Core Property
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Unlisted Property Trust Report

APIL Industrial Fund No.1

June 2020

Diversified industrial fund targeting 7.5% distributions in FY21

APIL Industrial Fund 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.

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APIL Industrial Fund No.1

June 2020

The APIL Industrial Fund No. 1 ("the Fund") is an unlisted property fund that invests in a portfolio of industrial assets located in established industrial precincts in Australian capital cities. The Fund Manager, Australasian Property Investments Limited ("APIL", or "the Manager"), has an established track record with $1.0B of syndicated properties since 2001.

The Fund is structured with a target size of $125M to provide diversification across a number of industrial properties. To achieve its target size, the Manager will acquire industrial properties over a 12-month period to December 2020. As each property is acquired, the Manager will offer new units in the Fund at a consistent entry price of $1.00 per unit, for all investors.

The Fund is looking to acquire its fourth property, 30 Brickworks Place, Darra QLD ("the Property"). Located in Brisbane's prime south-west industrial precinct, the Property is fully leased to Australian Independent Rural Retailers Pty Ltd ("AIRR"), a rural wholesale buyer and supplier of agricultural products, and subsidiary of ASX listed Elders (ASX: ELD).

The Manager is seeking to raise $4.6M through the offer of 4.6M units at $1.00 per unit ("the Offer"). The Manager may also accept applications in excess of $4.6M and apply the excess amount to reduce the amount of debt in the Fund. Funds raised will be used, in conjunction with bank debt, to acquire the Property for $9.2M.

Following the acquisition, the Fund portfolio will be valued at $60.1M, providing diversification across four properties, in three states, with four tenants. The properties are 100% occupied with a portfolio capitalisation rate of 7.34% and a long weighted average lease expiry (WALE) of 13.7 years (by income). Further, the Manager has advised that COVID-19 has had minimal impact on the portfolio: 1) approximately $130,000 in rent has been deferred into FY21, representing 1.9% of the portfolio's gross rental income, and 2) independent valuers have advised there has been no material change in valuation on the existing three properties, as at the date of the PDS.

The Manager is forecasting a distribution of 7.5% p.a. in FY21 and FY22, at the midpoint of its target distribution range of 7.0% - 8.0% p.a. Core Property estimates the current portfolio to be generating excess cash of around $0.7M p.a. which may be used for further acquisitions, fund additional capital expenditure, increase distributions, or be returned to investors.

The Fund has an initial term of eight years to December 2027, with 7.5 years remaining. The portfolio's NTA is calculated at $0.875 per unit following the acquisition. Fees charged by the Fund are at the low end of what Core Property has seen in the market.

The Fund's Loan to Valuation Ratio (LVR) is calculated at 48.5% against a bank LVR covenant of 60%. The debt facility will need to be expanded for the full term of the Fund and as new assets are acquired by the Fund.

Core Property estimates the portfolio to deliver an Internal Rate of Return (IRR) of between 9.3% - 10.9% (midpoint 10.1%) based on the Manager's assumptions and assuming a +/- 50 bps movement in capitalisation rates over the remaining 7.5-year term (see *Expected Future Performance (IRR Sensitivity)*). The analysis includes the potential that investors may receive a capital gain or loss, based on market conditions.

Investors should also note the investment profile is expected to change as the Manager intends to grow the portfolio to $125M of industrial assets by December 2020. In doing so, the Manager intends to maintain a 7.0% - 8.0% p.a. distribution yield as well as maintain debt metrics on similar terms. Core Property is unable to assess the impact of additional properties on the portfolio.

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

Investor Suitability

Core Property considers the Fund will appeal to investors seeking an attractive distribution yield supported by a diverse portfolio of industrial assets in well located sites. Investors should expect the portfolio metrics to change as new assets are acquired through to December 2020.

The Fund should be considered as part of a Core investment strategy. The Fund is illiquid, and investors should expect to remain invested for a minimum 7.5-years until December 2027.

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:	25 June 2020
Offer Close:	31 July 2020[1]
Min. Investment:	$50,000
Unit Entry Price:	$1.00
Net Tangible Asset per unit:	$0.875[3]
Liquidity:	Illiquid
Forecast Distributions:	7.5% (FY21) 7.5% (FY22)
Distribution Frequency:	Monthly
Initial Investment Period:	7.5 years to December 2027

1. The Manager may close the Offer at any time when sufficient commitments have been received.
2. Minimum of $50,000, multiples of $5,000 thereafter
3. Initial NTA of $0.875 per unit is based on the current portfolio and acquisition. The NTA is expected to change as additional properties are acquired.

Fund Contact Details

Peter Hughes
Managing Director, APIL
phughes@apilgroup.com
Phone: 08 9380 3222

Cassandra Thompson
Investor Relations, APIL
cthompson@apilgroup.com
Phone 08 9380 3222

Fund – Website

www.apilgroup.com

Note: This report is based on the APIL Industrial Fund No. 1 Supplementary Product Disclosure Statement dated 25 June 2020, together with other information provided by APIL Group. This report is based on the four properties in the Fund and does not take into account future potential acquisitions.

Key Considerations

Management: Australasian Property Investments Limited (APIL) is a leading manager of direct property investments. Established in 2001, APIL has established 28 syndicated funds with $1.0B of properties.

Fund Structure: The Manager is seeking to raise $4.6M in equity with units offered at $1.00 per unit, to fund the acquisition of 30 Brickworks Place, Darra QLD. The assets are held in separate Sub-Trusts, to provide flexibility for the assets to be sold separately. As additional assets are acquired, equity will also be raised at $1.00 per unit through to December 2020.

Fund Strategy: The Fund primarily offers a Core investment strategy to invest in industrial properties geographically diversified across Australian capital cities. Under the strategy, the properties acquired must be either international tenants, ASX listed companies, national tenants or major state-based tenants. Additionally, 1) they must consist of lease terms of at least 3 years; 2) the Manager is targeting a portfolio of $125M; 3) an LVR of 48.5% with a cash reserve of 1.5% of the purchase price; and 4) supportive of distributions of 7.0% - 8.0% for the Fund.

Property Portfolio: The Fund is looking to acquire 30 Brickworks Place, Darra QLD, an industrial facility fully leased to Australian Independent Rural Retailers ("AIRR"), a subsidiary of ASX listed Elders (ASX: ELD) for $9.2M. Following the acquisition, the property portfolio will increase to $60.1M, diversified across four properties in three states and four tenants. The portfolio provides strong property metrics with 100% occupancy, an average capitalisation rate of 7.34% and a long WALE of 13.7 years (by income). Investors should expect the portfolio metrics may change as the Manager intends to further diversify the portfolio to reach $125M by 31 December 2020.

Debt Profile: The Fund has received terms to expand its current debt facility to $29.1M to include the Darra QLD property. The debt facility is for a two-year term with an initial all-in cost of debt of 2.59% p.a. The Loan to Valuation Ratio (LVR) is 48.5%, against a bank LVR covenant of 60%. The Interest Coverage ratio (ICR) of 5.7x is well above the bank ICR covenant of 2.0x. The Manager will need to extend or replace the debt facility to cover the initial eight-year term of the Fund as well as to fund additional properties. The debt is held in each Sub-Trust with cross collateralisation in place for the initial three properties.

NTA: The Fund's NTA is estimated at $0.875 per unit following the acquisition. The NTA is expected to change as new properties are acquired and revalued over time.

Distributions: The Manager is forecasting FY21 distributions of 7.5% p.a., paid monthly. Core Property notes the Manager is forecasting a cash balance of $1.2M, which may be used to support distributions if additional properties are acquired on lower yields.

Fees: Core Property considers the management fees to be at the low end of what has been seen in the market (*see Figure 5: Fees in Perspective*). Performance Fees are 20% over an 8.5% IRR hurdle, with the hurdle rate at the lower end of what is currently seen in the market.

Impact during COVID-19: The Fund has had minimal impact to its income during COVID-19. Around $130,000 of rental income from April/May 2020 has been deferred, equal to 1.9% of the portfolio's total rental income of $6.9M. The independent valuers have advised no change to valuations as at the date of the PDS. Investors should be aware that property valuations may be impacted by short term volatility as a result 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. 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.

Total Returns: Core Property estimates the Fund to deliver a 7.5-year IRR of 9.3% - 10.9% p.a.(midpoint 10.1% p.a.) based on the Manager's assumptions and assuming a +/- 50 bps sensitivity to capitalisation rates (see the *Financial Analysis section*). Investors should be aware the Fund is exposed to a capital gain or loss based on the sale price of the assets and the overall market conditions, which may deliver an IRR outside this range.

Illiquid investment: The Fund has an initial term of eight years to December 2027. The Fund may be extended beyond this period if it receives the unanimous approval from all investors. Investors must accept that by their very nature, unlisted property funds are illiquid and should expect to remain fully invested for the minimum period to December 2027.

Investment Scorecard

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

Key Metrics

Trust Structure

A registered managed investment scheme consisting of a property fund investing industrial assets in Australia. Each property is held in a separate Sub-Trust that is fully owned by the Trust.

Management

Australasian Property Investments Limited ("APIL") is a leading Australian property investment group which specialises in the syndication and management of commercial property. Established in 2001, APIL has syndicated $1.0B of property across 28 funds.

Property Portfolio[1]

No. of Properties:	4	
Property Portfolio:	Location	Valuation
	5 – 17 Taminga Street, Regency Park SA	$20.5M
	150 Quill Way, Henderson WA	$20.0M
	15 Titanium Court, Crestmead QLD	$10.4M
	30 Brickworks Place, Darra QLD	$9.15M
	Total	**$60.05M**
Property Sector:	Industrial	
Key Tenants:	Revroof Pty Ltd, Matrix Composites and Engineering Ltd, Marco Engineering, Australian Independent Rural Retailers Ltd	
Occupancy:	100.0%	
WALE:	13.7 years (by income)	

Note: 1: The Manager intends to acquire additional assets in the Fund up to a total portfolio of $125M by December 2020.

Return Profile

Forecast Distribution:	FY21: 7.5% p.a. FY22: 7.5% p.a.
Distribution Frequency:	Monthly
Tax advantage:	FY21: est. 73.2% tax deferred FY22: est. 64.8% tax deferred Based on the current expected portfolio of 4 assets.
Estimated Levered IRR (pre-tax, net of fees):	9.3% - 10.9% (midpoint 10.1%) (net of fees)
Investment Period:	8 years to December 2027 (7.5 years remaining)

Risk Profile

Property/Market Risk:	Investors will be exposed to a potential capital gain or loss, based on market conditions.
Trust Investment Risk:	Illiquid nature of the Trust, gearing and interest rate risk.
Regulatory Risk:	Changes to taxation affecting the tax effectiveness of income and capital distributions.
Diversification Risk:	The Fund contains properties diversified by geographic locations in the industrial sector.
Tenant Risk:	Each property is reliant on a dominant single tenant which exposes it to substantial reliance on tenancy performance.

For a more detailed list of the key risks, refer to "Section 11: Risks" of the Product Disclosure Statement.

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 6: Fees in Perspective).

Entry Fees:	Nil
Exit Fees:	Nil
Establishment Fee (Property Acquisition Fee):	2.5% of purchase price, paid out of the assets of the Fund.
Divestment Fee (Property Disposal Fee):	Nil. The Fund may however be charged an Agents Fee if an external agent is used.
Management Fees:	- Management Fee: 0.50% p.a. of GAV. - Trust Expenses: est. 0.20% p.a. of GAV - Consulting Fee and Project Management Fees: up to 5% of a project cost equal to or greater than $50,000
Transfer Fee:	$500 (up to a maximum of 1% of the transfer amount)
Trust Extension Fee:	0.5% of GAV, capped at $150,000. The Fee is not payable if the Manager is entitled to a Performance Fee.
Performance Fee:	20% of the outperformance over an IRR of 8.5% per annum.

Debt Metrics

Drawn Debt / Facility Limit:	$29.1M / $29.1M
Loan Period:	2 years
Initial LVR / LVR Covenant:	48.5% / 60%
ICR / ICR Covenant:	5.7x / 2.0x

Legal

Offer Document:	APIL Industrial Fund No. 1 Supplementary Product Disclosure Statement, dated 25 June 2020
Wrapper:	Unlisted Property Trust
Custodian:	Australasian Property Investments Limited (ACN 097 936 760, AFSL No.238795)
Responsible Entity, Trustee & Manager:	Australasian Property Investments Limited (ACN 097 936 760)

Fund Overview

The Fund is an unlisted property fund that invests in industrial properties in well located Australian capital cities with high tenant demand. The Fund has an initial term of eight-years from November 2019 – December 2027.

The Fund is targeting to acquire industrial properties up to a total portfolio size of $125M by 31 December 2020. Previously this target date was 30 June 2020 however the date has been extended to take into account market delays as a result of COVID-19. In order to fund the acquisition of new properties the Fund will offer investors the opportunity to subscribe for new units at an issue price of $1.00 per unit through to 31 December 2020, providing a consistent entry price for all investors.

The Fund is seeking to raise $4.6M in equity through the issue of 4.6M units at $1.00 per unit ("the Offer"). Funds raised will be used, in conjunction with debt, to acquire 30 Brickworks Place, Darra QLD for $9.2M. The Fund may also accept applications in excess of $4.6M and use the excess amount to reduce debt in the Fund. The Fund has a minimum investment of $50,000, and in multiples of $5,000 thereafter. However, Australasian Property Investments Limited ("APIL", "the Responsible Entity" "the RE) may accept lesser amounts at its discretion.

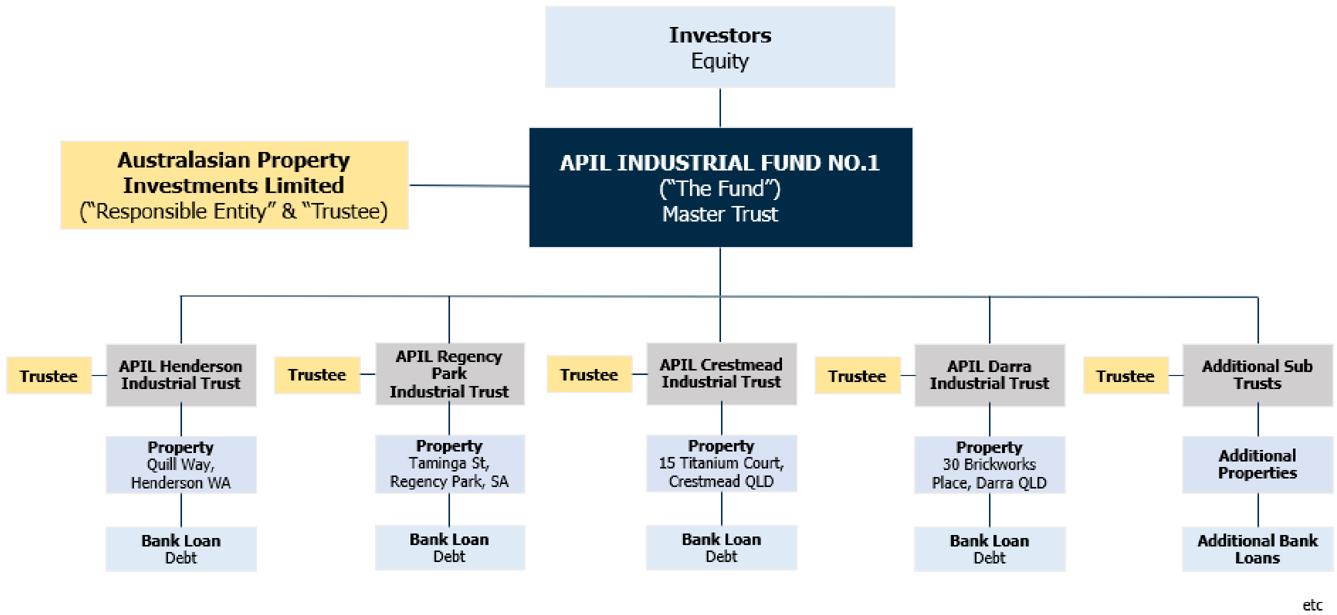
The Property is fully leased to Australian Independent Rural Retailers Pty Ltd ("AIRR"), a subsidiary of Elders (ASX: ELD). The inclusion of the Property will expand the Fund's portfolio to $60.1M across four properties.

The Manager is targeting a distribution of 7.5% in FY21 and FY22. This is at the midpoint of the Fund's a target distribution yield of 7.0% - 8.0% p.a.

Each asset is acquired by a separate Sub-Trusts which is owned by the Fund to provide flexibility for assets to be acquired and sold. Debt will be held in each individual Sub-Trust with cross collateralisation in place for the initial three assets at Henderson WA, Regency Park SA and Crestmead QLD.

A summary of the Fund structure is provided below.

Figure 1: Fund structure



Source: APIL, Core Property

Fund strategy

The Manager is looking to acquire additional properties in the Fund based on the following investment strategy:

- The Fund will acquire industrial properties in Australian capital cities which are well located and supported by strong underlying fundamentals.
- The Fund will have a target to acquire a total of $125M in assets.
- Properties will be acquired through to 31 December 2020. The Fund will close for investment thereafter and the properties will be managed through to the end of the Fund Term, estimated to be December 2027.
- Additional properties will have a target lease term of 3 years or greater.
- The Fund will aim for an initial distribution of between 7.0 and 8.0 cents per annum.
- Apart from property at Henderson WA, no further properties will be under a leasehold arrangement of the land.
- The acquisition price must be supported by a written valuation from an independent valuer from a national real estate company.
- The acquired properties will have a high tenant appeal where in the event of vacancy, it is likely to be re-tenanted with a normal market period.
- Total borrowings for additional acquisitions will not exceed an LVR of 50.0%.
- The cash reserve will be constant across all additional acquisitions being 1.5% of the purchase price.

History of the Fund

The Fund was established in October 2019 as a registered managed investment scheme. In November 2019 the Fund successfully raised $24.2M of equity to facilitate the purchase of its two initial seed assets located at Henderson, WA and Regency Park, SA which were settled in December 2019. A further capital raising of $7.9M was undertaken in January 2020 to acquire the Crestmead, QLD asset for $10.4M, which settled in February 2020. All equity raisings have been undertaken through the issue of Ordinary Units at an Issue Price of $1.00 per unit.

Figure 2: History of the Fund

Date	Event
October 2019	The Fund is established as a registered managed investment scheme
December 2019	The Fund acquires 150 Quill Way, Henderson WA for $20.0M The Fund acquires 5-17 Taminga Street, Regency Park, SA for $20.5M
February 2020	The Fund acquires 15 Titanium Court, Crestmead QLD for $10.4M
August 2020	The Fund expects to settle the acquisition of 30 Brickworks Place, Darra QLD for $9.2M

Source: APIL, Core Property

Liquidity / exit strategy

The Fund has an initial investment term of eight years, from November 2019 to December 2027. Investors should view the Fund as illiquid in nature and expect to remain invested for the 7.5 years remaining on the initial term of the Fund (to December 2027).

The Fund also has a number of additional features which Core Property considers to beneficial to investors:

- At the end of the initial term, the fund may be extended by a unanimous agreement of all unitholders as per the Constitution. If a unanimous agreement is not approved, the portfolio will be sold, the Fund wound up and the net proceeds will be distributed to all unitholders.

- The RE may consider the sale of a property prior to the end of the initial term if it considers it to be in the best interests of unitholders and the RE receives approval from 65% or more of the total units on issue.

The Fund does not provide any other form of liquidity. Investors may also transfer their units to another investor and the RE will use its best endeavours to find a replacement investor however there is no guarantee that the RE will able to do so. In such a situation, a transfer fee of $500 (up to a maximum 1% of the transfer amount) is payable by the investor that is selling.

Sources & Application of funds

The PDS sets out the sources and application of funds across the total portfolio of four properties, which includes the acquisition of the Darra QLD property.

Figure 3: Sources and Application of Funds

	$M	% of purchase price	% of total funds
Sources of funds			
Equity subscriptions	$36.7M	61.1%	55.8%
Bank debt	$29.1M	48.5%	44.2%
Total sources of funds	**$65.8M**	**109.6%**	**100.0%**
Application of funds			
Purchase price	$60.1M	100%	91.2%
Acquisition Costs	$2.4M	4.0%	3.7%
Debt & Fund Establishment Costs	$0.7M	1.1%	1.0%
Managers Fee	$1.5M	2.5%	2.3%
Working Capital & Capital Expenditure Reserves	$1.2M	2.0%	1.8%
Total application of funds	**$65.8M**	**109.6%**	**100.0%**

Source: APIL, Core Property

Debt Facility & Metrics

The Manager has received indicative terms to expand the two-year debt facility to $29.1M to include the Darra QLD property. The debt is held at the Sub-Trust level. Cross collateralisation is in place for the assets at Henderson, Regency Park and Crestmead, whilst the loan to the Darra sub-trust will be separate loan. As additional properties are acquired, the debt facility will be extended to include the new Sub-Trust. The debt is variable at a margin above the 90-day BBSY with a current average cost of debt of 2.59%. The Manager intends to hedge a portion of the debt once the portfolio has been finalised by December 2020, subject to market conditions. As the debt is cross collateralised, the sale of any property will require approval from all loan facilities in the structure.

Following the acquisition, the Loan to Valuation Ratio (LVR) is expected to be 48.5%, against a bank LVR covenant of 60%. The Fund has an LVR range of 45% - 60%. Core Property calculates that the value of the properties must fall by 19.2% for the bank LVR covenant to be breached.

It should be noted that the Manager is forecasting a cash balance of $1.2M following the acquisition, which, if utilised to pay down debt, would reduce the LVR to 46.5%

The Interest Coverage Ratio (ICR) of 5.7x is above the bank ICR covenant of 2.0x. Core Property calculates the net income must fall by 65.4% for this covenant to be breached.

Investors should be aware that any change in the debt terms may impact final returns provided by the Fund. A change in the terms and cost of debt may impact investor returns of the Fund.

Figure 4: Debt Metrics

Details	Metric
Bank	NAB
Security	First ranking mortgage over the Property held in the Sub-Trust with cross collateralisation between each asset.
Debt Facility Limit/ drawn debt	$29.1M / $29.1M
Loan Type	Interest only
Loan Period	2 Years from settlement
% Hedged	Not hedged. The RE intends to hedge a portion of the debt once the portfolio is finalised, subject to market conditions.
Average cost of debt	2.59%
Initial LVR / Peak LVR / LVR Covenant	48.5% / 46.3% / 60%
Initial interest covered ratio (Lowest ICR) / ICR covenant	5.7x / 2.0x
Amount by which valuation will have to fall to breach LVR covenant	19.2%
Decrease in net income to breach ICR covenant	65.4%

Source: Core Property, APIL

Fees Charged by the Fund

Core Property notes the Manager's Fees of 0.50% are on the lower end of the industry average.

Core Property also considers the higher Acquisition Fees and lower hurdle rate to be offset by the lack of Disposal Fees.

Core Property notes that the Performance Fee on the Fund is calculated at 20% of the Fund's performance above an IRR of 8.5% p.a. The threshold of 8.5% p.a. is lower than what Core Property has previously seen in the market (10%), which we consider to be reflective of the current low interest rate environment. The Performance Fee is payable at the total fund level at the end of the initial term of the Fund, or if the Fund is terminated earlier or the RE is removed or replaced before the initial term.

Figure 5: Summary of Fees charged by the Fund

Fee Type	Fee Charged	Core Property Comment
Entry Fee:	Nil	
Exit Fee:	Nil	
Establishment Fee (Acquisition Fee):	2.5% of the Purchase price payable upon settlement and issuance of the units.	Core Property considers the Fee to be above the high end of the industry average of 1.0% - 2.0%.
Transfer Fee	The greater of $500 and 1% of the value of the units transferred.	
Disposal Fee:	Nil	There is no disposal fee for selling the property. The industry average of around 1.0% - 2.0%. Core Property notes the sale of a property may incur an agent fee which will be treated as a separate expense to the Fund.
Fees & Expenses – Management Fee, Property and Facilities, Expenses, Custody Fees	- Management Fees of 0.50% p.a. of the Gross Asset Value (GAV). - Other costs and expenses are estimated at 0.20% p.a. of the GAV.	Core Property considers the Fees to be at the low end of what we have typically seen in the industry (0.7% - 1.1% p.a. of GAV).
Performance Fee:	20% of the Fund's outperformance over a 8.5% IRR hurdle rate.	Core Property considers the Fee of 20% to be in line with industry practice. The threshold of 8.5% p.a. is lower than what has historically been seen in the market (10%).
Transfer Fee:	A fee of $500 (up to a maximum of 1% of the transfer amount) when selling units to a third party.	
Consulting & Project Management Fee:	Up to 5% of the total capital works expenditure for each project, for projects equal to or in excess of $50,000.	
Trust Extension Fee:	0.5% of GACV, capped at $150,000. If APIL earns a Performance Fee, then a Trust Extension Fee will not apply.	

Source: APIL, Core Property

All-in fee analysis

Core Property has analysed the fees that accrue to the RE over the term of the Fund as a percentage of all cash flow generated after deducting interest costs but before management fees and performance fees.

Core Property estimates the Manager is entitled to 6.6% of the total cash flow. Core Property considers the fees paid to the Manager to be at the low end of the range when compared to similar products, which are typically around 7% - 9%. In terms of fees paid to the Manager, Core Property estimates that 31.8% of the estimate 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 6: Fees in Perspective – over an estimated 7.5-year period, based on the portfolio of four assets

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:	$1.83
Total cash to investors:	**$1.83**
Acquisition fee:	$0.04
Base management fee:	$0.07
Disposal fee:	$0.02
Debt Arrangement fee:	$0.00
Performance fee:	$0.00
Fees for the RE (excluding disposal/admin):	**$0.13**
Total cash generated by Fund:	**$1.96**
Fees = % of total cash generated (before fees)	6.6%
Up-front fee as a % of total fees	31.8%

Source: Core Property estimates

The Property Portfolio

The acquisition of the Darra QLD property will expand the portfolio to four industrial properties valued at $60.1M. The portfolio is 100% leased with a weighted average lease expiry (WALE) of 13.7 years. Investors should expect the portfolio metrics may change as the Manager intends to acquire additional properties to reach a total portfolio value of $125M.

- **5-17 Taminga Street, Regency Park** SA is an industrial facility of 17,150 sqm located in the prime industrial suburb of Regency Park. The property is fully leased to Revroof Pty Ltd on a sale and leaseback for 12 years, with a 6-year option.
- **150 Quill Way, Henderson WA** is an 84,044 sqm leasehold parcel of land, with a GLA of 20,705 sqm. The asset is fully leased to Matrix Composites and Engineering Ltd (ASX: MCE) on a sale and leaseback for 20 years with 5+10-year options.
- **15 Titanium Court, Crestmead QLD** is an industrial facility located in Crestmead, an established industrial location situated between Brisbane and the Gold Coast. The site consists of two industrial buildings with office and warehouse components, as well as two ancillary sheds. The property is full leased to Marco Engineering on a 10-year lease expiring November 2026, with a 6 - year option to extend.
- **30 Brickworks Place, Darra QLD** is a storage warehouse located in Brisbane's prime south-west industrial precinct. The property is fully leased to Australian Independent Rural Retailers Pty Ltd ("AIRR") on a five-year lease, expiring December 2024, with a 5 year option to extend.

Figure 7: Property Portfolio Metrics – as at August 2020 (pro forma with acquired property)

Property	Acqn Date	Site Area (sqm)	NLA (sqm)	Key Tenant	Valn	Weight	Cap Rate	Occ %	WALE by income
5-17 Taminga Street, Regency Park, SA	Dec 2019	32,960	17,150	Revroof	$20.5M	34.1%	7.00%	100%	11.5 yrs
150 Quill Way, Henderson, WA	Dec 2019	84,044	20,705	Matrix Composites	$20.0M	33.3%	8.50%	100%	19.5 yrs
15 Titanium Court, Crestmead QLD	Feb 2020	15,250	6,357	Marco Eng (Evolve)	$10.4M	17.3%	6.75%	100%	6.4 yrs
30 Brickworks Place, Darra, QLD	Aug 2020 (est. settlement)	12,000	4,795	AIRR	$9.15M	15.2%	6.25%	100%	4.4 yrs
Total Portfolio		**144,254**	**49,007**		**$60.05M**	**100%**	**7.34%**	**100%**	**13.7 years**

Source: APIL

Figure 8: 5–17 Taminga St, Regency Park, SA

Figure 9: 150 Quill Way, Henderson, WA

Figure 10: 15 Titanium Court, Crestmead QLD

Figure 11: 30 Brickworks Place, Darra QLD

Source: APIL

Property Valuations

The Fund's valuation policy requires each property to be valued by an independent valuation at least every three years or within two months of when the RE believes there to be a material change in the value. The properties also require a short form valuation every 12 months (which is usually done by way of a Director's valuation). An independent valuer cannot value the same property consecutively for more than three consecutive years.

Independent valuations are carried out on all the properties prior to acquisition. The property at Darra QLD was independently valued at $9.15M, in-line with the acquisition price. The independent valuations made several assumptions regarding market rent, tenant incentives, re-letting and other factors based on available market evidence. The main assumptions adopted in the valuations are provided below.

Figure 12: Valuation Metrics

	5-17 Taminga St, Regency Park SA	150 Quill Way, Henderson WA	15 Titanium Ct, Crestmead QLD	30 Brickworks Place, Darra QLD
Title	Freehold	Leasehold to 2039	Freehold	Freehold
Acquisition date:	December 2019	December 2019	February 2020	Aug 2020
Ownership	100%	100%	100%	100%
Site Area	32,960sqm	84,044sqm	15,250 sqm	12,000 sqm
Net Lettable Area	17,150sqm	20,705sqm	6,357 sqm	4,795 sqm
Major Tenant (% NLA)	Revroof Pty Ltd (100%)	Matrix Composites (100%)	Marco Engineering (100%)	AIRR (100%)
Weighted Average Lease Expiry	12.0 years	20.0 years	7.0 years	4.6 years
Occupancy	100%	100%	100%	100%
Initial net passing income	$1.5M	$1.7M	$0.7M	$0.6M
Net Market income (fully leased)	$1.5M	$1.7M	$0.7M	$0.6M
Purchase price	$20.5M	$20.0M	$10.4M	$9.15M
Valuation	$20.5M	$20.0M	$10.4M	$9.15M
Passing initial yield	7.0%	8.5%	7.07%	6.85%
Capitalisation rate	7.0%	8.5%	6.75%	6.25%
Valuer	Colliers	JLL	CBRE	JLL
Valuation Date	Oct 2019	Oct 2019	Dec 2019	May 2020
Valuer's Discount rate	8.25%	7.25%	7.50%	7.00%
Value/sqm	$1,195	$966	$1,652	$1,908
Valuer's unleveraged 10-year IRR	8.23%	7.32%	7.30%	6.83%

Source: Colliers, JLL, CBRE

Leases, tenants and income

Rental guarantees are provided for the following leases:

- 5-17 Taminga St, Regency Park SA – Revroof – 12 months
- 150 Quill Way, Henderson WA – Matrix Composites – 12 months
- 15 Titanium Court, Crestmead QLD - Marco Engineering – 5 months

A summary of the portfolio tenancies is provided in the following table.

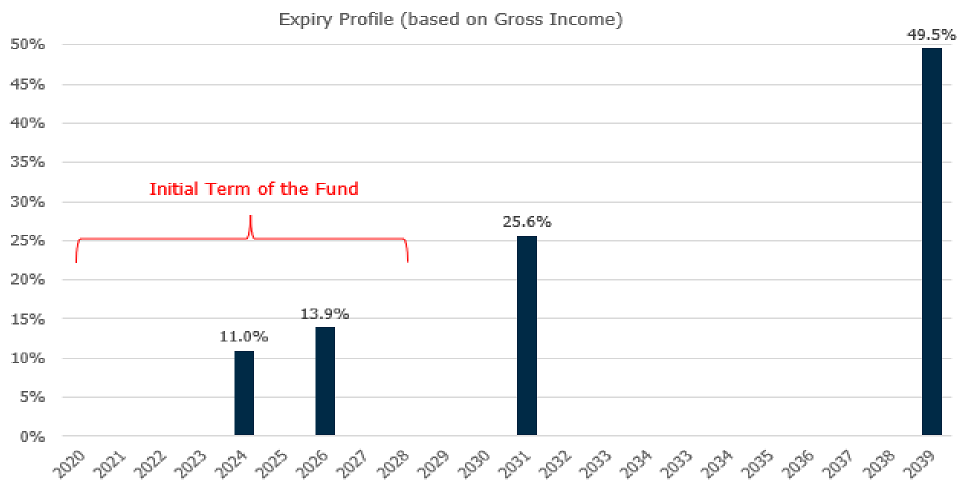
Figure 13: Portfolio Tenant Summary

Location, Tenant	Net Lettable Area (sqm)	Lease Period	Options	Net Rental	Rent Review
5-17 Taminga Street, Regency Park, SA – Revroof	17,150	12 years (Dec 19 - Dec 31	6 years	$1.5M	Annual CPI + 1%
150 Quill Way, Henderson, WA – Matrix Composites	20,705	20 years (Dec 19 - Dec 39)	5+10 years	$1.7M	2.5% p.a. applied every 2 years, market review at year 6,12,18 with ratchet clause (cannot reduce) and 12.5% cap.
15 Titanium Court, Crestmead QLD – Marco Engineering (Evolve)	6,357	10 years (Nov 16 - Nov 26)	6 years	$0.7M	3.5% p.a., market review at 5 years with minimum 3.5%
30 Brickworks Place, Darra, QLD – AIRR	4,795	5 years (Nov 19 - Nov 24)	5 years	$0.6M	Annual CPI
Total	**49,007**			**$4.5M**	

Source: APIL

The figure below represents the Fund's weighted average lease expiry by income.

Figure 14: Property lease expiry (by income)



Source: Core Property

Matrix Composites & Engineering Ltd is the largest tenant in the portfolio, currently representing 33.1% of net income. Matrix Composites is an ASX listed entity which specializes in the design, engineering and manufacture of composite and advanced material technology solutions for the civil and infrastructure, resource, oil and gas, defence and transportation industries. The business was established in 1999 and listed on the ASX in 2009. In 2011 Matrix constructed the property at 150 Quill Way, Henderson WA which at the time was the largest composites syntactic manufacturing plant in the world. Over the past 5 years the business has had a significant downturn in its operations as a result of the decline in demand in the oil and gas industries. Matrix has reported losses over the last few years and as such the distributions in the Fund will be dependent on Matrix's ability to continue to meet its rental income obligations. In August 2019 the property completed a $2.2M upgrade and expansion which will assist in the repair and maintenance of underwater pipelines. It intends to use the proceeds of the sale to grow the business. The Fund has acquired a sub-lease of the leasehold head lease between Matrix and Landcorp (the WA government owner of the site) and then leasing the property back to Matrix. Under the terms of the arrangement Matrix will be leasing the property back from the Fund at a starting rent of $2.6M p.a. gross with the Fund paying a ground rent of $0.9M p.a. to Landcorp and thereby receiving a net rent of $1.7M p.a. Matrix is responsible for all outgoings and capital expenditure. The head lease with Landcorp runs through to July 2044 (25 years) with a 35-year option, whilst the Fund has established a new lease with Matrix for 20 years with 5+10-year options.

Revolution Roofing ("Revroof") is a metal sheet manufacturer that commenced operations in August 2009 in South Australia and has since expanded to Western Australia and Victoria. The business offers a wide range of metal sheeting products to roof and wall cladding businesses, builders and general trades. Revroof generated sales of $22M in its first year of operation, increased to $48M in the second year and is currently achieving annual turnover of approximately $80M. Revroof recently acquired the business of ColorGuard, a manufacturer of painted sheet metal products in Newcastle NSW. The property was sold under a sale and leaseback arrangement with Revroof using the proceeds of the sale in part to pay down debt (which is currently around $6M) as well as develop the Newcastle site to increase sales to $120M.

Marco Engineering (trading as Evolve Group) is a specialist metal and plastics engineering manufacturer that commenced operations in August 2013 in Brisbane QLD. The business is jointly owned by founder Ty Hermans and Skybound Capital, a South African fund manager with over US$1.5 billion of funds under management. Evolve manufactures a wide range of products which include automotive casings, blast markers for the mining industry, baby drinking bottles, floor decking, bee keeping plates and 4 x 4 off road traction boards. Major customers include Orica, Bunnings, Century Batteries, Dyno, B Box, Venlo and Flow Hive.

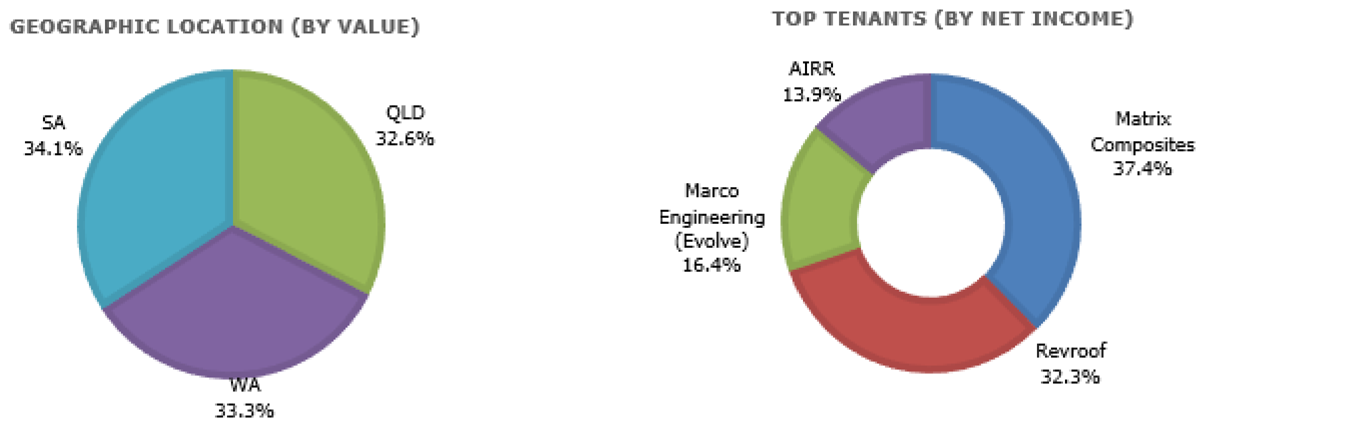
The Manager has advised that it has negotiated a deferral of the rent for Marco Engineering for April and May 2020. The deferred rent has been provided to temporarily support Marco Engineering to purchase new plant and equipment as part of its growth and to fulfil new contract orders. The deferred rent is approximately $130,000 and will be paid in equal monthly instalments over 8 months, from June 2020.

Australian Independent Rural Retailers Pty Ltd ("AIRR") is an Australian rural wholesale buying group developed to support independent retail stores compete against larger franchise competitors. This is implemented through a member-based system in which AIRR stock and supply retailers with products at a wholesaler price. Since establishing in 2006, AIRR has since expanded to facilitate almost 100,000 products from over 650 suppliers and has produced strong profits in recent years. In September 2019, AIRR was acquired by Elders Ltd (ASX: ELD), Australia's largest listed rural services business. Given stable financials and backing from a larger parent company, AIRR is considered a strong tenant for the Fund.

Diversification

The Fund's properties are in the industrial sector. The properties are diversified across 4 locations, in 3 states with 4 tenants. The Manager intends the portfolio to further diversify as additional properties are acquired through to December 2020.

Figure 15: Diversification Metrics – August 2020 (pro forma with acquired properties)



Source: APIL, Core Property

Market Sales Evidence

The table below is a summary of comparable sales transactions for the four properties, as provided in the independent valuation reports. Core Property notes that on average the properties are being acquired at a rate below the market average over the two years.

Figure 16: Comparable sales transactions

Location	Acquisition price per sqm	Average (price per sqm)	Range (price per sqm)	Transactions
5-17 Taminga Street, Regency Park, SA	$1,195	$1,497	$1,341 - $1,583	3 transactions (Aug 17 -Nov 18)
150 Quill Way, Henderson, WA	$966	$1,671	$1,624 - $1,757	3 transactions (Jan 19 – Jun 19)
15 Titanium Court, Crestmead QLD	$1,652	$1,852	$1,507 - $2,610	6 transactions (Nov 17 – Oct 19)
30 Brickworks Place, Darra, QLD	$1,908	$2,048	$1,750 - $2,230	4 transactions (Jul 19 – May 20)

Source: Colliers, JLL, CBRE

Market Rental Evidence

The following is a summary of comparable industrial rentals as provided by the independent valuers. Core Property notes the properties are slightly over rented, and at the top end of the valuers' range for the respective markets.

Figure 17: Comparable rental evidence

Location, Tenant	Average Net Passing Rent (per sqm)	Valuer's Comparable Net Market Rent (per sqm)	Valuer, Date
5-17 Taminga Street, Regency Park, SA – Revroof	$84	$40 - $129	Colliers, Oct 2019
150 Quill Way, Henderson, WA – Matrix Composites	$82	$76	JLL, Oct 2019
15 Titanium Court, Crestmead QLD – Marco Engineering (Evolve)	$117	$109	CBRE, Dec 2019
30 Brickworks Place, Darra, QLD – AIRR	$131	$118	JLL, May 2020

Capex

The Manager is budgeting $0.6M of additional capital expenditure across the properties over 7.5 years (Henderson Way Nil, Regency Park $0.4M and Crestmead $0.2M) The capex is in line with independent building reports undertaken by KPMG/SGA and is expected to be funded from the excess cash reserves of the Fund.

Core Property notes the Manager is forecasting a pro forma cash balance of $1.2M upon acquisition. This amount would be available to fund capex on the properties if required. Additionally, the portfolio is forecast to generate around $0.7M p.a.+ in excess cash which would also be available to fund any capital requirements.

Financial Analysis

Core Property has reviewed the financial forecasts by the Manager as provided in the PDS. The key observations are:

- The Manager's forecasts are based on the four-asset portfolio and does not take into account any further acquisitions.
- The Manager is forecasting distributions of 7.5% p.a. for the investment term.
- The Manager is targeting a cash reserve of 1.5% of the purchase price, or $1.2M, following the acquisition of the four properties in the portfolio. Distributions are being held at 7.50 cpu which allows around $0.7M of excess cash to be added to reserves in FY21. Core Property calculates the Fund could support distributions of 9.4 cpu in FY21 if the excess cash was to be distributed.
- Core Property notes the Henderson WA asset is a leasehold title for 20 years (with a 5+10-year option) and has been independently valued at $20.0M based on a 7.32% discount rate being applied to the rental cashflows. We have rolled forward the cashflows to December 2027 and calculate the DCF value of the remaining cashflows to reduce to $16.3M (using the same 7.32% discount rate, with 2.5% rent increase every second year and assuming a market rent review of 5% in years 6,12 and 18).

A summary of the Manager's forecasts from the PDS is presented below.

Figure 18: Profit & Loss Forecast & Balance Sheet

Profit & Loss - Forecast $M	**FY21**	**FY22**
Gross Rental Income & Recoverables	6.9	7.1
Outgoings	-2.3	-2.3
Net Operating Income	**4.6**	**4.8**
Interest	-0.7	-0.8
Management Fee	-0.3	-0.3
Trust Management Expenses	-0.1	-0.1
Cash Available for Distribution	**3.5**	**3.6**
Retained Income	0.7	0.8
Distributions	**2.8**	**2.8**
Units on Issue	**36.7M**	**36.7M**
Cash Reserve in Fund	1.6	2.4
Distribution per Unit	**7.50 cpu**	**7.50 cpu**
Retained Distributions	0.7	0.8

Balance Sheet – $M – Pro forma on acquisition of Darra QLD property	**August 2020 Pro forma**
Cash	1.2
Property Value	60.1
Other Assets	0.0
Total Assets	**61.3**
Borrowings	29.1
Total Liabilities	**29.1**
Net Assets	**32.1**
Units on Issue	**36.7**
Net Tangible Assets per Unit	**$0.875**
Gearing Ratio (Debt/ Total assets)	**47.6%**
Loan to Valuation Ratio (LVR)	**48.5%**

Note: Balance Sheet is forecast based on the expected Net Tangible Assets of the Fund following the acquisition of the Darra QLD property. The forecast provided in the PDS is based on the expected Net Asset Value of the Fund.
Source: 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 Fund.

Core Property has calculated the NTA, taking into account the acquisition of the four assets by the Fund. The NTA is calculated at $0.875 per unit, with most of the dilution coming from acquisition costs. Core Property notes the Fund benefits from lower acquisition costs from the South Australian asset having no stamp duty payable. Investors should be aware the NTA is expected to move as additional properties are acquired and assets are revalued over time.

Figure 19: Initial NTA

Amount per unit	$ per unit
Issue Price	$1.00
Less:	
Acquisition Costs	-$0.066
Acquisition Fee	-$0.041
Debt & Fund Establishment Costs	-$0.018
NTA per unit	**$0.875**

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).

Core Property has estimated the total return from the Fund based on the initial portfolio and the assumptions provided by the Manager.

Using these assumptions Core Property expects the Fund to deliver a 7.5-year Internal Rate of Return (IRR) in the range of 9.3% - 10.9% (midpoint 10.1%). The calculation is based on the Manager's forecasts and assumes a +/- 50bps movement in the terminal capitalisation rate and interest rates. The calculation also assumes the valuation on the leasehold interest on Henderson WA asset reduces to $16.3M (from $20.0M) based on the discounted cashflow valuation at December 2027. The IRR should be used as a guide only as it is based on the portfolio following the acquisition of the Darra QLD property. Investors should note that further acquisitions in the portfolio may also impact final returns.

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

Figure 20: Pre-tax, 7.5-year IRR (after fees) sensitivity analysis – Manager's assumptions

	Cost of debt				
Terminal cap rate	**1.59%**	**2.09%**	**2.59%**	**3.09%**	**3.59%**
6.84%	11.1%	10.9%	10.8%	10.5%	10.3%
7.09%	10.8%	10.6%	10.4%	10.2%	10.0%
7.34% (base)	10.5%	10.3%	**10.1%**	9.9%	9.6%
7.59%	10.2%	10.0%	9.8%	9.6%	9.3%
7.83%	9.9%	9.7%	9.5%	9.3%	9.0%

Source: Core Property

Management & Corporate Governance

APIL is a leading Australian property syndicator and manager specialising in commercial property investment with a proven track record of delivering strong income returns and capital growth. Established in 2001, APIL has established 28 commercial funds with a combined total of almost $1.0B. Their strategic focus is on quality assets delivering strong yields with potential growth over the medium to long term horizon.

Core Property has reviewed the composition of the RE board and believes that it has the relevant skills and experience to operate the Fund successfully. Each Director has demonstrable property and investment management skills. We summarise the background of the directors and key managers, as provided in the PDS.

Figure 21: The Board of the Responsible Entity

Name & Role	Experience
Peter Hughes Managing Director FAPI, CPV	Peter has over 40 years' experience in the property industry and is one of WA's most respected property professionals. His vast experience includes a valuer, consultant and project manager for investment acquisitions, and the sale of commercial and industrial properties. Previously Peter was a Director of Burgess Rawson (WA) Pty Ltd from 1994 to 2002. Peter's principal responsibility is assessing property that meet with APIL's core investment strategy. Peter is a Fellow of the Australian Property Institute as a certified practicing valuer, holds a Real Estate Agents License and a current triennial real estate agents certificate. Peter acts as an ASIC Certified Responsible Manager of APIL.
Helen Lassam Executive Director	Helen has over 25 years' experience in the commercial property sector. Prior to joining APIL in February 2016 Helen was a Senior Director and Perth Executive Board Member at CBRE. Helen has also been the Director of Retail Asset Services a position which she held for 15 of her 18 years with CBRE where she was responsible for business development, client relationship management and staff mentoring. Helen sits on the APIL Board and is responsible for the operation of the Fund and the operations of the business and manages and mentors Fund Managers and administrative staff within the firm.
Sol Majteles Non-Executive Director LLB, FAICD	Sol has more than 40 years' experience in property and commercial law, focusing on all aspects of property acquisition, syndication, development, leasing and sales. Sol was one of the founding directors of APIL in 2001. His role is to ensure that the legal aspects of property acquisitions and syndicate arrangements are properly completed. He is currently a partner at Lavan, one of Western Australia's largest independent law firms.
Joe Evangelista Non-Executive Director BCom, CA, FAIT	Joe has over 25 years' experience as a chartered accountant and his experience in the property industry focuses on taxation planning, business administration and compliance, investment analysis, strategic and financial planning. Joe is currently a senior partner in the Perth office of a national accounting firm, BDO. He is a qualified Chartered Accountant and is responsible for the accounting and taxation issues relating to APIL's property acquisitions. He is also a responsible manager of APIL.

Source: APIL

Figure 22: Management Team

Name & Role	Experience
Peter Hughes Managing Director FAPI, CPV	Peter has over 40 years' experience in the property industry and is one of WA's most respected property professionals. His vast experience includes a valuer, consultant and project manager for investment acquisitions, and the sale of commercial and industrial properties. Previously Peter was a Director of Burgess Rawson (WA) Pty Ltd from 1994 to 2002. Peter's principal responsibility is assessing property that meet with APIL's core investment strategy. Peter is a Fellow of the Australian Property Institute as a certified practicing valuer, holds a Real Estate Agents License and a current triennial real estate agents certificate. Peter acts as an ASIC Certified Responsible Manager of APIL.
Helen Lassam Executive Director	Helen has over 25 years' experience in the commercial property sector. Prior to joining APIL in February 2016 Helen was a Senior Director and Perth Executive Board Member at CBRE. Helen has also been the Director of Retail Asset Services a position which she held for 15 of her 18 years with CBRE where she was responsible for business development, client relationship management and staff mentoring. Helen sits on the APIL Board and is responsible for the operation of the Fund and the operations of the business and manages and mentors Fund Managers and administrative staff within the firm.

Gary Wrightson Fund Manager	Gary has over 30 years' experience in commercial property. Before joining APIL in May 2016, Gary was the Property Investments Manager for the Insurance Commission of Western Australia. Gary has extensive knowledge and experience in the asset management and development of office, retail and industrial properties within large property portfolios. As Fund Manager, Gary is responsible for the management of the office and industrial properties including asset management and leasing.
Nic Hughes Acquisitions Manager BCom (Eco/Fin)	After completing his Bachelor Degree in Commerce (Economics and Finance) at the University of Western Australia, Nic commenced his property career at Jones Lang Lasalle as the Analyst in the Sales & Investments team. In this role, Nic undertook property feasibility and analysis, preparing marketing information, assisting with sales campaigns and general property market commentary. Nic is now responsible for identifying property acquisitions by assessing a property's suitability to APIL's core investment strategy and providing recommended property to the Finance Committee for possible acquisition.
Adrian Di Carlo Company Secretary BBus (Acc), MBA, GradDip ACG, CPA, AGIA	Adrian is responsible for overseeing the APIL group's finance, accounting, corporate governance and statutory compliance functions. Adrian is a CPA and Chartered Secretary with 24 years' corporate experience in the capacity as an employee and consultant working across various international jurisdictions and industries in accounting and finance, company secretarial and commercial roles within private and listed ASX 200 companies, large multi-national companies and junior listed companies.
David Couzens Facilities Manager	David Couzens oversees the maintenance and capital works of all the properties within APIL's property portfolio. Drawing on his engineering degree and previous experience in the construction industry David is able to ensure the APIL portfolio of properties is maintained to the highest standard and facilities are upgraded to add both practical and financial value.
Cristhian Lopez Cardona Asset Manager BCom (Acc)	After completing his Bachelor Degree in Accounting Cristhian commenced his property related experience with a graduate role at the Insurance Commission of WA/Investments Division, supporting the team in the management and accounting of the $800 million property portfolio Divestment Project. Cristhian manages the everyday operations of APIL funds including leasing, construction, finance and asset management responsibilities.

Source: APIL

Compliance and Governance

The RE has a Compliance Plan which has been lodged with ASIC, as required by the Corporations Act. The Compliance Plan outlines the policies and procedures for the RE to administer the Trust's assets, engagement of external service providers, valuation practices, borrowings and reporting to unitholders.

The Fund's compliance committee comprises of the three members, the majority of which are external independent directors.

ASIC Regulatory Guide 46 "Unlisted property schemes: Improving disclosure for retail investors" and Regulatory Guide 198 "Unlisted disclosing entities: continuous disclosure obligations" describe ASIC's preferred benchmarks and principles.

Core Property has reviewed the PDS in reference to the six benchmarks and eight disclosure principles recommended by RG46. The PDS adheres to all of the ASIC guidelines.

Conflicts of Interests and Related Party Transactions

All conflicts of interests are to be handled in accordance with the RE's Related Party Transactions policy which is assessed by the Compliance Committee and, if necessary, referred to the RE's Board.

The PDS also sets out a number of related party transactions that are currently expected by the Fund:

- Peter Hughes is the Managing Director of APIL and also a Director of Hughes Advisory Pty Ltd which provides asset management services to the Trust and a related entity of Peter Hughes may be a participant in the Trust.
- Solomon Majteles is a Director of APIL and is a partner in the law firm Lavan which provides legal services to APIL and a related entity of Mr Majteles may be a participant in the Trust.
- Joseph Evangelista is a Director of APIL and is a partner in the accounting firm BDO which provides accounting services and other corporate services from time to time to APIL.
- Helen Lassam is a Director of APIL. A related party of Helen Lassam, BFI Building Services, may provide property maintenance and building services to the Trust.

Past Performance

The Manager has advised that, since 2001, APIL has established 27 commercial property syndicates with a combined total of almost $1.0B. It has completed 8 investment syndicates (sold or wound up) with the average capital returned to investors, including the return of the investors initial equity invested, of 232.6% and an average distribution of 11.8% per annum.

Readers should note that that past performance is not a reliable indicator of future performance as each fund, and its respective underlying property, has its own specific risks and attributes.

The following is a table of completed syndicates as provided by APIL.

Figure 23: Past Performance of APIL Completed Funds

Property	Start Date	Purchase Price	Sale Date	Sale Price (net)	Investment Period	Average Distributions Paid	Exit Price
405 Scarborough Beach Road Syndicate	September 1999	$9.9M	June 2007	$19.6M	7.8 years	15.0%	$2.83
Marlows Midland	December 2001	$2.3M	May 2014	$2.85M	12.5 years	11.5%	$1.44
10 Kings Park Rd	June 2002	$7.7M	March 2012	$19.7M	9.8 years	12.9%	$3.44
79 McCoy Street Syndicate	March 2003	$4.8M	June 2010	$9.35M	7.3 years	11.2%	$2.26
888 Nicholson Road Syndicate	August 2003	$8.5M	February 2008	$13.8M	4.5 years	9.7%	$1.96
2 Kings Park Rd Syndicate	October 2004	$10.65M	March 2011	$23.2M	6.4 years	12.0%	$2.39
Sheffield House Syndicate	July 2005	$9.86M	August 2016	$31.2M	11.2 years	13.1%	$2.50
APIL Wingate St Leonards Office Trust	July 2014	$96.4M	March 2018	$162.1M	3.6 years	8.8%	$1.79

Source: APIL

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.

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