,392 sqm).

Figure 9: Pinegatta – Avalon Road, Deniliquin NSW

Source: Primewest

Property Valuations

Independent valuations have been carried out for both "Pinegatta" and "Lamattina", valuing the properties at $4.8M and $42.0M respectively. Both asset valuations were in-line with the acquisition prices paid by the Trust. The independent valuation made several assumptions regarding market rent, tenant incentives, re-letting, and other factors based on available market evidence. The main assumptions adopted in the valuation model are provided below.

Figure 10: Property valuation summary – as at June 2020

Property Portfolio	Lamattina – 125 Browns Rd, Boneo, VIC	Pinegatta – Avalon Rd, Deniliquin NSW
Title	100% Freehold	100% Freehold
Ownership	100%	100%
Site Area	385.1 hectares	425.5 hectares
Major Tenant	A&G Lamattina & Sons	Kagome
Weighted Average Lease Expiry	10.0 years	6.3 years
Occupancy	100%	100%
Initial Net Passing Income	$3.1M	$0.3M
Net Market Income (fully leased)	$3.1M	$0.3M
Valuation	$42M	$4.8M
Initial Passing Yield	7.38%	6.25%
Capitalisation Rate	7.38%	6.25%
Valuer	JLL, June 2020	Herron Todd White, February 2020
Valuer's Discount Rate	NA	NA
Value/sqm	$109,091 per hectare	$11,280 per hectare
Valuer's unleveraged 10-year IRR	NA	NA

Source: Primewest, JLL, Herron Todd White

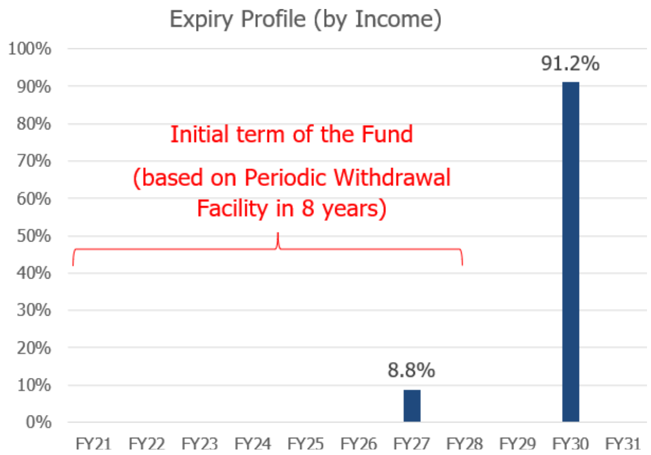
Tenants, leases and income

Lamattina will be fully leased to A&G Lamattina & Sons Pty Ltd on a sale and leaseback arrangement. A&G Lamattina is a privately-owned farming business established in 1955. Lamattina Farms' business model has changed from the sale of washed primary produce to major supermarkets one that processes produce prior to the sale. This coupled with a streamlining of products (from parsnips, lettuce, and celery to exclusively celery) has resulted in the business being profitable over the past 10 years. Although no true contracts are in place, Lamattina Farms have supply agreements with the major supermarkets – Woolworths (56 years), Coles (9 years), Aldi (6 years), and Costco (11 years). The Lamattina family owns and manages around 810 hectares of land on the Mornington Peninsula. Lamattina is Australia's largest celery grower with a market share of 50% supply of Celery Bunches, 80% Celery Hears and 80% Celery Sticks across all major retailers. Crop rotation is undertaken to maximise the soil fertility, with iceberg lettuces planned in October 2020 as well as other vegetables, including beans and legumes. The Property has a number of water licenses with Southern Rural Water, which were recently renewed through to 2030 and beyond.

A&G Lamattina & Sons will enter into a new 10-year sale and lease-back arrangement, with 2x5 year options to extend. The commencing lease of $3.1M is a triple net structure with Lamattina responsible for all outgoings (including water licenses). Rental increases are at CPI (Vic) +1% p.a., subject to a cap of 3% p.a. The terms of the lease include a nine-month bank guarantee as well as personal guarantees.

Pinegatta is 100% leased to Kagome Australia, a subsidiary of Kagome Group, a Japanese manufacturer and distributor of tomato-based foods, and fruit and vegetable juices. Founded in 1899, Kagome Group has grown to become one of Japan's largest fresh produce distributors with a market capitalisation of ~AU$3.8B. In turn, Kagome Australia stands as the largest tomato processing company in Australia, with partial focus on processing apple, pear, beetroot, and carrot. Notably, Kagome has also spent over $0.7M on capital improvements on the property over the past 12 months. Given the financial security of its parent company and entrenchment in the property, Kagome Australia is considered a strong tenant for the Trust. Kagome entered a new seven-year lease from September 2019 – August 2026, with a 5-year option to extend. The lease is a triple net structure. The first-year rent of $0.3M includes an $80,000 contribution from the prior owners, who will be maintaining the use of Pivots 1 and 6 during this time. From the second year, Kagome will fully utilise the property and pay full rent. Rental increases are at CPI commencing in Year 3.

Figure 11: Portfolio lease expiry



Source: Primewest, Core Property

Market Sales Evidence

The tables below show comparable sales transactions for similar assets that were recently sold over the past 3 years. Based on the sales evidence provided, Core Property notes the following:

- **Lamattina** is being acquired at an average price of $99,717 per ha (excluding building structures) compared to comparable market garden transactions of $60,368 – $437,080 per ha (average $233,817).
- **Pinegatta** was acquired at an average price of $11,280 per ha compared to comparable transactions of $3,603 - $18,104 per ha (average $9,479 per ha). The valuer has noted that despite limited sales evidence, the yield on Pinegatta is within an appropriate range for the sale.

Figure 12: Recent Transactions: Lamattina

Property	Sale Date	Zoning	Sale Price	Area (ha)	Structures	Land (Price per ha)
749 Duncans Road, Werribee South	May-19	Green Wedge Zone	$5.2M	10.41	$0.6M	$437,080
151 Browns Road, Boneo	Oct-18	Green Wedge Zone	$5.0M	37.60	$0	$132,979
20 Cuttriss Road, Werribee South	Sep-18	Green Wedge Zone	$3.4M	9.71	$450,000	$304,840
480 Tyabb-Tooradin Road, Pearcedale	May-17	Rural Conservation Zone	$3.0M	40.17	$580,000	$60,368
Lamattina	**May-20**	**Green Wedge Zone**	**$42.0M**	**385.1**	**$3,800,000**	**$99,717**

Source: JLL

Figure 13: Recent Transactions: Pinegatta

Property	Sale Date	Type	Sale Price	Price per ha
Lots 2, 64 & 65 Back Barooga Road, Berrigan	Sep-18	Agriculture	$1.4M	$4,448
249 Delmenicos Road, Tocumwal	Jul-19	Agriculture	$1.7M	$7,142
240 Hawkers Road, Yalca	Oct-18	Agriculture	$3.0M	$14,098
'Thistlebank' 663 Wakool Junction Road, Goodnight	Aug-18	Agriculture	$4.2M	$3,603
477 Hocking Road, Happy Valley	Nov-19	Agriculture	$17.0M	$18,104
Pinegatta	**Mar-20**	**Agriculture**	**$4.8M**	**$1,762**

Source: HTW

Market Rental Evidence

The valuers have provided summaries of comparable lease transactions in the agricultural markets. Core Property has noted the following, based on the valuer's assessment of rental evidence:

- **Lamattina:** The independent valuer, JLL, has identified a number of sale and leaseback transactions in the agricultural sector over the past two years. The transactions have been priced on an initial yield of 6.50% - 7.50%, with the Lamattina property being at the high end of the range, on an initial yield of 7.38%.
- **Pinegatta:** Due to the nature of the lease, the independent valuer, Herron Todd White has identified comparable leasing evidence from 2014. The valuer noted the leases were all struck at $370 per ha with Kagome. The "Us Thus" included a further capital expenditure by Kagome which, when amortised into the lease, equates to a lease of $617 per ha. The valuer has noted that Kagome typically pay 6% of the market value of land that it leases, which equates to the $0.3M p.a. rent in place.

Figure 14: Comparable Sale & Leaseback Evidence: Lamattina

Property Address	Sector	Date	Sale Price	Initial Rental	Initial Yield	Term (years)	Land Size (ha)	Rent per ha
Manbullo North – NT	Mangoes	Dec–19	$20.5M	$1.537M	7.50%	20.0	357.3	$4,302
Wilga Road Vineyard, Whitton NSW	Wine Grapes	Jun-19	$22.0M	$1.650M	7.50%	15.0	519.0	$3,179
Langhorne Creek Vineyards 1 & 2	Wine Grapes	Apr-19	$30.0M	$2.025M	6.75%	25.0	706.7	$2,865
"Roper River" & "Crystal Brook", Mataraka NT	Melons	Oct-18	$30.0M	$1.950M	6.50%	15.0	1,901.2	$1,026
Cordoma Farms, Emerald QLD	Grapes/Citrus	Sep-18	$28.0M	$1.920M	6.86%	14.8	330.0	$5,818
Millewa Vineyard, Lake Cullulleraine VIC	Wine Grapes	Mar-18	$15.0M	$1.125M	7.50%	10.0	517.5	$2,174
Lankester Avocadoes, Atherton QLD	Avocadoes	Jul-17	$33.0M	$2.410M	7.30%	20.0	231.2	$10,429
Lamattina, 125 Browns Rd, Boneo VIC	**Celery**	**Jul-20**	**$42.0M**	**$3.1M**	**7.38%**	**10.0**	**385.1**	**$8,050**

Source: Herron Todd White

Figure 15: Comparable Rental Evidence: Pinegatta

Property Address	Tenant	Property Type	Commence Date	WALE (years)	Area (ha)	Rent (per ha)
Us Thus Murnantes Road, Mathoura, NSW	Kagome	Agriculture	Jun-14	9.0	328.0	$370
Bunnaloo Road, Bunnaloo, NSW	Kagome	Agriculture	Jun-14	9.0	255.0	$370
785 Cantwell Road, Echuca, West Victoria	Kagome	Agriculture	Nov-14	10.0	183.4	$370
Pinegatta	**Kagome**	**Agriculture**	**Sep-19**	**6.3**	**425.5**	**$706**

Source: Herron Todd White

Capex

The two properties are leased on a triple net structure with the tenants responsible for all outgoings and maintenance of the properties. As such, the Manager has not forecast any capital expenditure at the properties over the term of the Trust.

Financial Analysis

Core Property has reviewed the financial forecasts of the Trust, based on the Manager's assumptions. Our key observations are:

- Forecasts are based on the two assets in the portfolio.
- Assumes distributions of 7.5% p.a. in FY21. Core Property estimates that, based on the two assets, the Trust is able to support distributions of up to 9.0% p.a. by the eighth year of the Trust.
- Assumes average CPI increases of 2.0% p.a., generating potential rent increases of 3.0% p.a.
- Forecasts assume properties are used in their current form and does not include any potential development over the long term.
- Core Property notes that the portfolio metrics are likely to change as additional properties are acquired by the Trust. The Manager currently intends that additional properties will maintain or increase the current level of distributions for the Trust.

A summary of Core Property's forecasts is presented in the table below:

Figure 16: Profit & Loss Forecast and Pro Forma Balance Sheet

Profit & Loss - Forecast $M	**12 months to 30 June 2021**
Net Property Income	3.4
Expenses	-0.1
Fees	-0.2
Earnings Before Interest & Tax	3.1
Net Interest Expense	-0.4
Total Available for Distribution	**2.7**
Increase in Retained Earnings	-
Cash Distribution - $M	**2.7**
Cash Distribution per unit (cents)	7.5 cpu
Annualised distribution yield	**7.5%**
Balance Sheet – $M – Pro Forma	**Upon acquisition $M**
Cash	1.1
Investment Property	46.8
Other Assets	-
Total Assets	**47.9**
Liabilities	-
Borrowings	16.4
Other Liabilities – Debt Establishment Costs	-
Total Liabilities	**16.4**
Net Assets	**31.6**
NTA per Unit	**$0.895**
LVR	**35.0%**

Source: Primewest, Core Property

Initial NTA

The starting NTA is an important consideration. It should be assessed in the context of statutory costs and fees paid to the Manager, which dilute investors' return over the term of the Trust.

Core Property has calculated the NTA based on the initial value of the two assets in the Fund. The initial NTA is calculated at $0.89 per unit, with dilution primarily coming from stamp duty costs. Investors should recognise the NTA is expected to change as new properties are acquired and properties are revalued over time.

Figure 17: Initial NTA

Amount per unit	**$ per unit**
Issue Price	$1.00
Less:	
Acquisition Costs	-$0.07
Debt and Fund Acquisition Costs	-$0.01
Property Acquisition Fee	-$0.03
Capitalised costs	-
Initial NTA per unit	**$0.89**

Source: Core Property

Expected Future Performance (IRR Sensitivity)

The three main performance drivers in a property syndicate are:

1. The property income profile (lease structure);
2. The terminal value upon the sale of the property (asset quality + market conditions); and
3. The cost of debt (depending on leverage).

For comparison purposes, Core Property has estimated the total return from the Trust based on the assumptions provided by the Manager. **Based on an assessment of the Manager's forecasts, Core Property expects the Trust to deliver an 8-year Internal Rate of Return (IRR) in the range of 9.2% - 10.9% (midpoint 10.0%).** The calculation is based on the Manager's forecasts and assumes a +/- 50bps movement in the terminal capitalisation rate and interest rates. The Manager is targeting an IRR of 10.0%, at the mid-point of the range, based on the two properties in the portfolio.

Investors should be aware the sensitivities include the potential for the valuation of the asset to increase or decrease (depending on market conditions) which will result in either a capital gain or loss for investors.

Figure 18: Pre-tax, 8-year IRR (after fees) sensitivity analysis – based on Manager's assumptions for current portfolio

			Cost of debt		
Terminal cap rate	**1.60%**	**2.10%**	**2.60%**	**3.10%**	**3.60%**
6.76%	11.0%	10.9%	10.8%	10.7%	10.6%
7.01%	10.6%	10.5%	10.4%	10.3%	10.2%
7.26% (base)	10.3%	10.2%	**10.0%**	9.9%	9.8%
7.51%	9.9%	9.8%	9.7%	9.6%	9.5%
7.76%	9.6%	9.5%	9.4%	9.2%	9.1%

Source: Core Property

Management & Corporate Governance

The Trustee is a subsidiary of Primewest Group Limited (ASX: PWG). Established in 1995, Primewest is a leading Australian real estate funds manager focusing on income and development funds. Primewest currently manages 80 Funds spanning 7 asset classes with a total AUM of over $4.4B, predominantly on behalf of wholesale or institutional investors.

Core Property has reviewed the composition of the Board and believes it has the relevant skills and experience to operate the Trust successfully. Each Director has demonstrable property and investment management skills, with an average of approximately 30 years of industry experience each.

Figure 19: The Board & Key Executives

Name & Role	Experience
John Bond Executive Chairman	John is a founding Director of Primewest and holds over 30 years' experience in investment management, development projects, and asset management functions. Prior to his work in the property sector, he worked in law and investment banking. John is a qualified solicitor and holds a Bachelor of Commerce degree.
David Schwartz Managing Director	David is a founding Director of Primewest and holds over 25 years' experience in investment management and development projects. Over the course of his career, David has been involved in business across the retail, manufacturing, and distribution sector. He also serves as a Non-Executive Director of Schaffer Corporation Ltd.
Jim Litis Executive Director	Jim is a founding Director of Primewest. Qualified from Curtin University with a Bachelor of Science (Pharmacy), Jim ventured into the retail sector instead when he opened Douglas Hi Fi and a Sony Central Store. His move to property occurred in the early '80s where he was part of several acquisitions of CBD properties and a small shopping centre.

Key Executives and Management

Name & Role	Experience
Julian Lodge Chief Investment Officer	Julian is the Chief Investment Officer at Primewest. He holds over 25 years' experience in the property industry with capabilities across funds management, development, and asset management. His main role is the identification and execution of investment opportunities where he works alongside the asset management team to deliver investment outcomes. Julian is a Board member on the Western Australian Property Council, Divisional Council and the Property Education Foundation of WA. He is a Senior Associate member of FINSIA and is also a qualified Real Estate Agent.
David Creasy Chief Financial Officer	David is the Chief Financial Officer with over 25 years' experience of financial, strategic and operational leadership across the property, hospitality, and retail industries. Within the property sector, he has significant experience in development projects across residential, commercial, and mixed-use assets across North America. David's role within Primewest is leading the internal business operations. He is a Chartered Professional Accountant (Canada).
Frank Merenda Agricultural Consultant	Frank has over 40 years' of agri-business experience Frank has over forty years of as a farm owner and Director in large scale broadacre vegetable farming and nationally, as a consultant to some of Australia's leading agri-business operations. Frank has developed extensive networks in the agribusiness sector across Australia and has extensive experience in end to end supply chain management including strategic commercial production, marketing, and food processing industries.
Adam O'Donoghue Head of Asset Management	Adam holds over 12 years' experience in the property industry where his current role sees him in charge of the Asset Management team. His role is to maximise property value and investor returns by improving the properties' cash flow. Adam holds a Bachelor of Commerce and in previous roles has worked as a taxation accountant.

Source: Primewest

Compliance and Governance

The Trust is not registered with ASIC as a managed investment scheme. As an unregistered scheme, the Trust does not have a compliance plan, compliance committee, or related-party policy of its own. Instead, the Trust will be subject to the compliance policies of its ultimate parent, Primewest Group (ASX: PWG).

As a listed entity, Primewest has as a compliance plan, an audit & compliance committee, and policies covering related-party transactions and conflicts of interests. Core Property has reviewed the composition of the Board and senior executive team and consider it has the relevant skills and experience to operate the Trust successfully. We note the Board comprises five Directors, two of which are independent.

Past Performance

Primewest has advised that, since inception, it has established 110 unlisted property funds in total. As at June 2020, 30 funds have been completed with 80 funds being actively managed.

- Since June 2016, Primewest has completed 10 funds, delivering investors an IRR of between 6.6% p.a. and 32.2% p.a. (average 16.1% p.a.).
- The 80 current funds are delivering an average estimated IRR of 21.6% p.a. (pre fees).

Readers should note that that past performance is not a reliable indicator of future performance as each Trust – and its respective underlying properties – has its specific risks and attributes.

Appendix – Ratings Process

Core Property has developed a framework for rating property and property related investment product offerings in Australia. The methodology gives consideration to a number of qualitative and quantitative factors. Essentially, the evaluation process includes the following key factors: product and underlying portfolio construction; strength and depth of management team, product structure, risk management, financial analysis, and likely outcomes.

It is important for financial planners and investors to view the recommendation and rating in the context of comparable products only and not across all products rated by Core Property.

The Ratings

Financial Advisers and investors should note that for all ratings categories, the product may not suit the risk/return profiles of all investors.

Rating	Definition
Highly Recommended	This is the highest rating provided by Core Property and is indicative of the product exceeding the requirements of our review process across a number of parameters.
Recommended	Indicates that the product has an above average grade profile across a number of Core Property's parameters and has the potential to deliver above average risk adjusted total returns.
Approved	Indicates that the product has met the aggregate requirements of Core Property's criteria. The product has an acceptable risk/return trade-off and is potentially able to generate risk-adjusted returns in line with stated investment objectives.
Speculative	Core Property believes this is a product that has a number of positive attributes; however, there are a number of risks that make investing in this product a speculative proposal. While Core Property does not rule out investing in this product, investors should be very aware of, and be comfortable with the specific risks. The product may provide unique diversification opportunities, although concerns over one or more features mean that it may not be suitable for most investors.
Not Approved	Indicates that the product has failed to meet the minimum aggregate requirements of Core Property's criteria. While the product may have some positive attributes, Trusts in this category are considered high risk.

This report has been commissioned, and, as such, Core Property has received a fee for its publication. Under no circumstances has Core Property been influenced, either directly or indirectly, in making statements and / or recommendations contained in this report.

Disclaimer & Disclosure

Core Property has received a fee from the Manager for researching the product(s) which has then been subject to a detailed review and assessment by Core Property and its analysts to produce this report. In compiling this report, Core Property's views remain fully independent of influence or conflicts of interest. Our team of analysts undertake an objective analysis of the offer and conclusions are presented to senior officers for review.

The company specified in the Report (the "Participant") has provided Core Property with information about its activities. Whilst the information contained in this publication has been prepared with all reasonable care from sources that Core Property believes are reliable, no responsibility or liability is accepted by Core Property for any errors, omissions or misstatements however caused.

Any opinions, forecasts or recommendations reflects the judgement and assumptions of Core Property as at the date of publication and may change without notice. Core Property and the Participant, their officers, agents and employees exclude all liability whatsoever, in negligence or otherwise, for any loss or damage relating to this document to the full extent permitted by law.

This publication is not and should not be construed as, personal financial product advice, an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. Any opinion contained in the Report is unsolicited general information (general financial product advice) only. Neither Core Property nor the participant is aware that any recipient intends to rely on this Report or of the manner in which a recipient intends to use it. In preparing our information, it is not possible to take into consideration the investment objectives, financial situation or particular needs of any individual recipient. Investors should obtain individual financial advice from their investment advisor to determine whether opinions or recommendations (if any) contained in this publication are appropriate to their investment objectives. Investors should obtain a copy of, and consider the PDS/ Information Memorandum, which can be obtained by contacting the issuer.

This publication is not for public circulation or reproduction whether in whole or in part and is not to be disclosed to any person other than the intended recipient, without obtaining the prior written consent of Core Property. This report is intended for the residents of Australia. It is not intended for any person(s) who is resident of any other country. Core Property and/or the Participant, their officers, employees or its related bodies corporate may, from time to time hold positions in any securities included in this Report and may buy or sell such securities or engage in other transactions involving such securities. Core Property and the Participant, their directors and associates declare that from time to time they may hold interests in and/or earn brokerage, fees or other benefits from the securities mentioned in this publication.

Core Property discloses that from time to time it or its officers, employees and related bodies corporate may have an interest in the securities, directly or indirectly, which are the subject of these statements and/or recommendations (if any) and may buy or sell securities in the companies mentioned in this publication; may effect transactions which may not be consistent with the statements and/or recommendations (if any) in this publication; may have directorships in the companies mentioned in this publication; and/or may perform paid services for the companies that are the subject of such statements and/or recommendations (if any). However, under no circumstances has Core Property been influenced, either directly or indirectly, in making any statements and/or recommendations (if any) contained in this Report.

The information contained in this publication must be read in conjunction with the Legal Notice that can be located at http://www.coreprop.com.au/Public/Disclaimer.

For more information regarding our services please refer to our website www.coreprop.com.au.

Core Property

Fund Research & Ratings

www.coreprop.com.au