

CorVal

INFORMATION MEMORANDUM CORVAL INGHAM TRUST







IMPORTANT INFORMATION

This Information Memorandum is dated 22 September 2014 and has been issued by CorVal Partners Limited ACN 130 628 830 (**Trustee or CorVal**). CorVal is the holder of Australian Financial Services Licence No. 326118.

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This Information Memorandum outlines some of the key points in relation to the investment. The matters included in this Information Memorandum do not constitute a comprehensive statement of the costs, benefits, risks and other characteristics of the investment.

Potential investors should read this Information Memorandum in its entirety, obtain advice from a suitably qualified professional advisor and make their own assessment of the investment before deciding to invest.

This Information Memorandum does not constitute advice on legal, taxation and investment matters and does not take into account the investment objectives or the personal financial circumstances of any person to whom it is provided.

Disclaimer

Whilst this Information Memorandum includes information about the nature of the investment, the Trust property assets and other matters, it is not exhaustive in its contents and should not be considered as such.

All projections and forecasts in this Information Memorandum are for illustrative purposes only. They are based on the opinions of, and the assumptions and qualifications made by the directors of CorVal as at the date of this Information Memorandum. Actual results may be materially affected by changes in economic and other circumstances.

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Investors

Investment is only available to investors who are “wholesale clients” within the requirements of section 761G of the Corporations Act 2001 (Cth) or who are otherwise entitled to invest – see section 16 for more detail.





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1 EXECUTIVE SUMMARY

CorVal Partners Limited (**CorVal**) is pleased to present to investors the opportunity to invest in the CorVal Ingham Trust (**Trust**).

On behalf of the Trust, CorVal is in exclusive due diligence on a portfolio of properties that will be acquired under a sale and leaseback transaction from Inghams Enterprises Pty Ltd (**Ingham**), with lease terms of between 20 to 25 years:

	Lisarow NSW	Tahmoor NSW	Somerville VIC	Osborne Park WA	Wingfield SA	Sorell TAS	Portfolio
Street Address	Cutrock Road	Rockford Road	Grant Road	Baden Street	Cormack Road	Tasman Highway	
Purchase price	\$20.15 m	\$9.60 m	\$33.59 m	\$26.41 m	\$2.05 m	\$7.87 m	\$99.67 m
Land area (sqm)	160,070	219,200	445,100	35,740	16,940	344,750	1,221,800
GLA (sqm)	17,779	8,287	19,945	10,882	1,369	6,231	64,493
Site coverage	11.1%	3.8%	4.5%	30.4%	8.1%	1.8%	5.3%
Initial yield	9.00%	9.00%	8.93%	7.75%	9.50%	9.50%	8.70%
Purchase price / sqm of land	\$126	\$44	\$75	\$739	\$121	\$23	\$82
Purchase price / sqm of GLA	\$1,133	\$1,158	\$1,684	\$2,427	\$1,498	\$1,263	\$1,545
WALE	20 years	20 years	25 years	20 years	20 years	20 years	21.7 years

Each of the properties have specialised industrial style improvements and are of strategic importance to the broader Ingham operation.

The lease for each property is structured on a triple net basis, with the tenant responsible for all outgoings, repairs, maintenance and capital expenditure over the full lease term. On account of this, it is forecast the Trust should receive a stable net property income stream over the term of the lease, with no requirement to fund capital expenditure or outgoings.

The leases are individual to each property with rental increases during the initial term being the lesser of 2.85% per annum or CPI multiplied by two (effectively 2.85% unless CPI drops below 1.425% in any year). In the unlikely event that CPI is less than zero in any year, there is a ratchet clause in place that prevents the rent from decreasing in that year.

Based upon a Trust gearing level of 55%, the equity raising for the Trust is \$52.5 m. To maintain an alignment of interest with investors and reflective of the level of conviction in the investment, an entity controlled by Andrew Roberts (50% shareholder in CorVal) will make a co-investment in the Trust of up to 50% of the Trust equity.

OFFER HIGHLIGHTS

- **A projected Trust equity IRR of 14.0%** per annum (pre performance fee);
- Projected **Trust Earning Per Unit (EPU) that is forecast to average 11.2%** (9.7% in year 1) over the intended seven-year investment term of the Trust;
- **Triple net lease structure** with no obligation on the Trust to fund any capital expenditure over the duration of the leases. The tenant is responsible for all outgoings, repairs, maintenance and capital expenditure;
- The leases will be either to, or guaranteed by, Inghams Enterprises Pty Limited, the key operational entity for the broader Ingham Group. With respect to Ingham:
 - it is Australia's largest poultry producer with a market share of approximately 36%;
 - its gross sales have grown from \$1.93 b (2011) to \$2.27 b (2014), with a normalized EBITDA ranging from \$174 m to \$190 m over the same period;
 - together with Baiada, they are the only two national poultry producers in Australia, with each aligned to one of the major supermarket chains (Ingham is the preferred supplier to Woolworths and Baiada is to Coles).

Similarly, Ingham supplies a number of the fast foods chains nationally, such as McDonalds and KFC.

This has created an oligopolistic industry dynamic with Ingham and Baiada having a combined share of 69% of the poultry market. The other poultry producers are considered to be tier 2 providers, who are regionally based which means they find it hard to compete with Ingham and Baiada (see section 3 for further details).

This dynamic is expected to continue on account of the high barriers to entry preventing new domestic entrants to the market and the strict quarantine laws preventing the importation of fresh poultry meat from overseas (fresh poultry makes up 95% of the domestic market);

The Ingham business was sold to global private equity firm TPG for \$880 m in June 2013. TPG's intentions are to streamline the business, with a focus on generating efficiencies in the Ingham business operations, prior to conducting a possible ASX listing of the business or trade sale in the short to medium term. It is possible this may in turn further improve the strength of the Ingham covenant, and from this, potentially reduce the capitalisation rates applicable to the Trust properties (a decrease in capitalisation rate or yield translates to an increase in property value);

- **Protected downside investment risk** by virtue of the long 21.7 year portfolio WALE with rental increases of 2.85% per annum (assuming CPI is not less than 1.425% in any year) with no lease expiry risk during the intended Trust term of five to seven years;
- Adopting a discount rate of 9%, the net present value (NPV) of the future rental income stream from the Ingham leases is \$105.5 m, which alone is \$5.8 m above the purchase price of the portfolio, excluding any value ascribed to land value or existing improvements (it is possible to discount the future rental income streams in this nature as there is no leakage for capital expenditure / repairs etc on account of the triple net structure of the leases). The estimated land value for the properties today is \$38.1 m, further enhancing the NPV of this investment;
- The underlying land value components at Osborne Park, WA and Wingfield, SA are estimated to be \$26.8m and \$2.5m respectively, which is above to the agreed purchase prices for the properties of \$26.4m and \$2.1m respectively.

These strong underlying land value components are due to both properties prime industrial locations and the properties low site coverages of 30.4% and 8.1% respectively. The benefit of this is that it provides the Trust with a further level of downside protection. Contrary to how typical long leased properties trend, where there is upwards pressure on capitalisation rates as the remaining lease terms shorten, the capitalisation rates for these properties are anticipated to tighten as the leases shorten and the potential to unlock the underlying land values components becomes closer;

- On account of Osborne Park's location and underlying site value, this property is being purchased at the tightest yield of 7.75%. Excluding this property from the portfolio, the blended acquisition yield for the remaining properties is 9.0%, which is a spread of circa 100-200 bps from where traditional industrial properties are trading;
- Somerville is the largest of the Trust properties (37% of the portfolio by value). The main plant area was rebuilt following a fire in 2011-12 at a cost of \$61.8 m for the building component and an additional \$69.2 m was spent on the tenant's plant and equipment (albeit these costs were inflated due to the fast speed in which Ingham required the premises to be rebuilt).

This total cost of \$131.0 m compares to the Trust acquisition price of \$33.6 m for this property and is reflective of the importance of this facility to the Ingham's operation. Somerville is now the newest plant within the group, is one of the three major processing facilities the group occupies, and uses state of the art technology to achieve best in class standards. The importance of this property to Ingham is demonstrated by the 25 year lease commitment which has been agreed on this asset;

- In support of Ingham's longer term commitment to the remainder of the Trust properties and the strategic importance of each to Ingham, the vendor has spent a significant amount of their own capital on ensuring the properties are suitable for their respective uses, as well as having valuable plant and equipment installed within the properties.

For instance, over 2011 to 2014 the vendor has spent the following amounts on the properties, and the plant and equipment in each property;

- Lisarow - \$11.6 m (57.6% of the property purchase price);
- Tahmoor - \$4.4 m (45.8% of the property purchase price);
- Osborne Park - \$10.4 m (39.3% of the property purchase price); and
- Sorell - \$2.7 m (34.3% of the property purchase price).

This is in addition to the major improvements and plant and equipment at each property which were installed before this time.

- The Somerville property has been earmarked by Ingham for future expansion to build a new distribution center at a cost of circa \$16m. The tenant can request the Trust fund the cost of these works up to \$20 m, with Ingham then liable to pay the Trust additional rent based upon a yield on total development cost mechanism. Should these expansion works take place, the Trust will receive a yield on the cost of any such works equal to the higher of:
 - the initial entry yield (8.9%); and
 - the lower of 13% or the 3 year swap rate + 3%.

There are a number of benefits to the Trust should Ingham elect to undertake this expansion, namely:

- the importance of the property to Ingham's will be further reinforced on account of the packaging, warehousing and distribution operations being undertaken at the property;
- the overall quality of the improvements at the property will improve;
- the additional income is forecast to be accretive to the earnings / EPU of the Trust; and
- depending upon when any such works are completed, it will re-set the lease term to the greater of the then unexpired lease term or twenty years.

Similar expansion clauses are included in the leases for the other Trust properties (except that the minimum term of the lease will be 15 years after completion of the works), however, the Trust will have the *option* of funding any tenant requests for expansion. If the Trust elects not to fund any expansion works, Ingham will have the ability to fund and complete the works at its own cost;

- CorVal has completed the majority of due diligence on Ingham, the Trust properties and the transaction documents are close to being in final form, thereby providing investors with a level of certainty in the deal. In particular, the following has been undertaken;
 - the leases have been negotiated with the key terms outlined section 7 of this document;
 - the contracts of sale have been negotiated with no onerous conditions on the Trust;
 - Allens have been appointed to complete the legal due diligence report and sign off letter. These are in the process of being completed. **CorVal will not proceed to exchange until this advice has been received and unless the advice is satisfactory to CorVal;**
 - the vendor has had environmental reports prepared by Environmental Resource Management (ERM) which indicate there are no material environmental risks (in line with ERM's advice CorVal has commissioned further investigations at the Sorell property to confirm this and this work is currently being completed);
 - draft valuation reports have been completed by Colliers International (**Colliers**) which support the agreed purchase prices for each property (excluding Sorell and Tahmoor where the draft numbers and report are in the process of being prepared as at the date of this Information Memorandum);
 - Frost Consult has provided a report on the Australian Chicken Industry and how Ingham fits into the industry. Frost Consulting is run by Geoff Frost an expert in the poultry industry and former CEO of Baiada Poultry (see section 3); and
 - PricewaterhouseCoopers Securities Ltd (**PWC**) has undertaken a financial analysis on Ingham and prepared a report that provides an overview of the financial position of the Ingham business (see section 5).

INGHAM ENTERPRISES OVERVIEW

Ingham is the success story of the Australian chicken meat industry. It was originally founded in 1918 by the Ingham family and its present day poultry operations trace back to the 1960's when the company expanded into the production of broilers, as well as agreeing to supply blue chip customers such as Woolworths and KFC.

Ingham is now a mature business that is positioned to survive future challenges. It is vertically integrated and engaged in both poultry and stock feed production across Australia and New Zealand. The company's market leadership, brand, premium customer relationships, product capability, national coverage, technical expertise and asset quality put it ahead of the competition.

TPG has owned Ingham's since June 2013. TPG is a leading global private investment firm with US\$55.7 b of assets under management across the globe. To date TPG has not heavily influenced the day to day management of the company, although major changes are considered imminent. For example, a succession plan for the current CEO who has held the position for over 30 years has been introduced. TPG's intentions are to generate efficiencies in the business before exiting the business via a possible ASX listing or trade sale in the short to medium term.

INGHAM ENTERPRISES FINANCIAL OVERVIEW

As part of the CorVal due diligence review, PWC were engaged on behalf of the Trust to perform a financial review of the Ingham business within the context of the proposed acquisition of the Trust properties. From the review, the key findings of PWC were:

- Ingham is a mature and consistent business. Whilst there are no formal contracts in place with a number of its larger customers (eg, Woolworths, McDonalds) it has established and long standing arrangements that have been in place for up to 60 years.
- The FY12A to FY14A periods detail EBITDA as follows:

	FY12 ACTUAL	FY13 ACTUAL	FY14 ACTUAL
Total income (\$m)	2,071.6	2,125.7	2,276.0
Normalised EBITDA (\$m)	176.9	197.0	190.4

- Normalised EBITDA for FY15 is forecast to increase by circa \$8 m to \$198.3 m (pre rental charges on the properties to be sold under the current sale and lease-back arrangement), which is largely driven by forecast net margin improvements across the chicken and meat business, turkey business and stockfeed operations.
- The Ingham business has demonstrated a track record of generating positive free cash flows of \$181.2 m and \$135.3 m in the last two historical financial years (FY13 and FY14), with FY15 free cash flow before interest and tax forecast to be \$154.4 m.
- After payment of interest costs and taxes, pre transaction cash available for debt amortization in FY15 is forecast to be circa \$101 m, which reduces to circa \$56 m post transaction and after allowing a rental charge on the properties that will now be leased by Ingham.

POULTRY MARKET OVERVIEW

The poultry industry in Australia comprises of chicken (circa 90% of the market), with the balance comprising other poultry such as turkey and smaller game meats. Australian consumers currently spend around \$5.6 b per annum on poultry meat, with per capita chicken meat consumption growing at a Compound Average Growth Rate (CAGR) of 3.1% between 2003 and 2013. Australian poultry consumption is forecast to continue to grow at a marginally lower rate of 2.4% p.a between 2013 and 2018.

The Australian poultry industry has benefited from a shift in consumption trends towards chicken as a result of increased affordability, a shift toward healthier dieting and consumer preference for convenient and versatile food products.

Australian protein consumption has increased significantly since 2000 due to enhanced household prosperity and improved affordability due to production improvements. Poultry's share of the wider protein market has increased from 29% in 2000 to become Australia's most popular protein with 39% of the market in 2012.

INVESTMENT STRATEGY

The Trust investment strategy revolves around acquiring the portfolio at an attractive pricing point, maximising the Trust's earnings per unit through the benefits of the Trust's loan facility and monitoring the most appropriate time to realise the individual Trust property assets so as to maximise investor returns.

Should the Trust be required to (in the case of Somerville), or choose to (in the case of the other Trust properties) fund any expansion works, the actual works will be undertaken and managed by the tenant, with the Trust's sole responsibility to fund these works by way of a payment plan or one off payment at practical completion.

The funds required to finance any such works may be raised through any or all of increased debt (on the back of an increase in property value post completion of the expansion works), raising additional investor equity, either on a pro-rata basis from existing Trust investors if they wish to subscribe further equity or from new investors (the issue price per unit for any new equity raised would be the greater of the then NTA per unit or \$1) or from any retained Trust earnings.

The disposal of the properties is likely to occur post the TPG exit from the Ingham business, which is anticipated to result in a positive re-rating in the Ingham covenant, the benefits of which may be achieved through an improvement in the disposal capitalisation rate/property price. TPG has indicated to CorVal (on a non-binding basis), its intention is to exit the Ingham business over the next five years, which ties in with the Trust's intended investment period of five to seven years.

Any sale of the Trust properties within this five to seven year timeframe will still provide an unexpired lease term of between 13 to 15 years for the majority of properties and 18 to 20 years in the case of the Somerville property. Lease terms of this nature are generally well received by the market on account of there being no short to medium term lease expiry or capital expenditure risks.

FINANCIAL SNAPSHOT

On account of the strength of the Ingham lease covenant, 20 - 25 year lease terms, 100% occupancy across the portfolio, triple net lease structures and an attractive blended portfolio acquisition yield, it is intended the Trust will utilise an initial gearing level of 55% (\$54.82 m) to settle the properties.

As at the date of this Information Memorandum, discussions have taken place with a number of Australian banks to provide the required loan facility.

Subject to the assumptions outlined in section 12 and the risks outlined in section 15, the projected financial returns from an investment are presented below:

	NOTE	PROJECTED TRUST EARNING YIELD*	PROJECTED TRUST DISTRIBUTION YIELD*
Year to end 30.6.15 (8 months)	a/b	9.7%	9.5%
Year to end 30.6.16	a/b	10.0%	9.8%
Year to end 30.6.17	a/b	10.5%	10.3%
Year to end 30.6.18	a/b	10.9%	10.7%
Year to end 30.6.19	a/b	11.4%	11.2%
Year to end 30.6.20	b	11.7%	11.7%
Year to end 30.6.21	b	12.4%	12.4%
To disposal 1.11.22 (5 months)	b	12.7%	12.7%
Average		11.2%	11.0%
Projected Trust equity IRR*			14.0%*
Initial investment			(\$500,000)
Projected Trust earnings *			\$393,760
Projected net sale proceeds *			\$622,472
Total cash available for distribution			\$1,016,232
Multiple			2.03 x

* Net of base fees and Trust expenses but before any performance fee. The projected returns are based on the opinions of, and the assumptions and qualifications made by, the directors of CorVal as at the date of this Information Memorandum. Actual results may be materially affected by changes in economic and other circumstances. See section 12 for the assumptions around the returns, section 15 for the various risk factors and section 13 for some sensitivity analysis around the projected returns.

a) It is CorVal's intention to conservatively manage the Trust cashflows, and in doing so, the intention is to maintain a distribution per unit (DPU) of 20 bps lower than the earning per unit (EPU) over the first 3 to 5 years of the investment term. The funds retained over this period may be used to pay down debt, partially fund any property expansion works or be paid to investors in future years through increased income distributions.

b) Remains subject to the performance of the Trust.

The forecast investor returns are subject to the following key property assumptions:

Portfolio disposal date	Nov 21
Portfolio disposal price	\$122.5 m
Disposal price per sqm of GLA	\$1,900
Blended disposal yield (on passing income across the portfolio)	8.6%
Hold period	7.0 years
WALE at disposal	14.7 years

TIME LINE

CorVal is in exclusive due diligence to acquire the properties and as at the date of the Information Memorandum CorVal has approximately 25 business days to complete due diligence and procure debt.

Subject to the procurement of debt finance on terms materially consistent with the terms outlined in section 14 and the completion of the final stages of due diligence, it is CorVal's intention to exchange contracts on or before the expiry date for completion of due diligence of 23 October 2014 and pay the required 5% deposit. Settlement of the properties is required within twenty business days thereafter (20 November 2014).

Should CorVal, on behalf of the Trust, elect to not proceed with the acquisition of Trust portfolio, **investors will have no liability towards any of the due diligence costs incurred up until that point in time.** These costs will be the liability of CorVal.

The key dates for the offer are as follows:

	By when
Indicative expressions of interest from investors to invest in the Trust (non-binding)	First come first served basis
Receipt of signed application form and 10% non-refundable deposit from investors	16 October 2014
CorVal to exchange contracts	23 October 2014
Receipt of 90% balance of investor application monies	13 November 2014
Settlement of the properties and allotment of units to investors	20 November 2014

2 PROPERTY OVERVIEW

Each of the Trust properties within the portfolio are strategically important parts of the Ingham business. The improvements are purpose built for the respective use at each property. The Trust properties can be categorized as either:

	Primary Processing Plants	Further Processing Plants	Protein Conversion Plant
Description	Live birds are collected from the various broiler farms. After arriving at primary processing facilities the birds are slaughtered, defeathered, eviscerated, cleaned and chilled and are subsequently converted into meat cuts or whole birds. Marinades, sauces and spices can also be added in order to produce value enhanced products.	After primary processing, some of the meat is transferred to Further Processing Plants for cooking and additional processes. Further processing generally involves the cooking or flash-frying of poultry products. There are well over 200 different further processed products (Australia wide) including products such as schnitzel and nuggets as well as specific Quick Service Restaurant (QSR) menu items.	Offal from the primary plants are taken to the Protein Conversion Plant where they are converted into ingredients for use in pet food and stock feed products (poultry meal and tallow).
Trust Properties	Somerville, Osborne Park, Tahmoor and Sorell	Lisarow	Wingfield



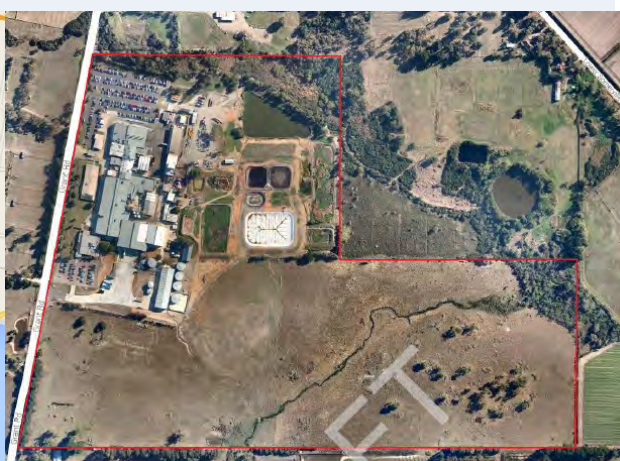
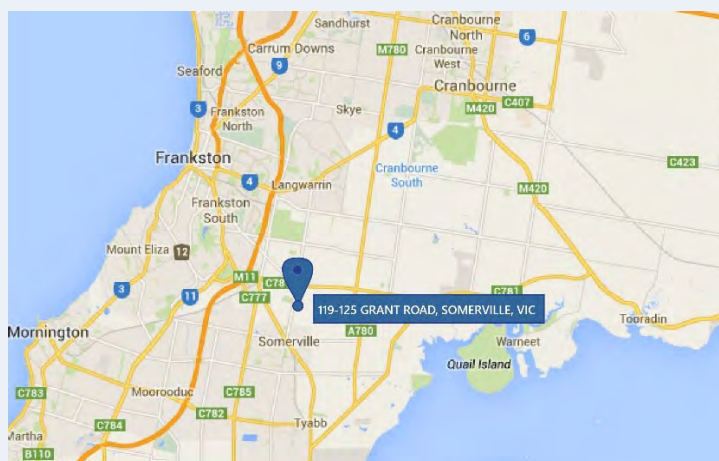
SOMERVILLE

Address	119-125 Grant Road, Somerville, VIC
Category	Primary Processing Plant
Use	Completed in November 2010 following the destruction of the previous plant by fire, Somerville is the newest plant within the group and uses state of the art technology to achieve best in class standards. Whilst the plant predominantly services Victorian and Tasmanian markets, some product is distributed nationally (such as the Jamie Oliver range which is produced at Somerville).
Production	Capacity to process 41.6 m birds per annum and is currently processing 27.1 m birds per annum.
Building Area	19,945 sqm
Land Area	445,100 sqm
Location	The property is located on the eastern side of Grant Road, Somerville, between Baxter-Tooradin Road to the north and the Eramosa Road to the South. Surrounding development is predominately rural. Somerville is located some 48 km south-east of the Melbourne CBD



Location Map

Aerial Shot

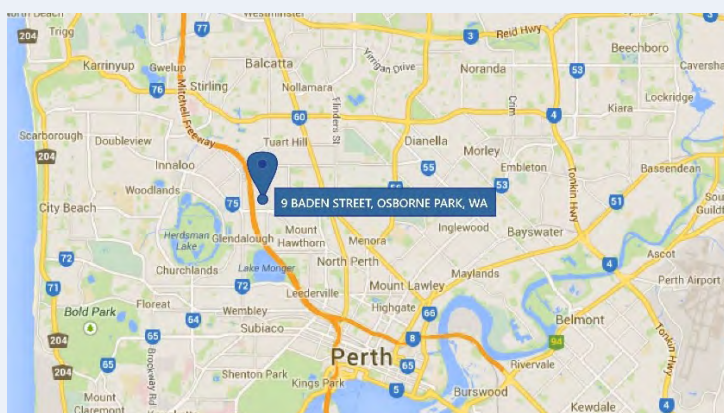


OSBORNE PARK

Address	9 Baden Street, Osborne Park, WA
Category	Primary Processing Plant
Use	Predominately services the local Western Australian market. Ingham have significant market share in WA, which therefore makes this property particularly important to them.
Production	Capacity to process 20.8 m birds per annum and is currently processing 17.6 m birds per annum.
Building Area	10,882 sqm
Land Area	35,740 sqm
Location	The property is located on the northern side of Baden Street. Osborne Park is an established industrial area and is located approximately 6 km north west of the Perth CBD.



Location Map



Aerial Shot

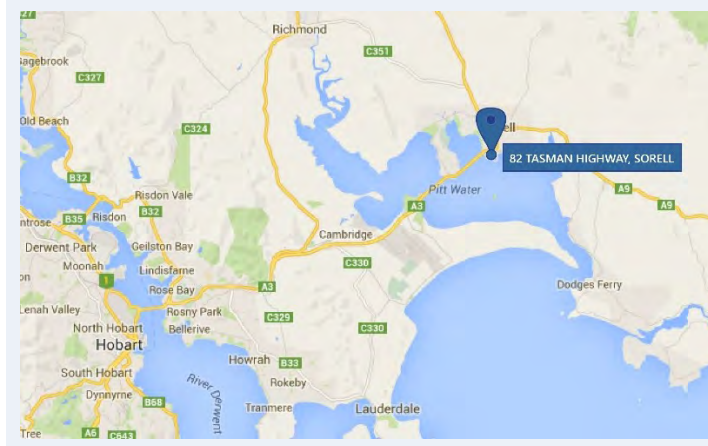


SORELL

Address	82 Tasman Highway, Sorell
Category	Primary Processing Plant
Use	Sorell is the only dedicated Free Range plant producing free range chicken products for both the Tasmanian and mainland markets.
Production	Capacity to process 8.0 m birds per annum and is currently processing 5.6 m birds per annum.
Building Area	6,231 sqm
Land Area	344,750 sqm
Location	The property is located on the southern side of the Tasman Highway within 1 km of the Sorell Township. The property occupies a relatively isolated island site with Sorell Industrial area to the north-east. Sorell is approximately 26 km east of Hobart.





Location Map



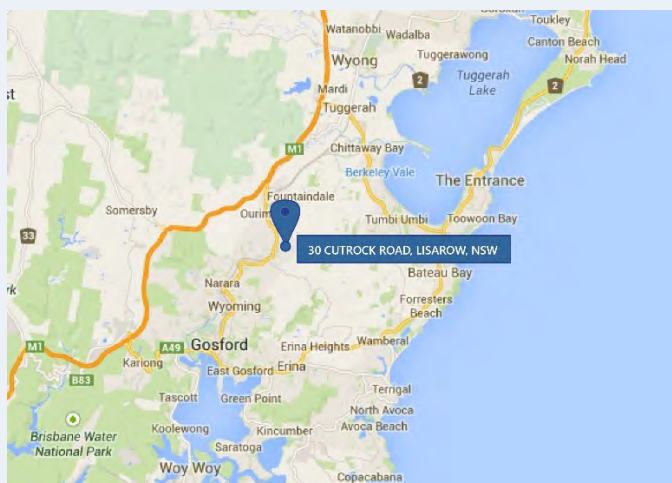
Aerial Shot



LISAROW

Address:	30 Cutrock Road, Lisarow, NSW	
Category:	Further Processing Plant	
Use:	Lisarow is Ingham's largest flash frying (non-fully cooked) processing plant specialising in the production of tempura and crumbed /breaded products for key quick service restaurant customers (mainly McDonalds) in addition to frozen (retail) products. Products are distributed nationally from Lisarow. Flash frying is the growth section in the industry and this reflects the importance of this facility to Ingham.	
Production:	Capacity to do 20,000 tonnes of flash frying per annum and is currently producing approximately 14,500 tonnes.	
Building Area:	17,779 sqm	
Land Area:	160,070 sqm	
Location:	Located 200 m from the Pacific Highway and approximately 3 km north of the Gosford CBD. Gosford is located in between Sydney (75 km south) and Newcastle (91 km north).	

Location Map



Aerial Shot

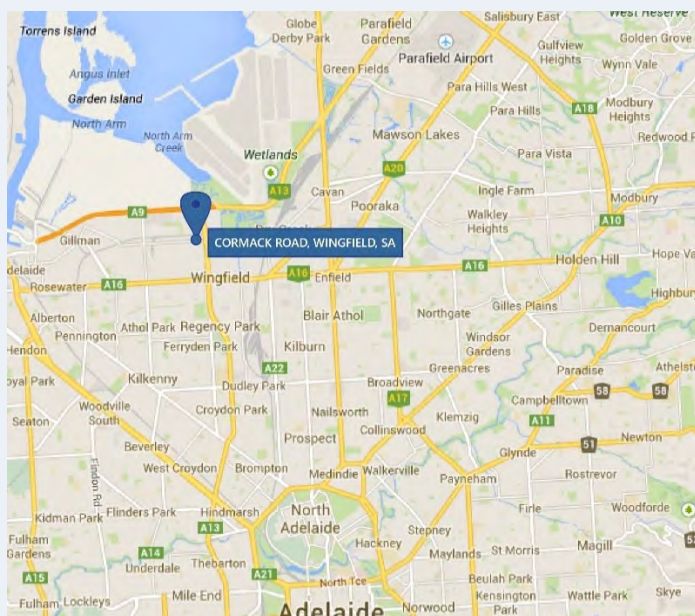


WINGFIELD

Address:	Cormack Road, Wingfield, SA
Category:	Protein Conversion Plant
Use:	Receives offal from Bolivar (Burton) primary plant which is converted into ingredients and meals.
Production:	Capacity to process 16,100 tonnes per annum, with the property currently processing at this same level.
Building Area:	1,369 sqm
Land Area:	16,940 sqm
Location:	The property is located in the metropolitan industrial suburb of Wingfield, some 10 km north-west of the Adelaide CBD.



Location Map



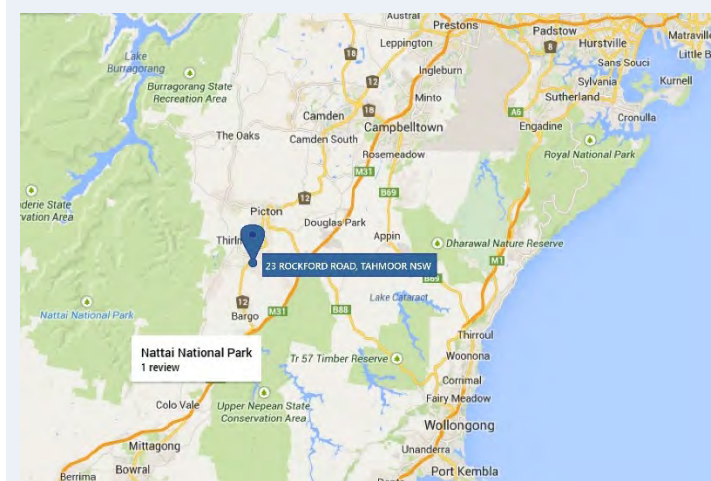
Aerial Shot



TAHMOOR

Address:	23 Rockford Road, Tahmoor, NSW	
Category:	Primary Processing Plant	
Use:	Tahmoor is Inghams main turkey primary processing plant in Australia producing whole birds and a range of meat cuts for Australia wide distribution and supply to the Ingleburn Further Processing Plant.	
Production:	Capacity to process 2.0m birds per annum and is currently running at capacity.	
Building Area:	8,287 sqm	
Land Area:	219,200 sqm	
Location:	The property is located on the eastern side of Rockford Road with an additional northern frontage to Ralfe Street, approximately 1 km south of Tahmoor. Tahmoor is located some 80 km south west of Sydney and is situated midway between Picton and Bargo on the old Hume Highway. The property is surrounded by low density residential housing.	

Location Map



Aerial Shot



3 POULTRY INDUSTRY OVERVIEW

POULTRY INDUSTRY IN AUSTRALIA

The poultry industry in Australia comprises of chicken (circa 90%)¹ with the balance comprising primarily of other poultry such as turkey and smaller game meats. Australian consumers currently spend around \$5.6 b p.a.¹ on poultry meat, with per capita chicken meat consumption growing at a CAGR of 3.1%¹ between 2003 and 2013. Australian poultry consumption is forecast to continue to grow at 2.4% p.a.² between 2013 and 2018.

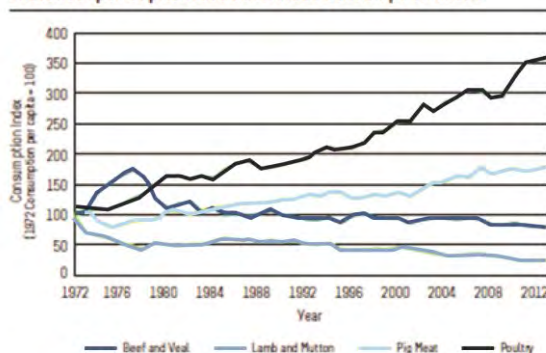
The Australian poultry industry has benefited from a shift in consumption trends towards chicken as a result of increased affordability due to production improvements, a shift toward healthier dieting and consumer preferences for convenient and versatile food products.

Poultry's share of the wider protein market³ has increased rapidly from approximately 29%⁴ in 2000 to become Australia's most popular protein with approximately 39%⁵ of the market in 2012. Per capita poultry consumption has grown faster than any other meat protein in Australia (CAGR of 3.2%⁵ between 1972 and 2013) to become the leading source of protein for Australians. Per capita consumption is now up to 43 kilograms⁶ per person in Australia.

The growth in demand for poultry is expected to continue, supported by consumer trends towards healthier, cheaper and more versatile meats. The affordability of chicken relative to other proteins has also been supported by favourable industry dynamics for producers including enhanced production efficiencies, increased standardisation and improved feed conversion.

The Australian poultry industry is characterised as being generally self-sufficient and self-contained, with stringent import restrictions and limited production for export.

Historical per Capita Australian Meat Consumption Index



Source: ABARES.

Australian Poultry Consumption



Source: ABARES.

DEMAND DRIVERS

Demand for poultry consumption is driven by both population growth and increasing consumption trends.

The growth in the per capita poultry consumption has been driven by;

- relatively strong compound population growth of 1.4% p.a. from 1993 to 2013. Population growth in Australia is forecast to remain around these level with 1.1% anticipated from 2013 to 2033⁷;
- the relative affordability of chicken - chicken is the most affordable protein for consumers, underpinned by considerably lower costs of production. This has driven increased consumption, and has provided chicken with greater resilience to weakness in the broader economy as consumers maintain their spending, or switch expenditure from more expensive proteins to chicken;
- public health campaigns and greater public awareness of the health benefits of chicken;
- growth in free range production (which is both meeting and generating new demand for sustainable, more ethical food products);
- trends towards convenience shopping and further processed meals (with chicken being a key beneficiary); and increased availability and expanded product ranges through supermarkets.

SUPPLY DRIVERS

COST TRENDS

Chicken is the lowest cost protein to produce, and the most environmentally sustainable in terms of land, water and feed required per kilogram of protein produced. This has enabled it to compete more effectively with more expensive and less sustainable proteins, and therefore, win considerable market share.

The cost of chicken production has continued to decline over time with sustained improvements in the feed cost ratio, as well as developments in farming and production techniques. Over time, chickens have been selectively bred to reach market weight more quickly and more effectively convert feed into meat, which has contributed to the reduction in production costs. Furthermore, developments in animal husbandry and animal feed research have resulted in the formulation of better feed mixes to support growth and reduce mortality rates.

Relative to other meat proteins, chicken production has the lowest exposure to variable input costs (e.g. feed, energy and water costs) due to its lower feed cost ratio and lower land, freight and labour costs per kilogram.

ENVIRONMENTAL SUSTAINABILITY

Poultry is well positioned as the most environmentally sustainable protein, with less water consumption and land requirements. It also produces lower carbon-dioxide emissions relative to other proteins, all of which become an increasing advantage in the face of rising water costs and regulatory initiatives to reduce carbon emissions.

COMPETITION/PRODUCERS

The Australian poultry industry comprises of two large fully- integrated processors (Tier 1 producers), and a number of smaller, widely dispersed producers that have traditionally been private and family owned (Tier 2 producers). The two market leaders are Ingham and Baiada.

Tier	Company	Location	Birds Per Week	Market Share
Tier 1	Ingham	National	3,900,000	36%
Tier 1	Baiada	National	3,600,000	33%
Tier 2	Turi Foods	Victoria	1,000,000	9%
Tier 2	Hazeldene	Victoria	600,000	6%
Tier 2	Golden Cockerel	Queensland	500,000	5%
Tier 2	Cordina	NSW	500,000	5%
Tier 2	Red Lea	NSW	400,000	4%
Tier 3	Others		300,000	2%
Total			10,800,000	

Source: Frost Consult

BAIADA

Baiada is a family owned and operated business with a similar history and current day operation to Ingham. Baiada has grown since the 1990's primarily through four major acquisitions and now is the only other fully integrated provider alongside Ingham. Baiada is the main supplier to Coles Supermarkets (Ingham is the main supplier to Woolworths) and also supply Woolworths, Aldi, Metcash, KFC and Red Rooster.

TIER 2 PRODUCERS

Tier 2 producers are focused on volume. Due to size and regional focus (as opposed to national), they find it difficult to compete with Ingham / Baiada in supply to the two major retailers and the quick service restaurants. The majority also lack further processing facilities that generate good volumes and growth compared to the fresh chicken market.

It is considered inevitable that some or all of these producers will possibly combine to form a significant third national supplier.

BARRIERS TO ENTRY

The poultry industry has a number of barrier to entry for new entrants, including:

CONSUMER SUPPLY CHAIN

The major retail customers are increasingly moving to distribution centre delivery models and planning on a national basis. As a result, whilst smaller operators are able to effectively service smaller customers, national customers can only be effectively supported by the larger producers which have more sophisticated supply chain and logistics infrastructure and systems which are able to ensure reliable supply.

FOOD SAFETY, ANIMAL WELFARE AND ENVIRONMENTAL REGULATIONS

A number of national and state/territory departments and agencies regulate the poultry industry in Australia and ensure industry compliance with strict food safety, animal welfare and environmental standards. A new integrated entrant would require significant investment in facilities and processes to meet these stringent requirements and obtain the extensive set of licences (including zoning permits) required to operate.

IMPORT RESTRICTIONS

To protect native birds and local commercial poultry from disease and consumers from certain food safety hazards, Australia has stringent quarantine restrictions. The poultry imported to Australia is generally canned and has had prolonged exposure to high temperature.

CONSOLIDATED INDUSTRY

The poultry industry in Australia is highly consolidated with the top two producers controlling approximately 69% of the industry volume. Major players have strong existing relationships with key customers which represents a significant hurdle for any new entrant. The consolidation of the poultry industry also provides major producers with economies of scale benefits via large automated facilities and procurement processes.

CAPITAL COMMITMENT COST

A significant capital outlay would be required by a new participant seeking to enter the Australian poultry industry to compete on equivalent terms and cost structure. Major participants own or control each phase of poultry production commencing with breeding farms and hatcheries to broiler farms and processing and further processing plants.

Source: CBRE Information Memorandum and Frost Consult

1. Australian Chicken Meat Federation.
2. Australian Chicken Meat Federation, The Statistics Division of the Food and Agriculture Organisation.
3. Comprising of beef and veal, lamb and mutton, pig meat and poultry.
4. Ingham Management estimate.
5. Australian Bureau of Agriculture and Resource Economics and Sciences.
6. Frost Consult.
7. The Statistics Division of the Food and Agriculture Organisation.



4 INGHAM ENTERPRISES

INGHAM OVERVIEW

Ingham is a success story within the Australian chicken meat industry. It was originally founded in 1918 by the Ingham family and its present day poultry operations trace back to the 1960's when the company expanded into the production of broilers, as well as agreeing to supply blue chip customers such as Woolworths and KFC.

Over the gestation period of the business, many companies tried and failed to compete with Ingham in the dominance of the poultry industry. Over this same period, chicken transformed from an annual festive meal to the cheapest and most affordable animal protein available. Annual consumption rose from near nothing in the early 1960's to the estimated 43 kilograms per capita consumed today.

Ingham is now a mature business that is well positioned to survive any future challenges. It is vertically integrated and engaged in both poultry and stock feed production across Australia and New Zealand. The company's market leadership, brand, premium customer relationships, product capability, national coverage, technical expertise and asset quality put them ahead of the competition.

TPG have owned Ingham's since June 2013. TPG is a leading global private investment firm with US\$55.7 b of assets under management across the globe. To date, TPG has not heavily influenced the day to day management of the company, although major changes are considered imminent to generate efficiencies / cost reductions in the business. Frost Consult estimates there are over \$100m in per annum cost reduction opportunities that may be generated in the existing Ingham business.

INGHAM OPERATIONS

Ingham is involved in nearly every aspect of the production of chicken meat, including the production of stock feed at feedmills, eggs at breeder farms, incubating / hatching eggs at hatcheries, primary processing at plants like Somerville and also further processing at plants such as Lisarow. The only external part of the process which Ingham engages external farmers to do is the rearing of broilers.

The Ingham business currently has significant underutilised capacity in all parts of their operation, which will allow them to take advantage of the forecast continued growth in future chicken meat consumption. This excess capacity is a result of a significant capital expenditure program that has been reinvested back into the business over the past decade. Particularly, the three primary processing plants in Queensland, South Australia and Victoria have been built or updated, along with a further very large processing plant that has been built in South Australia.

This additional capacity is estimated to be;

Business Component	Operating Capacity
Feedmill	75%
Hatcheries	75%
Growing	90%
Primary processing	70%
Further processing	
Fully cooked	50%
Flash fried	85%

Ingham is estimated to have the greatest further processing capability of all of the producers, with further processing delivering higher margins than the commodity fresh and frozen raw chicken market, which can sometimes suffer oversupply, and therefore, significant discounting from time to time. Baiada and Tier 2 operators are believed to be more exposed to these over supplies.

INGHAM CUSTOMERS

The main channels for the sale of Ingham poultry to the end consumer are:

- retail which primarily includes supermarkets (e.g. Woolworths, Coles, IGA) as well as butchers;
- Quick service restaurants, such as KFC, McDonald's, Red Rooster etc; and
- Foodservice (e.g. distributors such as Bidvest and PFD, as well as caterers, restaurants and other further food processors).

Retail is Ingham's largest customer segment including primary, value enhanced and further processed products.

Woolworths' traditional and free range products are produced by Ingham and sold under the "Woolworths" and "Macro" brands respectively. In supermarkets, Ingham products can be found in the supermarket meat and deli sections. Frozen further processed products (generally Ingham branded) are also sold in the supermarket freezer sections.

Ingham is a key supplier to the quick service restaurants channel of a combination of primary and further processed products, in particular the KFC and McDonald's restaurant chains, depending on their respective operational model.

Ingham works in conjunction with its suppliers to develop and produce products which specifically meet their needs (such as chicken nugget and burger products) which can then be directly incorporated into menu items.

Quick service restaurants demand depends on the preference of the end consumers, and increased consumer demand for chicken as a healthy fast food option has resulted in the growth of poultry volumes, primarily driven by customers who traditionally did not specialise in chicken (e.g. McDonald's). Ingham works closely with its customers to ensure that its products evolve as consumer preferences change, ensuring that Ingham maintains its reputation as the industry leader in product innovation.

Foodservice is the most fragmented customer segment, encompassing wholesale distributors (who then on-sell to restaurants and caterers), as well as other food processors. Restaurants and other food processors purchase mainly primary products. Larger caterers and bulk foodservice providers purchase a mix of primary and further processed products.

INGHAM WEAKNESSES / THREATS

PROCESSING SPEEDS

Ingham believe maximum processing line speeds are 4,500 - 8,000 birds per hour (BPH) which is below modern equipment speeds which are up to 13,000 BPH. Most processors have, or are planning to, upgrade to these speeds. Ingham adopted these lower speeds as they believe in superior quality.

OLD MANAGEMENT STYLE

The incumbent Ingham CEO has been in the position for over 30 years. TPG have announced the current CEO will become Chairman and appointed a COO (ex-Mars Limited) as a succession plan. This is anticipated to contribute positively to the bottom line over the medium term. However, this may also lead to loss of focus, knowledge and passion as the business moves further away from its origins.

TPG OWNERSHIP

Under the TPG ownership structure, the Ingham business is likely to carry high levels of debt and this may place undue financial stress on the business. TPG may also be reluctant to undertake major capital expenditure works so as to enhance the cash back to their investors.

FOOD SAFETY ISSUES

A significant food safety issue, such as salmonella, has the potential to lead to customer loss or a decrease in the consumption of poultry meat.

MAJOR RETAILERS SUPPLY CHAIN STRATEGIES

Major retailers may consider buying whole birds and taking the more profitable further processing in house.

IMPORT RESTRICTIONS

These could change allowing for more frozen meat to be used in further processing.

SUPPLY CONTRACTS

Ingham has no major supply contracts in place with its customers, which is common practice in the poultry industry as it provides flexibility to both the supplier and customers. As a result, Ingham's gross revenue fluctuates and it gives their customers the ability to use different suppliers. However, Ingham's relationships with its customers is strong and often the customers rely on Ingham as much as Ingham relies on them. Woolworths for example, has been Ingham's biggest customer for over 50 years and over this time there has never been a long term supply contract in place. The relationship is one with mutual benefits and bargaining power. Ingham is the only supplier who can provide Woolworths with scale across Australia (as Baiada is aligned to Coles) and Woolworths is Ingham's biggest purchaser.



5 INGHAM FINANCIALS

As part of the CorVal due diligence review, PWC were engaged on behalf of the Trust to perform a financial review of the Ingham business within the context of the proposed acquisition of the Trust properties.

From the review, the key findings of PWC were:

- Inghams is a mature and consistent business. Whilst there are no formal contracts in place with a number of its larger customers (eg, Woolworths, McDonalds) it has established and long standing arrangements that have been in place for up to 60 years.
- The FY12A to FY14A periods detail an EBITDA as follows:

\$ 'm	FY12 Actual	FY13 Actual	FY14 Actual
Total income	2,071.6	2,125.7	2,276.0
Normalised EBITDA	176.9	197.0	190.4

- Normalised EBITDA for FY15 is forecast to increase by circa \$8 m to \$198.3 m (pre rental charges on the properties to be sold under the current sale and lease-back arrangement), which is largely driven by forecast net margin improvements across the chicken and meat business, turkey business and stockfeed operations.
- TPG advised PWC that post completion of the sale and lease-back transaction of the Ingham property portfolio, they will seek to reach an appropriate balance between the amount of leverage and the terms related to any debt in respect of the Ingham business. It was indicated that going forward leverage may be in line with existing levels of 3.5 – 4 times EBITDA, or circa \$536 m – \$613 m of debt.
- The Ingham business has demonstrated a track record of generating positive free cash flows of \$181.2 m and \$135.3 m in the last two historical financial years (FY13 and FY14), with FY15 free cash flow before interest and tax forecast to be \$154.4 m.
- After payment of interest costs and taxes, pre transaction cash available for debt amortization in FY15 is forecast to be circa \$101 m, which reduces to circa \$56 m post transaction and after allowing a rental charge on the properties that will now be leased by Ingham.

	FY15 Budget (\$ m)
Normalised EBITDA	198.3
Movement in working capital	5.9
Capital expenditure	(49.8)
Free cash flow	154.4
Interest paid	(41.4)
Tax paid	(12.2)
Rental charge	(45.0)
Cash available for debt service	55.8
Assumed debt amortisation	(23.6)
Net cash	32.2

A schedule of recent investment sales which are comparable to the Trust properties is provided overleaf.

6 COMPARABLE INVESTMENT SALES

Address	Sale Date	Sale Price	GLA (sqm)	Rate Per Sqm	Site Area (sqm)	Site Coverage	Initial Yield	WALE	Major Tenant
NSW									
10-38 Forrester St, St Mary	Aug-13	\$21.15 m	18,363	\$1,152	62,050	30%	7.8%	10 years	One Steel
81-85 Roberts Rd, Greenacre	Mar-13	\$37.40 m	15,871	\$2,356	46,370	34%	7.5%	12 years	Aus Air Express
Ingham – Tahmoor	In DD	\$9.60 m	8,287	\$1,158	219,200	3.8%	9.0%	20 years	Ingham
Ingham – Lisarow	In DD	\$20.15 m	17,779	\$1,133	160,070	11%	9.0%	20 years	Ingham
VIC									
99-103 William Angliss Dr, Laverton North	Apr-14	\$19.85 m	8,871	\$2,238	37,350	24%	8.3%	15 years	Scots Refrigeration
7-23 Dunmore Drive, Truganina	Jan-14	\$47.64 m	16,960	\$2,809	91,690	18%	8.0%	20 years	Montague
85 William Angliss Drive, Laverton North	Jan-14	\$92.60 m	60,830	\$1,522	210,800	29%	6.75%	20 years	Murray Goulburn
45 Fulton Drive, Derrimut	Jul-13	\$29.50 m	10,848	\$2,719	34,360	32%	7.7%	13 years	Rand Transport
Ingham – Somerville	In DD	\$33.60 m	19,945	\$1,684	445,100	4%	8.9%	25 years	Ingham
WA									
Brownes Dairy, 22 Geddes Street, Balcatta	Jun-14	\$41.50 m	25,516	\$1,626	80,848	32%	7.2%	20 years	Brownes Dairy
1 Howson Way, Bibra Lake	Sep-13	\$22.59 m	15,702	\$1,439	41,930	37%	8.5%	12 years	One Steel
51 Miguel Road, Bibra Lake	Feb-13	\$8.80 m	8,576	\$1,026	24,470	35%	9.2%	10 years	PMP Group
Ingham – Osborne Park	In DD	\$26.41 m	10,882	\$2,427	35,740	30%	7.75%	20 years	Ingham
SA									
1 Williams Circuit, Pooraka	Apr-14	\$5.30 m	4,385	\$1,209	10,320	42%	8.8%	13 years	Interlloy
Grand Tunkway, Gillman	Dec-13	\$17.58 m	31,677	\$555	65,060	49%	8.6%	7 years	AWH
519 Cross Keys Rd, Cavan	Oct-13	\$7.10 m	8,063	\$881	20,510	39%	9.1%	6 years	OneSteel
Ingham – Wingfield	In DD	\$2.05 m	1,369	\$1,498	16,940	8%	9.5%	20 years	Ingham
TAS									
Ingham – Sorell	In DD	\$7.88 m	6,231	\$1,265	344,750	2%	9.5%	20 years	Ingham
Ingham Portfolio	In DD	\$99.67 m	64,493	\$1,545	1,221,800	5%	8.7%	22 years	Ingham

SALES COMPARISON COMMENTARY

Based upon the Trust purchase price for the property portfolio of \$99.67 m, the blended purchase yield for the portfolio is 8.7%, which is considered attractive compared to the sales outlined in the previous sales analysis table based upon:

- a 21.7 year blended WALE across the portfolio;
- strength of the Ingham lease covenant; and
- triple net lease structure with Ingham, thereby protecting the landlord from any required capital expenditure.

The portfolio shows a blended rate per square metre of GLA of \$1,545 and a blended rate per sqm of land of \$82, both of which are considered to be suitable metrics for the portfolio having regard to the net present value of the future rental income stream from Ingham, specialized nature of the improvements and locations of the property.

Adopting a discount rate of 9%, the net present value (NPV) of the future rental income stream from the Ingham leases is \$105.5 m, which alone is \$5.8 m or 6% above the purchase price for the portfolio, excluding any value ascribed to land value or existing improvements. This is a higher percentage than the sales outlined due to the longer WALE and more attractive yield.

The most comparable sales have occurred within the Melbourne industrial market where three cold storage facilities (like the Trust properties these are specialized assets) that transacted in 2014. These transactions demonstrate the following ranges;

- Initial yield range of 6.75% to 8.3%;
- \$1,522 to \$2,809 per sqm of GLA; and
- 15 to 20 year WALE.

The Trust properties are considered to compare favorably to these sales metrics. The initial yield range for the Trust properties is 7.75% to 9.50%, with a blended portfolio WALE of 21.7 years. The Osborne Park property makes up the lower end of the trust initial yield range at 7.75%, which still sits comfortably within the mid-range yields outlined for the three Melbourne sales, despite its high underlying land value component, triple net lease structure (the Melbourne sales are single net or gross) and the covenant strength of Ingham being superior or equal to the tenants in the sales outlined.

The blended yield increases to 9.0% when Osborne Park is taken out of the Trust portfolio. This shows an attractive spread of 70 to 225 bps from the yield range of the three Melbourne sales.

The blended rate per sqm of GLA for the portfolio is \$1,545, which is at the lower end of the range reflected by the sales. This is considered appropriate given the Trust properties are generally located in inferior areas.

The other comparable sale is the Brownes Dairy facility at 22 Geddes Street, Balcatta, WA. Like the proposed Trust acquisitions, this was a sale and lease back with an initial 20 year term. The sale reflected an initial yield of 7.23% which compares to the 7.75% yield agreed for the Trust's Osborne Park asset. This is despite Brownes being an inferior covenant and Balcatta an inferior location to Osborne Park (although still a strong location in Perth). The Brownes lease does however have superior rental increases which are fixed at 3.25% per annum (2.85% under the Trust's properties leases).

7 LEASE SUMMARY

Following is a summary of the main commercial terms of the respective lease agreements which have been negotiated with Ingham:

Tenant	Inghams Enterprises Pty Limited (except for Wingfield where the tenant will be Inghams Property Management Pty Limited with a guarantee from Inghams Enterprises Pty Limited)	
Lease commencement date	One day prior to settlement	
Commencement net rent	Lisarow	\$1,813,184
	Tahmoor	\$863,695
	Somerville	\$3,000,885
	Osborne Park	\$2,047,047
	Sorell	\$748,528
	Wingfield	\$194,803
	Total	\$8,668,142
Initial lease term	Twenty (20) years for Lisarow, Tahmoor, Osborne Park, Sorell and Wingfield. Twenty-five (25) years for Somerville. This will be documented by way of an initial 15 year lease term with a mutual 10 year option term which can be exercised by either the landlord or tenant.	
Option	There are 5 x 10 year option periods, which if the tenant elects to exercise, must be exercised not less than 6 months before the expiry of any lease term.	
Rent reviews	<p>The rent will increase by the lesser of 2.85% or two times CPI during the term and any further term on each anniversary of the commencing date of the lease. The reviews are ratcheted to ensure the rent will not decrease in the unlikely event CPI was negative.</p> <p>If the option period is exercised, a market review is to occur in respect of the rent payable from the commencement of the further term with a 10% cap and collar (excluding the mutual option at Somerville where the rent payable from the commencement of the mutual option term will be increased by the lesser of 2.85% or two times CPI).</p>	
Permitted use	<p>Lisarow Processing (including Further Processing) of poultry and other products, cold storage, distribution, administration and associated uses, and any other use permitted by law.</p> <p>Tahmoor Processing (including Further Processing) of poultry and other products, cold storage, distribution, administration, grazing of livestock, cropping and associated uses, and any other use permitted by law.</p> <p>Somerville Processing (including Further Processing) of poultry and other products, cold storage, distribution, administration, grazing of livestock, cropping and associated uses, and any other use permitted by law.</p>	

Wingfield

Rendering, Protein Conversion, storage and associated uses, and other use permitted by law

Osborne Park

Processing (including Further Processing) of poultry and other products, cold storage, distribution, administration and associated uses, and any other use permitted by law.

Sorell

Processing (including Further Processing) of poultry and other products, cold storage, distribution, administration, grazing of livestock, cropping and associated uses, and any other use permitted by law.

Lease type

Triple net

The lease is a triple net structure insofar as there are no obligations on the landlord to undertake any capital repairs or maintenance on the properties. The tenant may, but is not obliged to, undertake any capital repairs which may be required and is not required to carry out any capital repairs in the last 5 years of the term (except if the parties enter into a lease for a further term). In practice, the transfer of this obligation from landlord to tenant is commonly understood to be the key distinction between a single or double net lease, and a triple net lease.

The tenant is required to maintain the various Trust properties in good repair and comply with all laws relating to its use of the respective property (which includes compliance with any notices issued by an authority in respect of the property and environmental laws).

The concept of “triple net” however goes further than considering whose obligations capital repairs are. It also covers the extent to which the tenant is required to pay rent and outgoings under all circumstances, for example, even if the property is totally destroyed. For this reason full triple net leases, by definition, are rare.

Under the agreed Trust leases, the rent will abate under certain circumstances, such as, if the property is damaged or destroyed, if part of the property is compulsory acquired or if the landlord fails in its obligations.

For most of these abatement rights, whether they will ever be triggered is largely within the landlord's control and will only be triggered to the extent the landlord has failed to comply with its obligations under the lease. Potential loss of rental income to Trust would generally be covered through any or all of insurance, compensation from the acquiring authority or remedy periods.

Outgoings

The tenant is required to pay all outgoing, meaning all rates, taxes or other recurring outgoing assessed in relation to the Land (excluding income tax, capital gains tax, charges imposed under a share scheme law and any costs, fines or penalties incurred due to the landlord's delay or default).

There are no obligations on the landlord in relation to provision of maintenance or services. The tenant may elect to enter into its own agreements or service contracts in relation to the provision of services at its own cost.

There is no ability for the landlord to recover any property management fees from the tenant. It is CorVal's intention to carry out the property management of the properties directly and not outsource this to an agent. This will ensure there is no outgoing leakage for property management.

Insurance

The tenant is required to insure, noting the landlord and the landlord's financier on any insurance policy. The tenant must specifically insure for:

- public liability insurance;
- insurance for the full replacement and reinstatement cost; and
- insurance for 18 months loss of rent and outgoing.

Tenant maintenance and capital repair provisions

The tenant must at its cost keep the premises in good and tenable repair having regard to the age and nature of the premises (excluding fair wear and tear or damaged caused by a Force Majeure Event). The tenant must promptly repair any damage to the premises it causes.

The tenant may carry out capital repairs at its cost. There are no obligations on the landlord to undertake capital repairs.

At the end of the lease, the tenant must yield up the premises and the landlord's property in good repair and a clean and tidy condition, return all keys/access devices to the landlord and remove any stock, business records, chemicals and other dangerous goods stored on the premises.

Lease Assignment

The tenant may assign the lease without the landlord's consent if the assignment relates to a trade sale of the business or initial public offering. Under this scenario, the assignee would have to continue to operate all, or the majority of the business, or the entity that carries on the majority of the business would guarantee the performance of the assignee's obligations under the lease.

The tenant may also, without the landlord's consent:

- assign the lease to a related body corporate of the tenant without consent;
- sublease or licence any part of the Premises that does not exceed 40% of the Premises area;
- enter into agistment and farm-sharing arrangements in respect of the Premises; and
- mortgage or charge its interest in the lease.

Outside of this, the tenant must not assign the lease without the landlord's consent unless the tenant proves to the landlord that the new tenant or assignee is respectable and financially sound and is capable of performing its obligations under this lease.

- The tenant will not be released from its obligations under the lease after assignment unless the assignee has an EBITA of 15 times the annual rent and outgoings payable under the lease.

Expansion Works

The tenant may serve the landlord notice advising the landlord it wishes to expand the premises and provide details on the expansion including a budget and program.

The landlord may in its absolute discretion elect whether or not to fund these expansion works. The exception to this is the planned construction of a distribution centre at Somerville, which the landlord will be required to fund up to \$20 m.

The landlord will receive a yield on cost on any expansion funds provided. The yield will be based upon the higher of;

- the yield the respective properties were purchased on; and
- the lower of 13% or the 3 year swap rate + 3%.

For Lisarow, Tahmoor, Osborne Park and Wingfield, if the costs of the expansion works are greater than \$3 m and there is less than 15 years remaining on the lease term, the lease will be extended to that it expires no earlier than 15 years after the completion of the works.

For Somerville, if costs of the works are greater than \$10 m that are required to be funded by the landlord (i.e. the distribution centre), and there is less than 20 years remaining on the lease term, the lease will be extended to that it expires no earlier than 20 years after the completion of the works

Restrictions on Dealing with the Premises

The landlord will not be able to:

- effect a dealing (that is, to sell or otherwise transfer its interest in the lease or the property), or effect a change of control to a "competitor" of Ingham. A competitor is defined as being involved in the poultry industry and with turnover of over \$40 m;
- effect a dealing after the tenant has issued an Expansion Works Notice and prior to the landlord complying in full with its payment obligations in respect of the Expansion Works unless the landlord has demonstrated to the tenant that the transferee has the financial capacity to comply with those obligations; or
- grant an interest in the premises that is concurrent or superior to the lease.

The landlord may only effect a dealing or create any encumbrance over the premises or its rights under the lease to the extent it would not be inconsistent with or adversely affect the tenant's rights under the lease.

The landlord must not, without the tenant's consent subdivide or consolidate the whole or any part of the Land.

Right of Last Refusal

The tenant has a last right of refusal to purchase any property with the effect that the landlord must notify the tenant when it starts marketing the property and upon exchange of contracts with a third party buyer, it must offer to sell the premises to the tenant by providing a contract for sale of the premises.

The tenant has 20 business days from receipt of the landlord's offer, to decide whether it accepts the landlord's offer. If it does, it must provide the landlord with a signed contract and the deposit. The settlement period in the contract is required to be a minimum 42 days.

If the tenant decides to accept the landlord's offer, it must reimburse any prospective purchaser for its due diligence cost up to \$50,000.

If the tenant does not accept the landlord's offer, the landlord is free to sell the premises to a third party buyer at any time within 6 months after the date of the landlord's offer to the tenant.

Damage/destruction

If the premises are damaged or destroyed, the tenant is obliged to reinstate the premises but only so that they are materially similar in size, specification and function. There is no obligation on the landlord to reinstate the premises.

8 INVESTMENT STRATEGY

The investment strategy revolves around acquiring the portfolio at an attractive pricing point, maximising the Trust's EPU with the benefit of a bank term loan facility and continuously monitoring the potential disposal of properties in order to maximise investor return.

COMPLETION OF DUE DILIGENCE AND ACQUISITION

As at the date of this Information Memorandum, there are no material risks which would not warrant proceeding with the acquisition of any property in the portfolio. It should be noted that not all of the appointed consultants reports have been received in final form and CorVal requires this prior to concluding due diligence and proceeding to exchange of contracts. All final reports will need to be satisfactory to CorVal.

FUNDS AND DEBT MANAGEMENT STRATEGY

It is intended the Trust will utilise an initial gearing level of 55% (\$54.82 m) in order to enhance the Trust EPU of the Trust and the equity IRR to Trust investors. The loan to value ratio (LVR) covenant under the bank loan facility is expected to be 65%. To breach this covenant, the value of the property portfolio would need to fall by \$15.3 m from the agreed purchase price of \$99.7 m (a decrease of 15.4%).

Based upon the length of the Ingham leases, the strength of the Ingham lease covenant, the triple net leases that will be in place with Ingham (and therefore no capital expenditure exposure) and improving yields for industrial property assets, CorVal considers this level of gearing to be appropriate in this particular instance.

The forecast year 1 EPU for the Trust is 9.7%, with the forecast average EPU over seven year Trust term being 11.2%.

It is CorVal's intention to conservatively manage the Trust cashflows, and in so doing, the intention is to maintain a distribution per unit (DPU) which is 20 basis points below the EPU of the Trust each year. CorVal is anticipating a DPU to Trust investors of 9.5% in FY15, increasing to 9.8% in FY16 and 10.3% in FY17.

The balance of Trust earnings will be retained by the Trust to either pay down debt, assist with the funding of any potential expansion works that Ingham may require at select Trust properties, or failing that, be paid to Trust investors in future years.

This strategy remains subject to the performance of the Trust.

EXPANSION WORKS

Expansion clauses are included in the respective leases for each of the portfolio assets. Under these leases, Ingham can request the Trust to fund expansion works and the Trust has the ability to decide whether to fund the works or not. The exception to this is Somerville, where the Trust is required to fund expansion works up to \$20 m (see Somerville expansion below).

In return for any expansion funding the Trust provides, Ingham will be required to pay additional rent based on a yield multiplied by the Total Development Cost of any such works the higher of:

- the yield the respective property was purchased for; and
- the lower of 13% or the 3 year swap rate of 3%

CorVal believes that should expansion works take place at any of the Trust property(s), it will be beneficial as:

- the importance of the Property to Ingham's will increase;
- the overall quality of the improvements at the property will improve;
- the additional income is forecast to be accretive to the earnings / EPU of the Trust; and
- depending upon when any such works are completed, it will re-set the lease term to the greater of the then unexpired lease term or twenty years.

SOMERVILLE EXPANSION

Ingham has indicated that of the six Trust properties, Somerville is most likely to be expanded in the short to medium term, with this likely to occur within the investment term of the Trust. Ingham has high level plans to build a distribution centre at the Somerville property, which would be used for the warehousing, labelling and distribution of the products produced at this property.

Ingham has no detailed plans on the size or design of the distribution centre, however, based on previous Ingham projects, the indicative cost is \$16 m. To prevent over capitalising on the property or Ingham asking for future expansion works on the property which must be funded, these expansion works are capped at \$20 m.

SORELL REZONING

Sorell Council has advised Ingham that the Sorell property may be re-zoned from its current Rural zone to an Industrial zone. If this did occur, the underlying land value of the property is likely to increase, due to the property's large site area (344,750 sqm) the potential exists to sub-divide the land and sell it off.

As part of the final sales negotiations, CorVal is discussing with Ingham, the potential sub division of this property. In recognition of this potential re-zoning not being factored into the agreed purchase price, it is likely Ingham will have the ability to sub divide the land and sell it off, with any net sale proceeds going to Ingham and not the Trust. The Trust would retain a portion of the land around the improvements which is estimated to be 50,000 to 100,000 sqm.

This is considered acceptable given the relatively low value of the land (circa \$1.5 m) and the Trust not being able to realize any land value until the expiry of the lease (under the lease the landlord cannot sub divide the land). This means the Trust could not access the land for a minimum of 20 years (initial lease term) and potentially up to 70 years (if all the option periods were to be exercised by Ingham).

Importantly, Ingham is responsible for any sub division costs and is not entitled to any rent reduction if a sub division is undertaken. The Trust is therefore not considered to be materially affected by any sub division and subsequent reduction in site area.

DISPOSAL

The target investment term for the Trust is between five to seven years, with the Trust financial projections assuming a portfolio exit at the end of year seven (although individual properties may be disposed of prior to this time if market conditions favour a sale and any such sale maximised investor returns).

Market conditions at the time and availability of a willing buyer at a price we consider reasonable in that market will be key drivers as to the precise timing of the sale.

At the time of any sale in five to seven years, the unexpired initial lease term will still be between 13 to 15 years at the majority of properties, and in the case of the Somerville property, 18 to 20 years. Lease terms of this nature are generally well received by the market. This, combined with no expiry or capital expenditure risk, de-risks the investment compared to typical industrial investments that are generally more exposed to down time, incentives and capital upgrade requirements.

9 SWOT ANALYSIS

STRENGTHS AND OPPORTUNITIES

- Attractive blended portfolio purchase yield of 8.7% having regard to comparable sales of other industrial properties;
- 21.7 year WALE across the portfolio;
- Attractive forecast equity IRR of 14.0%, the bulk of which is from an average forecast Trust EPU of 11.2% over the forecast Trust term of seven years;
- Triple net lease structure with the tenant responsible for all outgoings, repairs and maintenance and capital expenditure;
- No leasing risk as the properties are 100% leased on long lease terms;
- Ingham provides a strong tenant covenant with a dominant share (36%) of the poultry industry which is forecast to continue on its growth trajectory over the medium term. Ingham gross sales from 2011 to 2014 have grown from \$1.93 b to \$2.27 b, with a normalized EBITA ranging from \$174 m to \$190 m over the same period;
- Adopting a discount rate of 9%, the net present value (NPV) of the future rental income stream from the Ingham leases is \$105.5 m, which alone is \$5.8 m above the purchase price of the portfolio, excluding any value ascribed to land value or existing improvements. The estimated land value for the properties today is \$38.1 m providing further upside to the NPV of this investment;
- Portfolio of six properties which provides diversification across five state economies, as well creating the flexibility to sell down the properties individually to enhance returns and progressively return capital to investors;
- No interest rate risk as the intention is to fix 100% of the Trust's interest expense exposure for a five year term. This, combined with 100% portfolio occupancy during the intended Trust term and no capital expenditure obligations, provides Trust Investors with greater certainty around EPU, and therefore, income distributions;
- The covenant strength and length of the leases provides greater certainty around meeting bank loan covenants and interest servicing, thereby enhancing the Trust EPU and providing greater leverage to delivering future investor equity IRR upside.

WEAKNESSES AND THREATS

- The success of the investment is heavily dependent on the covenant strength of Ingham. Whilst CorVal, through its due diligence enquires is satisfied the Ingham business is currently strong and viable, this may change over time, the effect of which would have an adverse impact on the value of the properties, and therefore, the returns to Investors;
- Typical with most private equity groups, a high level of debt has been utilised by TPG to acquire the Ingham business, which has the potential to place a level of undue stress on the business. However, given the strength of the Ingham brand, the length of time the business has been established, the position of Ingham within the market-place, the historic EBITDA levels for the business and a motivation of TPG to maximise its investment returns from acquiring the Ingham business, it is anticipated TPG will manage any debt levels so as to not compromise the Ingham business;
- In the event a tenant default meant the properties became vacant, there would be a lack of alternative users outside of the poultry industry for the Trust properties on account of either the specialised nature of the improvements and/or the non-conventional industrial locations for some of the properties (Lisarow, Tahmoor, Somerville and Sorell);
- The Colliers valuation indicates the commencement rents for some of the properties are above market levels. However, this is not considered to have a material impact on these investments due to the 20 year initial lease terms with no reversion to market levels until the expiry of this term, and this market review subject to a 10% cap and collar (rent cant not decrease by more than 10%). Further, each of the Colliers independent valuation reports received to date by CorVal support the purchase prices for each respective Trust property (CorVal is still to receive the valuation reports for the Tahmoor and Sorell properties as at the date of this Information Memorandum); and
- If the macroeconomic environment improves and the broader commercial market improves considerably from current levels, future returns from the Trust properties in comparison to other property asset classes may underperform. This is on account of how passive property assets with fixed annual rent reviews may trade relative to bond yields and interest rates, the yields from which would be expected to increase in a stronger economic environment.

10 CORVAL

CorVal is a specialist property fund manager and investor, with over \$1.3 billion of property funds and assets under management or mandate, whose executives and shareholders have a long and deep history in the Australian property industry. The senior executive management team of Rob Rayner, Ian O'Toole and Kerr Bray have collective industry experience in excess of 65 years over a number of different property cycles.

Our objective is to provide investors with access to Australian real estate opportunities that deliver strong risk-adjusted returns, by investing in simple investment vehicles that offer complete transparency, an absolute focus on performance and a strong alignment of interests.

Our aim is to deliver real estate investment solutions for institutional, wholesale and retail investors through the establishment of tailored unlisted property investment vehicles including joint ventures, clubs and funds. We are licensed by ASIC, with a focused business model designed to:

- develop uncomplicated unlisted property funds, housing quality property assets;
- deliver attractive risk-adjusted returns to our investors;
- ensure an absolute focus on performance;
- place the interests of our investors first; and
- maintain material alignment of interests by co-investing alongside our investors where possible.

The business is owned:

- 50% by the senior executive management team; and
- 50% by our major shareholder, Andrew Roberts, who is the eldest of three siblings within the Roberts family, who held a beneficial interest in the ASX-listed Multiplex Group, prior to its takeover by the North-American based Brookfield Asset Management. As part of this takeover, the Roberts family interest was sold for approximately \$1.1 billion.

The CorVal business has a number of key competitive advantages, including:

- access to attractive investment opportunities by leveraging off the historic experience and market position of our stakeholders;
- the ability to move quickly to acquire property assets, through access to the financial strength of our major shareholder;
- a disciplined business model that is focused upon performance, rather than growing or maintaining funds under management;
- an emphasis on recycling investor capital, by aiming to sell property assets when considered most appropriate to do so; and
- the capacity to create unlisted investment vehicles that respond to the property investment preferences of our investors.

Rob Rayner will be the Fund Manager for the Trust and has direct responsibility for the delivery of the investor returns.

OUR INVESTMENT APPROACH

CorVal develops investment vehicles in partnership with investors that are designed to meet their specific requirements.

The over-riding objective is to provide investors with vehicles that pursue a strategy aimed at meeting investors' risk-return profile within a simple structure that offers transparency and a strong alignment of interest.

As both investment manager and co-investor, we employ a disciplined approach to real estate investing that is focused on understanding and evaluating investment risk. A detailed knowledge of the markets, and an understanding of the property fundamentals that drive long term value, enable risks to be quantified.

Based on this assessment, we are well positioned to make investments that deliver an appropriate risk-adjusted return. Each investment is assessed from a macro perspective with a focus on economic fundamentals including interest rates, inflation and capital flows as well as the micro factors including local market supply and demand and the property specifications.

In assessing each investment opportunity and determining the appropriate strategy, CorVal addresses the following key areas:

- entry price and timing;
- strategy, including opportunities to add value through active management;
- growth potential, driven by real estate fundamentals;
- risks and mitigating factors;
- hold period/exit strategy;
- funding; and
- sustainability and responsible investing.

OUR DIRECTORS

KEVIN NEVILLE – NON-EXECUTIVE CHAIRMAN

Kevin is the previous Managing Partner of Moore Stephens, Accountants and Advisors, in Melbourne and former Chairman of Moore Stephens Australasia. Kevin has over 30 years of professional accountancy experience and has been an audit partner with Moore Stephens since 1985.

ROB RAYNER – EXECUTIVE DIRECTOR

Rob is a Director of CorVal and has over 20 years' experience in the Australian financial services and property industry.

Rob has a wide-ranging background in the property funds management industry, and has been involved with the re-structuring, establishment and on-going management of over \$3 billion in funds, through senior positions held with Armstrong Jones (prior to being acquired by ING Real Estate) and Brookfield Multiplex.

Rob was also responsible for the successful establishment of the Acumen Capital funds management business in 2000 prior to its acquisition by the Multiplex Group in 2003 to form that group's funds management platform.

Within the CorVal business, Rob is responsible for the creation and marketing of new funds, together with the ongoing management and investor communications for these funds.

IAN O'TOOLE – EXECUTIVE DIRECTOR

Ian is a Director of CorVal and has over 25 years' experience in the Australian property industry. He has extensive experience in the acquisition, due diligence, asset management and development of property portfolios of up to \$7 billion in value, through various senior positions held within ING Real Estate, Brookfield Multiplex and other Australian property groups.

Since leaving Brookfield Multiplex in 2007, Ian has been working with Andrew Roberts on the procurement of property assets, including Industry House (10 Binara Street, Canberra) and the new Australian Red Cross Blood Service NSW/ACT headquarters (17 O'Riordan Street, Alexandria), together with the establishment of CorVal in conjunction with Rob Rayner and Andrew Roberts.

Within the CorVal business, Ian is responsible for the acquisition and overall performance of property assets held within property funds.



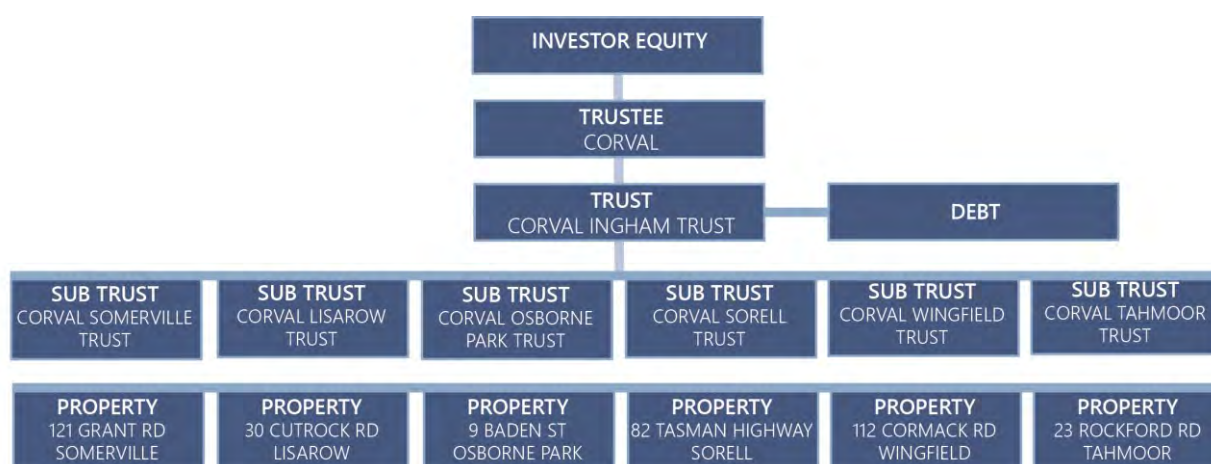
11 INVESTMENT STRUCTURE

Each property will be acquired by a separate sub-trust, with each of the six sub-trusts to be wholly owned by the Trust. The Trust will be an unlisted unregistered wholesale managed investment scheme and investors will be issued units in the Trust.

CorVal will be the trustee of the Trust and a separate wholly-owned CorVal entity will be the trustee for each of the separate sub-trusts.

As trustee, CorVal will:

- hold the assets of both the CorVal Ingham Trust and each of the sub-trusts;
- borrow funds on behalf of the Trust;
- provide asset management services to each Property; and
- provide funds management and administration services to both the Trust and each of the sub-trusts.



TERM OF THE TRUST

An investment in the Trust should be viewed as a medium term investment of no less than five to seven years, although some or all of the individual properties may be disposed of earlier than this if market conditions favour a sale. Conversely, the term of the Trust could potentially be longer than seven years depending on market conditions.

In any event, we must sell the Trust property assets as soon as we consider it to be in the best interests of investors to do so after the seventh anniversary of the close of this offer.

Market conditions at the time and the availability of a willing buyer at a price we consider reasonable in that market will be key drivers as to the precise timing of the sale.

We may sell the units in the Trust or the wholly-owned sub-trusts of the Trust, or we may sell the respective properties individually or collectively and terminate the Trust so that the sale happens as part of the winding up of the Trust with the return of the net proceeds to investors.

COULD THE TERM OF THE TRUST BE LESS THAN FIVE TO SEVEN YEARS?

Yes it could, either we could sell the Trust property assets earlier than five to seven years, or alternatively, investors may requisition a meeting to consider and vote on an early realisation of the respective Trust properties inside the initial five to seven year term.

Although the intention is to hold the Trust properties for no less than five years, we would consider selling the Trust properties individually, or collectively, if we considered that any such sales would maximise investor returns having regard to market conditions (both at that time and anticipated market conditions moving forward) and the position of the respective property in comparison to the market-place. Again, market conditions are key, as well as the availability of a willing buyer at a price we consider reasonable.

If any Trust properties remain unsold at the expiry of the seventh year of ownership, an investor meeting will be convened and a vote will be taken as to whether to sell the remaining Trust properties at that time or to extend the Trust for a further term. The decision to sell, or extend the term of the Trust, will be by a resolution that has the support of 50% or greater of those investors that vote.

In addition, investors may requisition a meeting at any time during the initial five to seven year Trust term to vote on an early sale of the Trust properties. To achieve an early sale will require a resolution that has the support of 50% or greater of those investors that vote.

12 FORECAST FINANCIAL INFORMATION

The forecast financial information has been presented in an abbreviated form, so this section does not include all the disclosures as required by the Australian equivalents to International Financial Reporting Standards (AIFRS). The forecasts have been prepared on the basis of the best estimate assumptions and key accounting policies set out in this section.

Many factors which affect the forecasts are outside of CorVal's control, so CorVal therefore does not give any assurance the forecasts will be achieved or the Trust will be able to make distributions during or after the forecast period at the distribution levels forecast. Actual results may differ materially.

SOURCE AND APPLICATION OF FUNDS

	note	
Source of Funds:		
Equity		\$52.50 m
Debt	a	\$54.82 m
		\$107.32 m
Application of Funds:		
Property purchase price		\$99.67 m
Stamp duty		\$5.24 m
Property acquisition and due diligence costs		\$0.27 m
Finance fees	b	\$0.01 m
NSW Mortgage Duty		\$0.04 m
CorVal acquisition fee	c	\$1.99 m
Working capital		\$0.10 m
		\$107.32 m

Notes:

- a Acquisition facility based on an initial gearing level of 55%
- b Includes \$5k loan establishment fee
- c 2.0% of the Trust property portfolio purchase price of \$99.67 m

TRUST OUTGOINGS AND CAPITAL EXPENDITURE

The financial forecasts do not contain any property level outgoings or capital expenditure. Under the triple net lease structure the tenant is responsible for these expenses.

TRUST FINANCIAL PROJECTION

Financial Year Ending	IRR	31-Oct-2014	Jun-2015 (8 months)	Jun-2016	Jun-2017	Jun-2018	Jun-2019	Jun-2020	Jun-2021	Jun-2022 (5 months)
Net Rental Income		-	5,778,762	8,832,837	9,084,573	9,343,483	9,609,772	9,883,651	10,165,335	4,299,412
Net Outgoings Position		-	-	-	-	-	-	-	-	-
NET OPERATING INCOME		-	5,778,762	8,832,837	9,084,573	9,343,483	9,609,772	9,883,651	10,165,335	4,299,412
TOTAL CAPEX		-	-	-	-	-	-	-	-	-
Purchase Price		(99,672,374)	-	-	-	-	-	-	-	-
Acquisition Costs		(7,504,883)	-	-	-	-	-	-	-	-
Disposal Price		-	-	-	-	-	-	-	-	122,536,850
Disposal Costs		-	-	-	-	-	-	-	-	(2,450,737)
INVESTMENT CASH FLOWS		(107,177,257)	-	-	-	-	-	-	-	120,086,113
NET PROPERTY CASH FLOWS	10.5%	(107,177,257)	5,778,762	8,832,837	9,084,573	9,343,483	9,609,772	9,883,651	10,165,335	124,385,524
Acquisition Debt - drawdown		54,819,806	-	-	-	-	-	-	-	-
Acquisition Debt - establishment costs		(49,327)	-	-	-	-	-	(70,000)	-	-
Acquisition Debt - repayment		-	-	-	-	-	-	-	-	(54,819,806)
Acquisition Debt - interest expense		-	(1,940,621)	(2,910,932)	(2,910,932)	(2,910,932)	(2,910,932)	(2,910,932)	(2,910,932)	(1,212,888)
Working Capital		(93,221)	-	-	-	-	-	-	-	93,221
NET FINANCING CASH FLOWS		54,677,258	(1,940,621)	(2,910,932)	(2,910,932)	(2,910,932)	(2,910,932)	(2,980,932)	(2,910,932)	(55,939,473)
NET GEARED PROPERTY CASH FLOWS	15.4%	(52,500,000)	3,838,140	5,921,905	6,173,641	6,432,552	6,698,841	6,902,719	7,254,403	68,446,051
Interest Income		-	13,333	20,000	20,000	20,000	20,000	20,000	20,000	8,333
Asset Management Fee		-	(398,689)	(599,884)	(615,239)	(633,697)	(652,707)	(668,415)	(669,785)	(279,077)
Fund Operating Costs		-	(50,000)	(77,250)	(79,568)	(81,955)	(84,413)	(86,946)	(89,554)	(38,434)
NET CASH FLOWS (before performance fee)	14.0%	(52,500,000)	3,402,784	5,264,771	5,498,834	5,736,900	5,981,720	6,167,359	6,515,064	68,136,874
EPU Yield (annualised)	11.2% (average)		9.7%	10.0%	10.5%	10.9%	11.4%	11.7%	12.4%	12.7%



KEY PROPERTY ASSUMPTIONS

The forecast investor returns are subject to the following key property assumptions:

Portfolio disposal date	Nov' 21
Blended disposal yield across the portfolio (on projected passing income)	8.61%
Portfolio disposal price	\$122.5 m
Disposal price per sqm of GLA	\$1,900

The individual disposal yields and prices for each property can be found in Appendix 1 – Property Assumptions.

KEY FINANCIAL ASSUMPTIONS

- (A) **Net operating income**
Based on the negotiated leases, commencement rents and fixed increases of 2.85%. These fixed increases assume that CPI does not drop below 1.425%. Should this occur, the two multiplied by CPI review under the lease will come into effect.
- (B) **Acquisition costs**
Includes stamp duty, CorVal acquisition fee (see section 16), legal fees, valuation fee, physical due diligence costs and an allowance for other due diligence related acquisition costs.
- (C) **Disposal price**
See property disposal assumptions in the previous table.
- (D) **Disposal costs**
2% of projected sale price.
- (E) **Acquisition debt**
It is intended for the Trust to utilise a \$54.82 m bank term loan facility to acquire the property. A total interest rate of 5.31%, comprising a five year fixed base interest rate of 3.45% and a 1.86% interest margin, has been assumed in preparing the financial forecasts.

See section 16 for further details on the Trust gearing.
- (F) **Interest income**
Assumed to be \$20,000 per annum.
- (G) **Asset management fee**
Calculated at 0.6% per annum on the projected Trust total assets, paid quarterly in arrears.
- (H) **Fund operating costs**
Estimate of \$75,000 per annum for annual Trust expenses, including audit fees, tax fees, valuation fees and legal fees.

13 SENSITIVITY ANALYSIS

BASE CASE SCENARIO

The key assumptions in the Base Case financial projections are the exit yield applied to the passing rents and the time of the disposal. **The Base Case Scenario** Trust equity IRR is 14.0%.

A sensitivity analysis on these two key variables is shown in the table below, with the stated returns net of base management fee and Trust expenses but before any performance fee.

INVESTMENT TERM VERSUS EXIT SALES YIELD

Exit Sale Yield	Investment Term		
	5 years	6 years	7 years
7.58%	17.3%	16.9%	16.6%
8.08%	15.2%	15.3%	15.3%
8.58%	13.2%	13.7%	14.0%
9.08%	11.3%	12.2%	12.8%
9.58%	9.4%	10.8%	11.7%

14 GEARING

LOAN FACILITY

On behalf of the Trust, CorVal has received an indicative term sheet to provide the Trust with a term loan facility to partially assist with the funding required to acquire each of the Trust properties by their respective sub-trust.

The key terms of this loan facility are summarised in the table below:

	Note	
Facility limit		\$54.824 m
LVR at settlement		55%
LVR covenant	a	65%
Term		5 years
Interest margin (over BBSY)		1.86%
Establishment fee		\$5,000
Minimum ICR	b	2.0 x
Repayment		Interest only

Notes:

- a The value of the Trust property assets would need to fall by \$13.9 m, or by 15.4% from the purchase price for the Trust property portfolio to breach the LVR covenant.
- b Based upon the forecast net operating income for the Trust (see section 12) and base interest rate assumptions on Trust borrowings (see note (e) in "Key financial assumptions" in section 12), the forecast ICR coverage for the Trust is:

	30.6.15	30.6.16	30.6.17	30.6.18	30.6.19
Covenant	2.00 x	2.00 x	2.00 x	2.00 x	2.00 x
Projection	2.98 x	3.03 x	3.12 x	3.21 x	3.30 x

SECURITY

Security for the loan is intended to be:

- first registered real property mortgage given by the trustee of each sub-trust of the Trust over the respective property of that sub-trust;
- general securities agreement over the assets and undertakings of the Trust and each sub-trust; and
- the bank's interest in the relevant insurances to be noted.

INTEREST RATE HEDGING

It is the intention for the Trust to enter into a five year interest rate swap with the bank with respect to the term loan facility. The assumed interest rate in the Trust financial forecasts for the five year interest rate swap is 3.45%. We have assumed this same base rate for the forecast period for the Trust through until the eventual disposal of the Trust properties. In addition, we have not assumed any reduction in the bank total interest margin of 1.86% over this same period of time.

15 RISK FACTORS

Like any investment, there are risks associated with investing in the Trust. By their very nature, the risks involved with property investments cannot be exhaustively categorised. There are a number of risk factors that could affect the performance of the Trust, the level of income distributions and the repayment of your capital. Many risk factors fall outside our control and cannot be completely mitigated.

The following is a non-exhaustive list of the main risks associated with investment in the Trust. You should consider and weigh them up carefully and make your own assessment as to whether you are comfortable with them.

Distributions are not guaranteed and neither is the return of your capital.

PROPERTY MARKET AND OTHER PROPERTY RELATED RISKS

An investment in the Trust comes with risks associated with investing in property. These include, but are not limited to:

- a downturn in the value of any of the Trust property assets, and in the property market in general, which can be caused or exacerbated by many factors, including for example restrictions on the availability of credit both locally and even globally;
- a downturn in the economy (at either a local or global level, or both, such as for example the recent events commonly referred to as the “global financial crisis”); and
- amendments to laws having a detrimental effect on the Trust or the property assets of the Trust.

The value of the Trust’s property assets could go down, depending on factors such as market conditions. When the Trust’s property assets are sold, there is always a risk they cannot be sold for prices which deliver a capital gain to investors.

There is also the risk that independent valuations obtained for the Trust’s property assets may not be accurate or may not end-up representing the amount they can be sold for at a particular point in time.

ENVIRONMENTAL RISK

The vendor appointed Environmental Resources Management (ERM) to undertake environmental investigations to assist any purchaser in understanding any potential environmental risks. This was undertaken in three stages;

STAGE 1 – SCREENING OVERVIEW

ERM conducted a screening process to identify sites that have potential material environmental issues. This exercise was based on a review of available documentation and discussions with Ingham. A site inspection was not undertaken in this stage.

A risk matrix was created for each of the properties and each was given an overall rating from 1 to 3. If a property was rated a 1, no potential material issues were identified and no further investigations were recommended. Of the Trust properties, Lisarow was the only property to be given a rating of 1, as such no further investigations on this property were undertaken. The remainder of properties scored 2 or 3 and Stage 2 investigations were undertaken.

STAGE 2 – PHASE ONE REPORTS

Stage 2 investigations involved a site inspection and full assessment of each risk. The assessed risks include operational environmental issues, wastewater, materials management, bulk storage, asbestos and site history.

Sources of potential contaminants identified at the properties were generally associated with the current or previous uses at the site. For Osborne Park, Tahmoor and Wingfield, the contaminants were considered to be minor in nature and as such no further investigations were recommended. For Somerville and Sorell, further Stage 3 investigations were recommended and undertaken.

Asbestos is known to be in the majority of properties with Asbestos Management Plans and Registers in place. In accordance with the regulatory requirements, moving forward the tenant will be required to maintain these management plans, as well as undertake any make safe works at their cost. No material risks were identified by ERM in regards to asbestos.

STAGE 3 – PHASE TWO REPORTS

Stage 3 investigations involved drilling and sampling bore holes, as well as converting some of the bore holes into groundwater monitoring wells. Representative samples of soil and groundwater were collected and submitted for analysis of identified contaminants of environmental concern. This was undertaken on sections of the site identified in the phase one reports as being high risk.

No material contamination was identified at Somerville.

Although no on-site sources of contamination were identified at Sorell, concentrates of dissolved metals and dissolved toluene were identified above acceptable screening levels and in close proximity to a sensitive receptor being the adjoining Pitt Water. ERM recommended further investigations to determine whether this represents a material concern which have not been undertaken by the vendor. CorVal intends to appoint ERM to undertake these further investigations.

A reliance letter will be provided from ERM which allows the Trust to rely on the ERM investigations undertaken.

SOMERVILLE EXPANSION WORKS

As previously disclosed in this Information Memorandum, at any time Ingham may give notice to the Trust that it wishes to expand the Somerville property (although Ingham has indicated the more likely timeframe for these works to commence is between three to five years time). In this situation, the Trust is required to fund the costs of any such works up to \$20 m. In return, the Trust will receive additional rent based upon a yield multiplied by the Total Development Cost of such works. Should the landlord fail to fund these works, the landlord will be in default under the lease and the tenant will be able to withhold rent and outgoings from the landlord for a 12 month period or until the breach is remedied. Should the landlord not remedy the breach, the tenant will not have to repay rent/outgoings and the tenant may continue to deduct the amount outstanding from any payments due to the landlord.

SOUTH AUSTRALIAN STAMP DUTY

Post the Trust exchanging contracts to acquire the properties, which is scheduled to take place on or about 23 October 2014, any investor that acquires units in the Trust, will in addition to the consideration to be paid to acquire the Trust units, be liable to pay South Australian stamp duty on that consideration. The amount to be paid will be between 1-5.5% (dependant upon the purchase consideration) on 2.1% of the purchase consideration.

RISKS ASSOCIATED WITH THE TRUST FINANCIAL PROJECTIONS

Section 12 contains information about the Trust financial projections. As explained earlier in this Information Memorandum, achievement of the projections and forecasts in this Information Memorandum are not promised nor guaranteed, by CorVal or by anyone else. The projections and forecasts are based on a number of assumptions, and those assumptions may not turn out to be correct, or they might be impacted by many factors outside of our control. Whilst we consider that as at the date of this Information Memorandum, the assumptions on which the projections and forecasts are based are reasonable, circumstances can change and it is not possible to accurately predict future events or unforeseen circumstances. This section explains just some of the factors which could adversely impact the achievement of the projections and forecasts (such as for example unforeseen capital expenditure requirements, or breaches of the leases with the tenants in the Property).

CAPITAL EXPENDITURE

No capital expenditure has been included within the Trust's financial projections on account of the triple net lease structure that is in place with Ingham for each of the Trust's property assets. There are no obligations in the lease for the landlord to maintain or repair the premises rather these obligations rest with the tenant.

TENANCY RISKS

If the tenant for each of the Trust's property assets failed to honour their lease obligations, then this is likely to have a detrimental impact on the Trust. It is likely this could result in a reduction to the distributions available to be paid, or in extreme circumstances, a failure by the Trust to meet its interest obligations on bank borrowings.

The projections and forecasts set out in section 12 assume, amongst other things, Ingham honour their leases and pay all rent and any other amounts, as and when due. Any failure by Ingham to do so is likely to mean the projections and forecasts are not met.

BORROWING RISKS

The Trust will borrow money to partially fund the purchase of the Trust's properties. Gearing comes with risk, and gearing a property investment can increase the potential for capital losses, as well as gains. In the event the Trust is unable to service its respective borrowings, through for example tenant defaults, then distributions may be reduced or suspended and the lender may enforce its security over the respective Trust property(s). This may include the lender exercising its power to sell any or all of the Trust's property assets, which may lead to any or all of the Trust's property assets being sold for a lower price than would have been obtained had the respective property been sold voluntarily by the Trust in the ordinary course of business.

REFINANCING

The Trust loan facility will be fixed for a five-year term from the date of settlement and there can be no guarantee the loan facility will be either renewed, or if renewed, done so on terms at least as favourable as the current loan terms. The loan facility will contain various lending covenants and review requirements. If the facility is not renewed, or additional conditions are imposed, this may impact on the return to investors.

BREACH OF BANKING COVENANTS

The Trust will procure debt funding to complete the acquisition of the Trust's property assets (see section 14). The bank will impose lending covenants that include, amongst other things, LVR and ICR ratios. In the event of a breach of any bank covenant, that is not remedied, the bank will have the right to take certain measures which may include, but not be limited to, withholding income from any or all of the Trust's property assets, or in the most serious instances, the forced sale of any or all of the Trust's property assets.

INTEREST RATES

Interest rates may rise or fall over the duration of the Trust. The forecast base interest rates adopted in the Trust financial projections are outlined in section 14. There is no guarantee these interest rates will be achieved. The five-year swap rate as at the date of this Information Memorandum as advised is 3.45%. The final interest rate the Trust achieves may therefore be higher than the five-year forecast interest rate of 3.45% that has been used in preparing the Trust financial projections.

CorVal reserves the right to fix the interest rate on the Trust borrowings for a term less than five years or maintain a component of Trust borrowings unhedged.

TAX

Changes to tax law and policy (including for example any changes in relation to how income of the Trust is taxed or in relation to the deductibility of expenses, or changes to stamp duty law) might adversely impact the Trust and investors' returns. You should obtain independent tax advice in respect of an investment in the Trust however it is not possible to predict future changes to tax law or policy.

REGULATORY CHANGES

The introduction of new, or amendment of existing, legislation may have a detrimental effect on the Trust's property assets and the returns from the Trust.

TRUST PROPERTY ASSETS ARE DESTROYED

While the Trust owns the respective properties, the tenant is required to put in place the normal commercial insurance policies to cover damage or destruction due to fire, theft, loss of rent, vandalism and other commercially viable insurable events. However in the event of damage or destruction, there may be consequential loss of income and expenses incurred.

INSURANCE RISKS

Various factors might influence the cost of maintaining insurance over the Trust's property assets, or the extent of cover available. Increased insurance costs, or limits on cover, can have a negative impact on the performance of the Trust. There are also some potential losses that cannot be insured.

NO LIQUIDITY

This is intended to be a fixed-term investment. You will not be able to withdraw from the Trust during its life. There will also not be a secondary market for units. The Trust will not be listed on the ASX.

GENERAL

An investment in this Trust is subject to investment risk, including the loss of income and capital. CorVal does not guarantee the performance of the Trust or return of capital.

16 FEES

The Trustee is entitled to receive certain fees in consideration for services provided to the Trust.

PROPERTY ACQUISITION FEE

Property acquisition fee of 2% (plus GST) of the gross purchase price for the Trust's property assets payable as consideration for the work performed in acquiring the properties, carrying out necessary due diligence and completing the acquisition of the properties. This fee will be paid upon allotment of units to investors.

This fee would also apply to the total development cost for any expansion works that may take place at any of the Trust properties for the work to be performed to co-ordinate the required approvals, documentation, debt funding and equity funding to allow for these works to be completed.

ASSET AND FUND MANAGEMENT FEE

Ongoing asset and fund management fee of 0.6% per annum (plus GST) of the gross value of the Trust assets from time to time. This fee will accrue monthly and be paid to CorVal quarterly in arrears.

PROPERTY DISPOSAL FEE

Property disposal fee of 2% (plus GST) payable as consideration for the work performed in disposing of the Trust's property assets, carrying out necessary due diligence and completing the disposal of the respective property(s). This fee is inclusive of any external real estate agents fee for professional services rendered in the disposal of the Property. This fee will be paid at settlement of the disposal of the respective property(s).

PERFORMANCE FEE

We will be entitled to a performance fee upon the eventual wind-up of the Trust, provided the total IRR received by investors over the life of the Trust has exceeded 11% (based on all distributions they have received over the life of the Trust, including actual or expected distributions from the net proceeds from the realisation of Trust assets and before tax). Our performance fee will be 20% (plus GST) of the amount by which the IRR to investors exceeds 11%.

In the event the trustee of the Trust is removed, then the performance fee calculation will be performed at that point based on the value of the Trust's assets at that time, and any performance fee entitlement will be paid to the outgoing trustee.

GST

The fees outlined in this section are exclusive of GST.

17 INVESTORS AND MINIMUM INVESTMENT

The targeted minimum investment per investor is \$100,000, subject to CorVal's discretion to accept lesser amounts.

The Trust will not be a registered managed investment scheme, and as a result, only wholesale clients (as defined in the Corporations Act) can invest.

It follows that an investor in the Trust generally needs to fall within one of the categories below. If you don't fall into one of these categories, we may still have some ability to accept you, so please contact us.

THE MAIN CATEGORIES

1. The investor has an accountant's certificate that shows that they have net assets of at least \$2.5 million or gross income for each of the last two financial years of at least \$250,000.	In calculating the \$2.5 million or \$250,000, the investor can include the net assets or gross income (as relevant) of any company or trust it controls.
The certificate must not be more than two years old.	See the next page for the meaning of "control". See Accountant's Certificate.
2. The investor is a company or trust controlled by someone who has an accountant's certificate as mentioned in number 1.	See the next page for the meaning of "control". See Accountant's Certificate.
3. The investor is a person considered by their adviser to have the requisite investing experience.	See the Adviser's Certificate.
4. The investor is a person considered by the Trustee to have the requisite investing experience.	Guidance can be taken from the Adviser's Certificate.
5. The investor invests at least \$500,000 at one time (excluding superannuation monies).	
6. The investor invests at least \$500,000 together with an "associate" at one time (excluding superannuation monies).	Reasons the investor and someone else can be associated include: <ul style="list-style-type: none"> - the other person is a trustee of a trust in relation to which the investor benefits or is capable of benefiting the other person is a person with whom the investor is acting in concert, or proposes to act concert, in respect of the investment; or - the other person is a person with whom the investor is, or is proposing to become, associated, whether formally or informally, in any other way in respect of the investment
7. The investor and a body corporate which the investor controls together invest at least \$500,000 in aggregate.	See below for the meaning of "control".

8. The investor is a business which is not a small business.

A small business is one that employs less than 100 employees if the business is or includes the manufacture of goods, or otherwise is a business which employs less than 20 people.

9. The investor is a subsidiary or holding company of another body corporate which is a "wholesale client".

10. The investor is a financial services licensee.

11. The investor is the trustee of a superannuation fund with net assets of at least \$10 million.

12. The investor controls at least \$10 million

Including any amount held by an associate or under a trust the investor manages.

WHAT IS "CONTROL"?

"Control" means you have the capacity to determine the outcome of decisions about the company or Trust's financial and operating policies.

The practical influence you can exert (rather than the rights you can enforce) is the issue to be considered and any practice or pattern of behaviour affecting the company or trust's financial or operating policies is to be taken into account (even if it involves a breach of an agreement or a breach of trust).

However you do not control a company or trust merely because you and a third entity jointly have the capacity to determine the outcome of decisions about the company or Trust's financial and operating policies.

If you have the capacity to influence decisions about the company or trust's financial and operating policies and are under a legal obligation to exercise that capacity for the benefit of someone other than your members, you are taken not to control the company or trust.

18 ADDITIONAL INFORMATION

REPORTING

We intend to report to you on at least a quarterly basis. Our reporting will comprise the following:

- an initial confirmation on receipt of your application;
- an investment confirmation upon issuing units;
- quarterly income distribution detailing your investment and distributions paid to you;
- periodic performance update reports; and
- an annual tax statement detailing information required for inclusion in your annual income tax return.

Annual and half-year financial reports will be available from CorVal. They will not be sent to you unless requested.

TRUST DEED

The Trust Deed is the primary document that governs the way the Trust operates and sets out many of the rights, liabilities and responsibilities of both CorVal and investors.

Each unit gives you an equal and undivided interest in the Trust. However, a unit does not give you an interest in any particular part of the Trust.

Subject to the Trust Deed, as an investor you have the following rights:

- the right to share in any distributions;
- the right to attend and vote at meetings of investors; and
- the right to participate in the proceeds of winding up of the Trust.

The Trust Deed contains provisions about convening and conducting meetings of investors.

We can amend the Trust Deed without investors' approval provided we reasonably consider the change will not adversely affect investors' rights. In the absence of this, the Trust Deed can also be amended by a special resolution passed by investors.

A copy of the Trust Deed is available free of charge from us if you requested by an investor.

ANTI-MONEY LAUNDERING LAW AND OUR OBLIGATIONS

Australia has laws governing money laundering and the financing of terrorism.

We are required to identify new investors and report 'suspicious' matters (the law defines this) to the regulator.

Those investors who have not invested with CorVal previously will need to complete the appropriate identification form. They are available on our website under "Investor Information" and then "Forms" to be downloaded, completed and then returned to us before the offer closes.

All investors must provide us with all information regarding you and your investment which the law requires, for example, regarding your identity or the source or use of invested moneys. If you choose not to provide us with this information, we can decline to continue to provide services. We will not issue you with units unless satisfactory identification documents are provided.

19 CONCLUSION AND TRANSACTION TIMING

CorVal believes this investment provides investors with a direct property investment that is managed by an experienced and aligned investment manager. The investment is forecast to deliver an attractive risk-adjusted total return having regard to the long term nature of the income derived from the leases, which reduces the risk profile of the investment and makes it a comparatively low risk commercial property investment.

Applications from investors will be accepted on a “first come first served basis”, with a target date for the allotment of units to investors of 20 November 2014.

The information contained in this Information Memorandum is based on the terms which have been agreed and due diligence completed to date. The establishment of the Trust remains subject to the completion of due diligence to the satisfaction of CorVal.

For investors to secure a position within the Trust, a non-refundable deposit equivalent to 10% of their proposed investment will be required.

The key dates for the offer are as follows (each of which are indicative only and CorVal reserves the right to change without notice):

	BY WHEN
Indicative expressions of interest from investors to invest in the Trust (non-binding)	First come first served basis
Receipt of signed application form and 10% non-refundable deposit from investors	16 October 2014
CorVal to exchange contracts	23 October 2014
Receipt of 90% balance of investor application monies	13 November 2014
Settlement of the properties and allotment of units to investors	20 November 2014

FURTHER INFORMATION

If you require any further information please contact Rob Rayner on either (02) 8203 8408 or 0412 555 633 or rob.rayner@corval.com.au

CorVal

Level 13, 9 Hunter Street, Sydney NSW 2000
Phone 61 2 8203 8400

20 STEPS TO INVEST

a) **Read this document in full**

Read this Information Memorandum in full, paying close attention to the Important Information set out on the inside cover of this Information Memorandum.

b) **Consider the offer**

Pay particular attention to all of the risk factors in section 15 and other information concerning the Trust and its property assets. These risks need to be considered in light of your particular investment objectives and financial situation and needs.

c) **Consult your professional adviser**

Consult a financial, taxation or other professional adviser before deciding whether to invest in the Trust.

d) **Complete the Application Form and provide a cheque or EFT and any other required documents**

For **EXISTING** investors that have previously invested with CorVal, you will need to:

- complete the Application Form; and
- provide a cheque or EFT equal to 10% of the application amount on your Application Form.

For **NEW** investors that haven't previously invested with CorVal, you will need to:

- complete the Application Form;
- provide a cheque or EFT equal to 10% of the application amount on your Application Form;
- complete either the Accountant's Certificate **or** the Adviser's Certificate;
- complete the required Identification Form that is relevant to your investing entity (e.g., individual, trust, company or superannuation fund). These can found on our website (www.corval.com.au) under the section headed "Investor Information" and then "Forms"; and
- provide the appropriate certified copies of any supporting documents that may be required on your Identification Form.

e) **Mail your completed Application Form, cheque and any other required forms / documents**

Please send these to:
CorVal Partners Limited
Level 13
9 Hunter Street
Sydney 2000

Cheques should be payable to the CorVal Ingham Trust.

APPENDIX 1 – PROPERTY ASSUMPTIONS

PURCHASE ASSUMPTIONS

Acquisition Date (month end)	Oct-2014	
Purchase Price	99,672,374	
- stamp duty	5,241,435	
- acquisition fee	1,993,447	2.00%
- legal costs	150,000	
- valuation	40,000	
- physical	30,000	
- other due diligence costs	50,000	
Total Acquisition Costs	7,504,883	7.53%
Total Investment Cost	107,177,257	
Acquisition Metrics	Price per sqm	
Lettable Area	64,493	1,545
Site Area	1,221,800	82
	Yield on Price	
Passing Net Income	8,668,142	8.70%

Price Apportionment	Lisarow	Tahmoor	Somerville	Sorell	Osborne Park	Wingfield	Portfolio
Purchase Price	20,146,491	9,596,609	33,585,972	7,879,237	26,413,506	2,050,559	99,672,374
Net Income	1,813,184	863,695	3,000,885	748,528	2,047,047	194,803	8,668,142
Land Area	160,070	219,200	445,100	344,750	35,740	16,940	1,221,800
GLA	17,779	8,287	19,945	6,231	10,882	1,369	64,493
Initial Yield	9.00%	9.00%	8.93%	9.50%	7.75%	9.50%	8.70%
Rate Per Sqm GLA	1,133	1,158	1,684	1,265	2,427	1,498	1,545
Rate Per Sqm Land	126	44	75	23	739	121	82
Net Rent Per Sqm	102	104	150	120	188	142	134

ASSUMED RENTAL INCREASES THROUGHOUT LEASE 2.85%

Disposal Assumptions

Property	Lisarow	Tahmoor	Somerville	Sorell	Osborne Park	Wingfield
Disposal Date	01-Nov-21	01-Nov-21	01-Nov-21	01-Nov-21	01-Nov-21	01-Nov-21
Disposal Yield (on passing)	9.50%	9.75%	8.50%	9.75%	7.50%	8.00%
Net Passing Income	2,207,354	1,051,454	3,653,251	911,251	2,492,056	237,152
Expansion Rent	-	-	-	-	-	-
PV of Income at disposal (8%)	17,450,710	8,313,515	45,665,636	11,390,640	31,150,702	2,964,394
Disposal Price	23,235,306	10,784,147	42,979,422	9,346,166	33,227,415	2,964,394
Disposal Costs (2%)	464,706	215,683	859,588	186,923	664,548	59,288
Disposal Price per sqm of GLA	1,307	1,301	2,155	1,500	3,053	2,165
Disposal Price per sqm of land	145	49	97	27	930	175

APPLICATION FORM

CORVAL INGHAM TRUST

1. DETAILS OF INVESTOR

Name of Investor			
Mailing Address			
Telephone	Home	Work	
	Mobile	Fax	
Email			
DOB			
TFN			
ACN/ABN			

2. BANK ACCOUNT DETAILS FOR PAYMENT OF DISTRIBUTIONS

Name of Account			
Bank			
Branch			
BSB		Account Number	

3. ADVISOR DETAILS (if applicable)

Name of Advisor			
Dealer Name			
Mailing Address			
Telephone	Home	Work	
	Mobile	Fax	
Email			

APPLICATION FORM

CORVAL INGHAM TRUST

4. APPLICATION

I/we apply for Units in the Trust to the value of

Please make your cheque payable to "CorVal Ingham Trust".

By signing this application form, I/we agree to be bound by the terms and conditions of the trust deed establishing the CorVal Ingham Trust and to observe and perform all the obligations imposed on me/us by that trust deed. I/we acknowledge that we have read the contents of this Information Memorandum dated 22 September 2014 and accept that there are risks associated with this investment. I/we acknowledge that this application once submitted is irrevocable.

I/we also declare that the details inserted in this application form are complete and accurate. If a sole signatory signing on behalf of a company, I confirm that I am signing as sole director and sole secretary of the company or as duly authorised representative or agent of the company. If investing as a trustee, on behalf of a superannuation fund or trust, I/we confirm that I am/we are acting in accordance with my/our designated powers and authority under the trust deed. In the case of a superannuation fund, I/we also confirm that it is a complying fund under the Superannuation Industry (Supervision) Act 1993. If this application is signed under Power of attorney, I/we submit a certified copy of the Power of Attorney with this application.

The first tranche of funds, being \$ (10%) payable to CorVal Ingham Trust, is attached.

I/we also understand and acknowledge that the remaining 90% is due, and paid in the same manner, no later than 13 November 2014 and that my/our failure to pay this amount in full by the due date may result in my/our deposit and my/our Units being forfeited.

SIGNATURE

Signature 1 or Director 1 or
Sole Director and Sole Secretary

Signature 2 or Director 2 Secretary

Print name and office held

Print name and office held

Date

Date

Please send completed application forms and application monies to:
CorVal Partners Limited
Level 13, 9 Hunter Street Sydney NSW 2000

Privacy

By completing the application form, you are providing personal information to CorVal. Your personal information will be used to process your application and, if your application is successful, to administer and report on your unit holding in the CorVal Ingham Trust. Your personal information may also be provided to other persons to enable CorVal to provide these services to you or to persons that you authorise to act on your behalf in relation to your investment. We may also disclose your personal information to others as permitted under the law and we may send you information regarding other investment opportunities.

If you do not provide all or part of the information required by the application form, CorVal will not be able to accept your application and you will not be able to acquire units in the CorVal Ingham Trust.

If any of your personal details change, please contact CorVal at the address stated in this application form. You can also contact CorVal to find out what personal information is held about you or if you have a complaint about the way in which your personal information has been handled.

The applicant acknowledges that CorVal does not guarantee the performance of the Trust or return of capital. The applicant further acknowledges that the subscription is subject to investment risk, including the loss of income and capital.



ACCOUNTANT'S CERTIFICATE

CORVAL INGHAM TRUST

Accountants can use this form to certify an applicant is a wholesale client and so able to invest.

1. ACCOUNTANT'S DETAILS

Name of Accountant	<input type="text"/>		
Mailing Address	<input type="text"/>		
Telephone	Home <input type="text"/>	Work <input type="text"/>	
	Mobile <input type="text"/>	Fax <input type="text"/>	
Email	<input type="text"/>		
Firm Name	<input type="text"/>		
Investor Name	<input type="text"/>		

EXPLANATIONS

In this certificate:

- required net assets means net assets of at least \$2,500,000;
- required gross income means for each of the last two financial years at least \$250,000 gross income a year; and
- control means the person has the capacity to determine the outcome of decisions about the corporate trustee's financial and operating policies.

The practical influence the person can exert (rather than the rights they can enforce) is the issue to be considered and any practice or pattern of behaviour affecting the financial or operating policies is to be taken into account (even if it involves a breach of an agreement or a breach of trust). However a person does not control a company or trust merely because they and a third entity jointly have the capacity to determine the outcome of decisions about the company or trust's financial and operating policies. If the person has the capacity to influence decisions about the company or trust's financial and operating policies and are under a legal obligation to exercise that capacity for the benefit of someone other than its members, they are taken not to control the company or trust.

ACCOUNTANT'S CERTIFICATION

I am an accountant qualified as the Corporations Act requires to give this certificate.

I certify that:

- the investor themselves has the required net assets or the required gross income; or
- together with any trusts or companies the applicant controls, the applicant has the required net assets or the required gross income; or
- the applicant is a trust or company controlled by a person who has the required net assets or the required gross income.

SIGNATURE

<input type="text"/>	<input type="text"/>
Accountant's Signature	Date



ADVISER'S CERTIFICATE

CORVAL INGHAM TRUST

Advisers can use this form to certify an applicant is a wholesale client and so able to invest.

1. ADVISER'S DETAILS

Name of Adviser

Mailing Address

Telephone

Home

Work

Mobile

Fax

Email

Firm Name

Investor Name

SIGNATURE

Investor's Signature

Date

By signing above, the investor acknowledges that before investing they:

- have not been given a product disclosure statement nor any other document that would be required to be given to the client under the relevant chapter of the Corporations Act if interests in the relevant trust were provided to the client as a retail client; and
- have no other obligation owed to them under the relevant chapter of the Corporations Act that we, or they would have, if the relevant trust was provided to the client as a retail client.

ADVISER CERTIFICATION

As the holder of an AFSL, or on behalf of the licensee identified above, I certify that I am satisfied on reasonable grounds that the applicant has previous experience in using financial services and investing in financial products that allows the applicant to assess:

- the merits of the Trust;
- the value of the interests in the Trust;
- the risks associated with holding interests in the Trust;
- the applicant's own information needs; and
- the adequacy of the information given by us and (if different) the product issuer.

I confirm the applicant has been given a written statement of my reasons for being so satisfied.

SIGNATURE

Accountant's Signature

Date