

# Unlisted Property Trust Report

## Primewest Property Income Fund

December 2020

Open ended diversified property fund  
targeting 5.5%+ p.a. distributions

For Wholesale Investors only

## Primewest Property Income Fund

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## About Core Property Research

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

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

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## Primewest Property Income Fund

December 2020

The Primewest Property Income Fund ("the Fund") is an unlisted open-ended property fund that aims to provide investors stable monthly income with potential for capital growth through investing in a diversified portfolio of commercial property in Australia. The Fund is managed by Primewest Management Ltd ("the Manager", "the Responsible Entity", "the RE"), which is part of the Primewest Group (ASX: PWG) with over \$4.6B of property under management.

The Fund's primary focus is to invest in a diversified portfolio of property assets with defensive income characteristics (70% - 90% target allocation) across the office, industrial and logistics, social infrastructure and retail sectors. Properties may be owned directly by the Fund or indirectly via units in other property funds. The Fund may also invest in A-REITs (up to 10% target allocation) and cash products (up to 10% target allocation) to support the Fund's liquidity requirements.

The RE is offering a minimum of 13.9M units at \$1.00 per unit, with a close date of 18 December 2020 ("the Offer"). The funds raised will be used, in conjunction with debt, to acquire the initial properties for the Fund's portfolio. The Fund is open ended and the Manager will continue to offer units in the Fund based on a daily issue price that is dependent on the Fund's Net Asset Value (NAV) per unit. The funds raised will be used to acquire additional properties to improve portfolio diversification. The Fund is open to Wholesale Investors only under the terms of the Information Memorandum (IM).

The Fund is being launched with an initial portfolio of three assets being: (1) three childcare assets located in Robina QLD, Ellenbrook WA and Elizabeth Vale SA valued at \$17.5M in total; (2) 100% occupancy with a portfolio Weighted Average Lease Expiry (WALE) of 18 years; and (3) strong tenant covenants with leases to Oxanda Education, a premium childcare operator, and Think Education (ASX: TNK) with a minimum 2.5% p.a. rental increases. It is expected that the portfolio metrics will change as the Fund diversifies and acquires additional properties in other sectors.

The initial properties provide strong support for the Fund's target distribution of 5.5% p.a. It is likely that the distributions to investors will be lower than the underlying property yields given that the fund will invest in very low yielding cash securities and A-REIT portfolios.

The Fund will have a target gearing of 35% - 50% with a maximum of 55% on any single property. The Fund has indicative terms for a debt facility to acquire the initial three properties with a Loan-To-Valuation Ratio (LVR) of 40% against an indicative LVR covenant of 50%, providing a healthy cushion against adverse valuation movements. The debt facility will need to be expanded as additional properties are acquired by the Fund.

While Core Property notes that unlisted property funds by their very nature are illiquid investments, the Manager intends to offer liquidity for investors via a Limited Monthly Withdrawal Facility (at a minimum of 0.5% of the Net Assets of the Fund) and a Periodic Liquidity Event (every five years, with terms to be set at the time). Fees charged by the Fund are at the low end of what Core Property has seen in the market (see *Fees in Perspective*).

Based on the initial portfolio and the Manager's assumptions, Core Property estimates the Fund to deliver an Internal Rate of Return (IRR) of between 7.0% - 9.3% (midpoint 8.1% p.a.) based on a +/- 25 bps sensitivity to terminal capitalisation rates over an assumed five-year term (see *Expected Future Performance (IRR Sensitivities)*). The analysis includes the potential that investors may receive a capital gain or loss, based on market conditions. Core Property is unable to assess the impact of any additional acquisitions or disposals that may impact the fund over its term.

### Investor Suitability

Core Property considers the Fund will appeal to investors seeking to invest in an unlisted property fund with an initial distribution yield underpinned by childcare assets with long lease terms. Investors should expect the portfolio metrics to diversify over time as additional properties are acquired and the Fund invests in other unlisted property funds, A-REITs and cash. Capital gains are likely to be driven by long term valuation gains in line with the Manager's recommended investment period of 5-7 years.

### Recommended

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

### Fund Details

Offer Open: 26 November 2020

Offer Close: Open ended<sup>1</sup>

Min. Investment: \$50,000

Unit Entry Price: \$1.00<sup>1</sup>

Buy / Sell Spread: Nil / Nil (December 2020)

Net Tangible Asset per unit: \$0.94<sup>2</sup>

Liquidity: Monthly & every 5 years

FY21 Forecast Distributions: 5.5% p.a. (annualised)

Distribution Frequency: Monthly

Initial Investment Period: 5 - 7 years (recommended)

Note 1: The initial Offer is for a minimum 13.9M units at \$1.00 per unit with a close date of 18 December 2020. Units will be issued based on a daily Issue Price thereafter.  
Note 2: Based on the initial portfolio of 3 assets, after expensing acquisition costs.

### Fund Contact Details

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### Fund - Website

[primewest.biz](http://primewest.biz)

Note: This report is based on the Primewest Property Income Fund Information Memorandum dated 26 November 2020, together with other information provided by Primewest.

## Key Considerations

**Management Experience:** The Manager, Primewest Management Ltd, is a subsidiary of Primewest Group Limited (ASX: PWG), one of Australia's leading real estate funds management businesses. Currently, Primewest manages over \$4.6B of Assets across 7 asset classes over 700 underlying wholesale and high net worth investors.

**Fund Term/Liquidity:** The Fund is open-ended with no end date. Investors may purchase units based on the daily Issue Price. The Fund will have a Limited Monthly Withdrawal Facility set at a minimum of 0.5% of the Net Asset value of the Fund, with a scale back for any excess applications. The Manager will also offer a Periodic Liquidity Event every five years, based on the financial position of the Fund at the time.

**Issue Price / Unit Price:** The Manager is seeking to offer a minimum 13.9M units at an Issue Price of \$1.00 per unit, with a closing date of 18 December 2020. The funds raised will be used in conjunction with debt to acquire the initial assets in the Fund. Following the close of the Offer, the Fund will continue to offer units based on the daily Issue Price, calculated based on the Net Asset Value of the Fund adjusted for the amortisation of acquisition costs over 5 years.

**Fund Strategy:** The Fund aims to invest in a diversified portfolio of commercial property assets that will create a secure income stream with capital gain potential. The Fund has a target allocation of 70% - 90% in direct properties and investments in unlisted property funds. The Fund has a target to also invest up to 10% in A-REIT's and up to 10% in cash products. The Fund will seek properties in capital cities or major regional towns, across the office, industrial/logistics, healthcare, social infrastructure and retail sectors, aiming to build a portfolio with a target weighted average lease expiry (WALE) of 5 years. Once multiple properties are acquired, no single investment is expected to hold greater than 35% of the Fund's gross assets, and no property acquired with developmental purpose will represent higher than 15% of the Fund's investment activities.

**Initial Portfolio:** The initial portfolio consists of three childcare assets in QLD, WA and SA, with a combined value of \$17.5M:

- 60 Investigator Drive, Robina QLD is a 122 place Long Day Care (LDC) facility leased to Oxanda Education, a premium childcare operator, on a 15-year lease with 3x10-year options and rental reviews at the higher of 2.5% or CPI.
- 26 Westbrook Parade, Ellenbrook WA (87 places, expected completion December 2020) and 36-40 John Rice Avenue, Elizabeth Vale SA (expected completion January 2021 for 102 LDC places). Both properties will be leased from January 2021 to Think Education (ASX: TNK) on initial 20-year lease terms with 2x10-year options, and rental reviews at the higher of 3% or CPI, with a maximum of 3.5%.

The property portfolio is expected to change over time as additional assets are acquired or sold.

**Debt Profile:** The Fund has a target gearing of 35% - 50% with a maximum gearing of 55% on any individual asset. The Manager has indicative terms for a \$7.0M debt facility to support the initial assets, with an initial LVR of 40% against an expected LVR covenant of 50%. The debt facility is indicative and will need to be finalised to acquire the initial assets. The debt facility will need to be expanded as additional assets are acquired and gearing levels are expected to change over time.

**Distributions:** Based on the issue price of \$1.00, the Manager is targeting distributions of 5.5 cpu (annualised). Distributions are paid monthly commencing on the first month after the Fund acquires its first asset, expected in January 2021. The Fund has a distribution reinvestment plan whereby investors can elect to reinvest their distributions to acquire additional units in the Fund.

**Fee Structure:** Core Property considers the Fund's fees to be low when compared to what we have seen in the market.

**Total Returns:** Core Property estimates the Trust to deliver an Internal Rate of Return (IRR) of 7.0% to 9.3% (midpoint 8.1% p.a.) assuming a five-year term and based on the Funds sensitivities (+/- 25 bps sensitivity to capitalisation rates, see the Financial Analysis section). Investors should be aware the Fund is exposed to a capital gain or loss based on the sale price of the current and any future assets in the portfolio, and overall market conditions, which may deliver an IRR outside this range.

## Investment Scorecard

<b>Management Quality</b>	★★★★☆
<b>Governance</b>	★★★★☆
<b>Portfolio</b>	★★★☆☆
<b>Income Return</b>	★★★★☆
<b>Total Return</b>	★★★★☆
<b>Gearing</b>	★★★★☆
<b>Liquidity</b>	★★★★☆
<b>Fees</b>	★★★★☆

## Key Metrics

Fund Structure		Fees Paid	
An unregistered open-ended investment trust, directly and indirectly owning commercial property assets that provide strong rental income with potential for capital growth.		Core Property considers the Fees charged by the Fund to be at the low end of what has been seen in the market (see Figure 5: Fees in Perspective).	
Management		Entry Fees:	Nil
The Manager, Primewest Management Pty Ltd, is a subsidiary of Primewest Group Limited (ASX: PWG), one of Australia's leading real estate funds management businesses. Primewest currently manages over \$4.6B worth of property across 7 asset classes for over 700 underlying wholesale and high net worth investors.		Exit Fees:	Nil
Property Portfolio		Buy / Sell Spread:	Nil / Nil (December 2020)
Upon settlement (expected Jan/Feb 2021)		Acquisition Fee:	Nil for Seed Assets. Up to 2.0% of purchase price of assets thereafter
No. of Properties:	3	Sale Fee (Disposal Fee):	Up to 1.0% of sale price
Acquisition Price:	\$17.5M	Finance Facility Fee:	0.2% of the amount borrowed.
Property Locations:	<ul style="list-style-type: none"> <li>60 Investigator Drive, Robina QLD</li> <li>26 Westbrook Parade, Ellenbrook WA</li> <li>36-40 John Rice Avenue, Elizabeth Vale SA</li> </ul>	Management Fee:	0.80% p.a. of the Fund's Gross Asset Value (GAV)
Property Sector:	Childcare	Expenses:	Capped at 0.35% p.a. of the Fund's Gross Asset Value Indirect Costs: estimate at 0.09% p.a. of Net Assets.
Key Tenant(s):	<ul style="list-style-type: none"> <li>Oxanda Education (QLD)</li> <li>Think Childcare (WA &amp; SA)</li> </ul>	Performance Fee:	20% of the outperformance of the Fund above the Benchmark (equity IRR of 8.0%, pre-tax, net of fees).
Occupancy:	100%		
WALE:	18 years		
Return Profile		Debt Metrics – Indicative, based on initial assets	
Forecast Distribution:	5.5 cents per unit (annualised) - 2021	Initial Debt:	\$7.0M
Distribution Frequency:	Monthly	Loan Period:	3 Years (indicative)
Tax advantage:	Distributions are expected to be tax deferred <sup>1</sup>	Initial LVR / LVR Covenant:	40% / 50% (indicative)
Estimated Levered IRR (pre-tax, net of fees):	7.0% - 9.3% p.a. (midpoint 8.1% p.a.) Based on the initial 3 assets in the portfolio and +/- 25bps sensitivity to terminal capitalisation rates	ICR / Low ICR / ICR Covenant:	5.6x / 5.6x / 2.0x (indicative)
Investment Period:	5 – 7 years (recommended)	Note: Debt is indicative only and subject to finalisation and settlement of the properties in January & February 2021. Debt terms are expected to change as additional properties are acquired.	
Note 1: Actual tax deferred component is subject to the final composition of the portfolio.		Legal	
Risk Profile		Offer Document:	Information Memorandum dated 26 November 2020
Property/Market Risk:	Capital at risk will depend on a portfolio of childcare assets located in Robina QLD, Ellenbrook WA and Elizabeth Vale SA as well as additional commercial properties expected to be acquired by the Fund.	Wrapper:	Unlisted Property Fund
Interest Rate Movements:	Any change in the cost of borrowings may impact the distributable income of the Funds underlying investments.	Responsible Entity and Manager:	Primewest Management Ltd (ABN 63 091 415 833, AFSL 250963)
Property Specific Risks:	Property investments are exposed to a change in vacancy rates, prevailing market rents, and economic supply and demand. The properties owned bear strong exposure to online retail.	Custodian:	Perpetual Corporate Trust Limited (ABN 99 000 341 533)
For a more detailed list of the key risks, refer to "Section 8: Risks" of the Information Memorandum.			

## Fund Overview

The Fund is an open-ended unlisted property fund that seeks to invest in a portfolio of diversified commercial properties across Australia. The Investment Manager and Responsible Entity, Primewest Management Ltd (“The Manager, “the RE”) is part of the Primewest Group (ASX: PWG). Primewest was established in 1995 and manages a national portfolio of over \$4.6B in property.

The Fund’s objective is to provide investors with stable monthly income with prospective long-term capital growth through investments in a diversified and growing portfolio of commercial property assets located in Australia. The Fund will gain this exposure by primarily investing in Direct Property, or via Property Trusts, while also maintaining a small exposure to A-REITs and cash to provide liquidity offered to investors. The Fund operates with target allocations to direct and indirect properties, A-REITs and cash products.

The Manager is looking to raise a minimum of \$13.9M through the issue of 13.9M units at \$1.00 per unit (“the Offer”). The Offer is expected to close on 18 December 2020, unless closed earlier by the Manager. The proceeds will be used, in conjunction with debt, to acquire the initial three property assets for the Fund valued at \$17.5M. A further \$2.5M is expected to be held in cash and A-REITs.

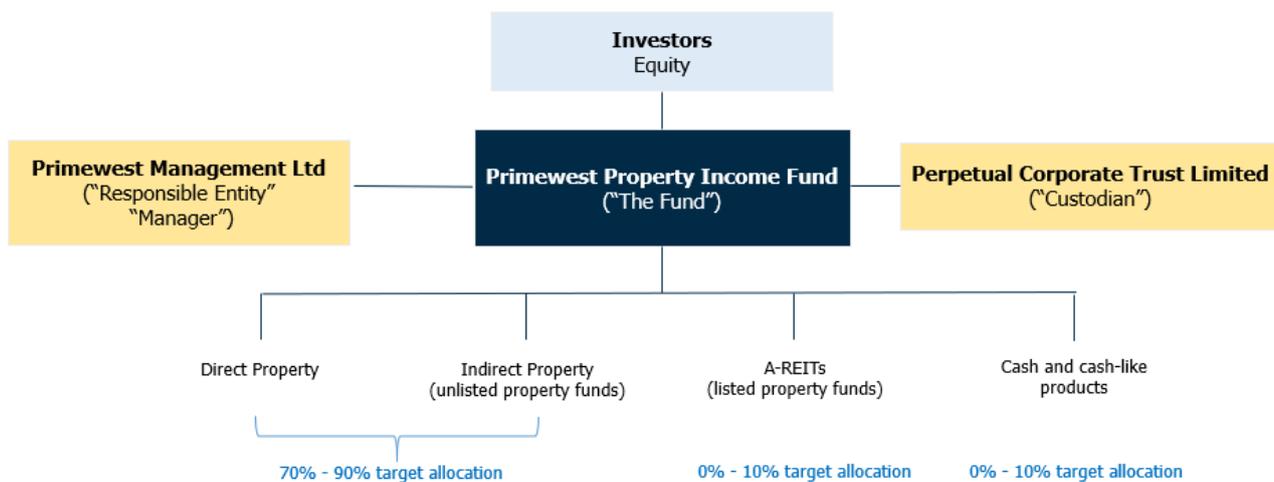
The Fund is open-ended and following the completion of the Offer, the Fund will offer units based on the daily Issue Price. The Fund is open to Wholesale Investors only under the terms of the IM.

The Manager is forecasting initial distributions of 5.5% p.a. based on the initial portfolio. Distributions are paid on a monthly basis, with a Distribution Reinvestment Plan available for Investors.

As an open-ended fund, the Manager aims to offer limited liquidity to investors in two ways.

- (1) The fund intends to offer a Limited Monthly Withdrawal Facility, whereby a minimum 0.5% of the Fund’s NAV will be made available to fund redemptions each month.
- (2) The fund intends to provide liquidity events on a rolling 5-year basis where investors may be offered to redeem units should they wish to do so.

Figure 1: Fund structure



Source: Core Property, Primewest

## Fund Strategy

The Fund aims to provide investors with stable monthly income and the potential for capital growth. To achieve this the Fund will invest in a diversified portfolio of commercial property assets across Australia, including but not limited to office, industrial/logistics, retail, healthcare and social infrastructure properties. The Fund may invest directly in properties or indirectly via investing in units in another fund that itself invests in property. The Fund may also invest in listed A-REITs and cash as part of its investment allocation.

The Fund will target well located properties in capital cities or major regional towns and will seek to build a portfolio with a targeted weighted average lease expiry (WALE) of 5 years. Once multiple properties are acquired, it is intended that no single property will represent over 35% of the Fund's Gross Assets, with Properties purchased with development purposes not to represent above 15% of the Fund's investment activities. The initial three assets are acquired to establish the Fund, and are all in the childcare sector, located in QLD, WA and SA. Following the acquisition of the seed assets, the Manager intends to raise further capital to continue to purchase and/or sell assets which fit the Fund's investment criteria.

The Fund intends to hold approximately 70% - 90% of assets in income producing properties, either directly or indirectly. The Fund will also target a holding of approximately 5%- 20% in more liquid assets such as A-REITs, cash and cash-like products. This exposure is intended to support the Fund's liquidity offering to investors.

Figure 2: Target Asset Allocation

Asset Class	Target Asset Allocation	Typical Allocation
Direct & Non-listed property	70% - 90%	85%
A-REITs	0% - 10%	10%
Cash or cash-like products	0% - 10%	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Source: Primewest

## Issue Price / Unit Price

The Manager is looking to establish the Fund through the issue of a minimum 13.9M units at \$1.00 per unit under the terms of the Offer. The Offer closes on 18 December 2020, unless withdrawn earlier. The Manager may also issue additional units at the Offer Price under the terms of the IM.

The Fund is open ended, and upon the closing of the Offer, investors may also purchase units in the Fund at the prevailing Application Price/Issue Price.

- The Application Price/Issue Price will be determined by the Unit Price of the Fund plus a Buy Spread. The Buy Spread is currently Nil.
- The Unit Price is determined by the prevailing Net Tangible Assets (NTA) of the Fund plus an adjustment for amortised establishment and acquisition costs. Costs are amortised costs over a five-year period.
- The Application Price, Issue Price and Unit Price will be calculated daily and the Manager intends to publish the prices on the Fund website.

Core Property has reviewed the Fund's pricing policy and considers it to be appropriate for the Fund.

To facilitate the acquisition of properties the Manager may also arrange for third parties or entities within the Primewest Group to acquire Acquisition Units at the prevailing Issue Price. The Acquisition Units rank equally with Ordinary Units except that the proceeds from the issue of Ordinary Units may be used to redeem Acquisition Units in priority to the redemption of Ordinary Units.

The Fund's valuation policy is to have all properties independently valued at least once every two years. We note that, in practice, Primewest typically undertakes independent valuations at least once every year to ensure properties are more accurately reported. Directors will also undertake an independent valuation if there has been a material change in value (ie greater than 5%).

The Fund offers a Distribution Reinvestment Plan (DRP) for investors wishing to receive their distributions by way of additional units in the Fund.

## Liquidity / exit strategy

Investors should view the fund as partially liquid. The Fund intends to offer limited liquidity to unitholders in two ways:

- (1) The Fund intends to offer a Limited Monthly Withdrawal Facility, whereby a nominated percentage of the Fund's NAV will be made available to fund redemptions. It is expected that at least 0.5% of the Funds NAV will be sufficient to fund withdrawal requests. If the withdrawal amount exceeds the NAV, then the Manager will scale back payment of withdrawal requests. In this circumstance, the "Scale Back Rate" will be calculated by dividing the amount determined to be available to satisfy the withdrawal amount by the value of withdrawal requests received that month. Any withdrawal request submitted in a month, that is not completely satisfied, will automatically carry over to the following month, unless alternatively desired by the Investor or determined otherwise by the Manager.
- (2) Additionally, the Fund plans to offer Periodic Liquidity Events on a rolling five-year basis whereby investors will be able to redeem some or all their units should they wish to do so. The terms of the Periodic Liquidity Event will be determined based on the financial position of the Fund at the time, and will take into account, but not be limited to, the possibility of sale for one or more of the Fund's assets or the raising of new equity or debt. The Periodic Liquidity Event may be suspended, cancelled or scaled back by the Manager if it determines it would not be in the best interests of remaining investors for liquidity to be offered. The Manager intends to satisfy withdrawal requests under a Periodic Withdrawal Event within a 12-month period.

## Debt Facility & Metrics

The Fund has a target gearing of 35% - 50% for the portfolio, with a maximum gearing of 55% for an individual asset. The Manager is in the process of arranging a debt facility of \$7.0M to fund the acquisition of the properties. Core Property has assumed a 3-year debt facility with an all-in-cost of debt of 2.40% p.a.

- The debt facility is expected to have an initial Loan to Valuation Ratio (LVR) of 40%. Based on an LVR covenant of 50%, Core Property estimates the value of the properties must fall by 32.2% to breach the 50% LVR covenant.
- The initial Interest Coverage Ratio (ICR) is forecast to be 5.6x. Core Property calculates the net passing income must decline by 64.4% for an ICR covenant of 2.0x times to be breached.

Core Property notes that, following the acquisition of the properties, the Fund is forecast to hold around \$2.5M in cash and A-REITs which may be used to support the debt requirements. Investors should note the Manager will need to finalise the debt facility in order to acquire the initial properties. In addition, the debt facility will need to be extended for the existing properties and to include additional properties that may be acquired by the Fund.

Figure 3: Debt Metrics – Indicative terms

Details	Metric
Bank / Financier	TBA
Security	First ranked mortgage over the assets in the Fund
Debt Facility Limit/ drawn debt	\$7.0M / \$7.0M
Loan Period	3 years
% Hedged / Fixed	0%
Average cost of debt	2.40% (indicative)
Initial LVR / LVR Covenant	40.0% / 50.0% (indicative)
Initial interest covered ratio (ICR) / (Lowest ICR) / ICR covenant	5.6x / 5.6x / 2.0x (indicative)
Amount by which valuation will have to fall to breach an indicative LVR covenant of 60%	32.2%
Decrease in rent income to breach an indicative ICR covenant of 2.0x	64.4%

Source: Core Property, Primewest

## Fees Charged by the Trust

A summary of fees charged by the Fund is provided in the table below.

Core Property considers the Management Fees to be at the low end of what is typically seen in the market.

Core Property considers the Acquisition Fee of Nil on Seed Assets will provide an initial benefit to the Fund. However, additional assets will be charged a 2% Acquisition Fee, which is at the high end of what we have seen in the industry (1.0% - 2.0%).

The Performance Fee is 20% of any outperformance above an IRR of 8.0% p.a. The Performance Fee is calculated and payable in quarters, and only charged for a quarter if any previous underperformance has been recovered. Core Property notes the hurdle rate is at the low end of what is currently seen in the industry. Investors should note the Manager has discretion to lower the hurdle to an IRR of 6.0% which, if exercised, would reduce investor returns.

Figure 4: Summary of Fees charged by the Fund

Fee Type	Fee Charged	Core Property Comment
Entry Fee	Nil	
Exit Fee	Nil	
Acquisition Fee	Nil on Seed Assets Up to 2% of the purchase price of the property thereafter	The Fund benefits from Nil acquisition fees on the seed assets. The Acquisition Fee of 2% thereafter is at the high end of the industry average of around 1.0% - 2.0%.
Property Disposal Fee	Up to 1.0% (excl GST) of the sale price of the property.	The Disposal Fee is at the low end of the industry average of around 1.0% - 2.0%
Management Fee	0.80% p.a. of the Fund's Gross Asset Value (GAV)	The Management Fee is at the low end of the range of what we have typically seen in the industry (0.7% - 1.1% p.a. of GAV). The Fee is accrued daily and paid monthly in arrears to the Manager, paid from the Fund's assets.
Expenses	Capped at 0.35% p.a. of the Fund's Gross Asset Value (GAV). Indirect Costs are estimated at 0.09% of the net asset value of the Fund.	
Performance Fee	20% (excluding GST) of the Fund's outperformance above the benchmark (currently an IRR of 8.0%). The benchmark may increase or decrease at the Manager's discretion <sup>1</sup>	Payable to the Manager quarterly in arrears.  The hurdle rate of 8% is at the low end of what is currently seen in the market (8% - 10%). However, if further reduced Core Property views the Performance Fee would be easily accessible.
Finance Facility Fee	0.2% of the total amount borrowed by the Fund.	Payable by the Fund's assets on the date a facility is entered, renewed, extended or varied

Note 1: The Benchmark has a minimum IRR hurdle of 6.0% p.a.  
Source: Primewest, Core Property

## All-in fee analysis

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

Overall, Core Property estimates the Manager is entitled to 4.9% of the total cash flow, which leaves investors with \$1.42 per unit, or approximately 95% of the total. Core Property considers the fees payable to the RE to be at the low end of the range, when compared to similar products, which are typically around 7% - 9%.

It should be noted the analysis is based on the initial portfolio which the Manager does not charge an Acquisition Fee. Additional properties acquired by the Fund will be subject to an Acquisition Fee of 2.0% of the purchase price.

Core Property stresses that these are estimates of how much investors will receive and not guaranteed amounts. For further details, please refer to the *Financial Analysis* section.

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

Core Property estimates that for every \$1.00 of equity invested the Fund can return:	Amount per \$1.00 unit
Principal repayment to investors:	\$1.00
Income and capital gains to investors:	\$0.42
<b>Total cash to investors:</b>	<b>\$1.42</b>
Acquisition fee:	\$0.00
Base management fee:	\$0.06
Disposal fee:	\$0.01
<b>Fees for the Manager (excluding disposal/admin):</b>	<b>\$0.07</b>
<b>Total cash generated by Fund:</b>	<b>\$1.49</b>
Fees = % of total cash generated (before fees)	4.9%
Up-front fee vs total fees	0.0%

Source: Core Property estimates

## The Investment Portfolio

The Fund will look to acquire three childcare properties valued at \$17.5M with settlement of the properties expected in January and February 2021. Upon settlement, and subject to the minimum equity of \$13.9M, the Fund is expected to also hold \$1.0M in cash and \$1.5M in A-REITs. A summary of the properties is provided below. Investors should be aware that the portfolio metrics of the Fund are expected to change over time as new properties are acquired and new equity/debt is arranged.

- **60 Investigator Drive, Robina QLD** is a 2004 purpose built 122 place childcare facility located in Robina, a suburb within the Gold Coast, QLD. The centre has recently been fully refurbished and is solely leased to Oxanda Education, a premium childcare and early education operator in east Australia. The facility comprises a functional layout for indoor and outdoor activities with on-site parking. The property is well-situated, located in a developing mixed-use precinct with surrounding generators such as Robina Health Precinct, Robina Town Centre, Robina State School and Robina State High School. The property is being sold by Oxanda Education on a sale and leaseback arrangement with a new lease term of 15 years, and 3x10 option periods. The lease is on a net rental basis with annual reviews higher of 2.5% or CPI.
- **26 Westbrook Parade, Ellenbrook WA** is a brand-new purpose built 87 licensed place Childcare centre in Ellenbrook, a northern suburb in WA approximately 27km from Perth CBD. The facility is under construction, with practical completion expected in December 2020, and lease commencement in January 2021 to Think Childcare (ASX: TNK). Think Childcare is an ASX listed childcare and early learning operator which currently owns, manages, and operates 78 long day care childcare facilities in Australia. The property is well positioned within the Ellenbrook growth area, located near developments such as the Ellenbrook retail / large format retail precinct, Arbor Grove Primary School and Ellen Sterling Primary School. Think Childcare will enter a new lease term of 20 years, with 2x10 option periods, on a net basis, subject to rental reviews higher of 3% or CPI, and a maximum of 3.5% p.a..
- **36-40 John Rice Avenue, Elizabeth Vale SA** is a 102 licensed place Childcare centre under construction in Elizabeth Vale, a northern suburb in South Australia located approximately 25km from Adelaide CBD. The facility will be fully leased to Think Childcare (ASX: TNK) following expected completion in January 2021 and comprises a large multipurpose layout fit for indoor and outdoor activities with onsite parking. The property is well situated in a major employment area with surrounding developments such as Elizabeth Vale Primary School and Lyell McEwin Hospital. Think Childcare will enter a new lease term of 20 years, with 2x10 option periods, on a net basis, subject to rental reviews higher of 3% or CPI, subject to a maximum of 3.5% p.a..

Figure 6: Initial Properties

60 Investigator Drive, Robina QLD



36-40 John Rice Avenue, Elizabeth Vale SA



26 Westbrook Parade, Ellenbrook WA



Source: Bluebird Early Learning Education website, Nido Early School website

## Property Valuations

Independent valuations were undertaken on the three initial properties, which are summarised below.

Figure 7: Valuation Metrics

Property Portfolio	60 Investigator Drive, Robina QLD	26 Westbrook Parade, Ellenbrook WA	36-40 John Rice Avenue Elizabeth Vale SA
<b>Title</b>	Freehold	Freehold	Freehold
<b>Constructed</b>	2004	Jan 2021 (est completion)	Feb 2021 (est completion)
<b>Ownership</b>	100%	100%	100%
<b>Site Area</b>	2,294 sqm	2,244 sqm	2,438 sqm
<b>Main Building Area</b>	701 sqm	658 sqm	729 sqm
<b>Long Day Care (LDC) Places</b>	122 places	87 places	102 places
<b>Major Tenant (% of Income)</b>	Oxanda Education	Think Childcare trading as Nido Early Learning	Think Childcare
<b>Weighted Average Lease Expiry</b>	15 years	20 years on completion	20 years on completion
<b>Occupancy</b>	100%	100%	100%
<b>Initial Net Passing Income</b>	\$425,000 p.a.	\$339,300 p.a.	\$326,400
<b>Net Market Income (fully leased)</b>	\$425,000 p.a.	\$339,300 p.a.	\$326,400
<b>Valuation</b>	\$7.25M	\$5.2M	\$5.17M <sup>1</sup>
<b>Acquisition Price</b>	\$7.25M	\$5.2M	\$5.0M
<b>Initial Passing Yield</b>	5.86%	6.50%	6.31%
<b>Capitalisation Rate</b>	5.95%	6.50%	6.25%
<b>Valuer</b>	Colliers	Colliers	JLL
<b>Valuation Date</b>	October 2020	November 2020	December 2020
<b>Passing Income per place</b>	\$3,484 per place	\$3,900 per place	\$3,200 per place
<b>Capital value per place</b>	\$59,426 per place	\$60,000 per place	\$50,686 per place

Note 1: \$5.17M based on executed lease, \$4.39M based on vacant possession.

Source: Colliers, JLL, Primewest

## Leases, tenants and income

**60 Investigator Drive, Robina QLD** is being acquired on a sale and leaseback arrangement with Oxanda Education, trading as Bluebird Early Education Robina. The lease will a new 15-year lease term with 3 x 10-year option periods. Annual rent reviews are at the higher of 2.5% or CPI.

Oxanda Education is a premium owner operator of childcare and early education centres in Eastern Australia. Oxanda was established in 2013 and has grown to be included as a market leader by industry experts, owners and participants. Oxanda currently has seven locations in Victoria, seven in NSW and one in Queensland and is targeting 11 new centres to be opened in 2021. The centre in Robina will be Oxanda's second location within Queensland, having already established in Morayfield, North of Brisbane CBD. Oxanda holds a strong focus in delivering and acquiring infrastructure and facilities that support their progressive curriculum, as well as ensuring buildings serve the wider community by focusing on sites with close proximity to existing amenity offerings in combination with an in depth demographic analysis.

**26 Westbrook Parade, Ellenbrook WA and 36-40 John Rice Avenue, Elizabeth Vale SA** are childcare centres under construction with agreed leases to be established with Think Childcare (ASX: TNK) upon completion in January and February 2021. Both leases will be for 20-years with 2 x10-year options to extend. Leases are on a net rental basis with annual reviews at the higher of 3% or CPI, subject to a maximum 3.5% p.a..

Think Childcare (ASX: TNK) is an ASX listed childcare and early operating learner, regarded as a market leader of the industry. Established in 2009 through the acquisition of 12 centres from ABC Learning’s receivership, Think has grown its portfolio dramatically to currently owning, managing and operating 78 Long Day Care facilities within Australia and has a market capitalisation of around \$100M. Think has been able to grow its portfolio over the years, by forming a strategy to acquire and integrate childcare centres that meet a strict acquisition criterion while simultaneously seeking to optimize the centres performance and increase its profitability.

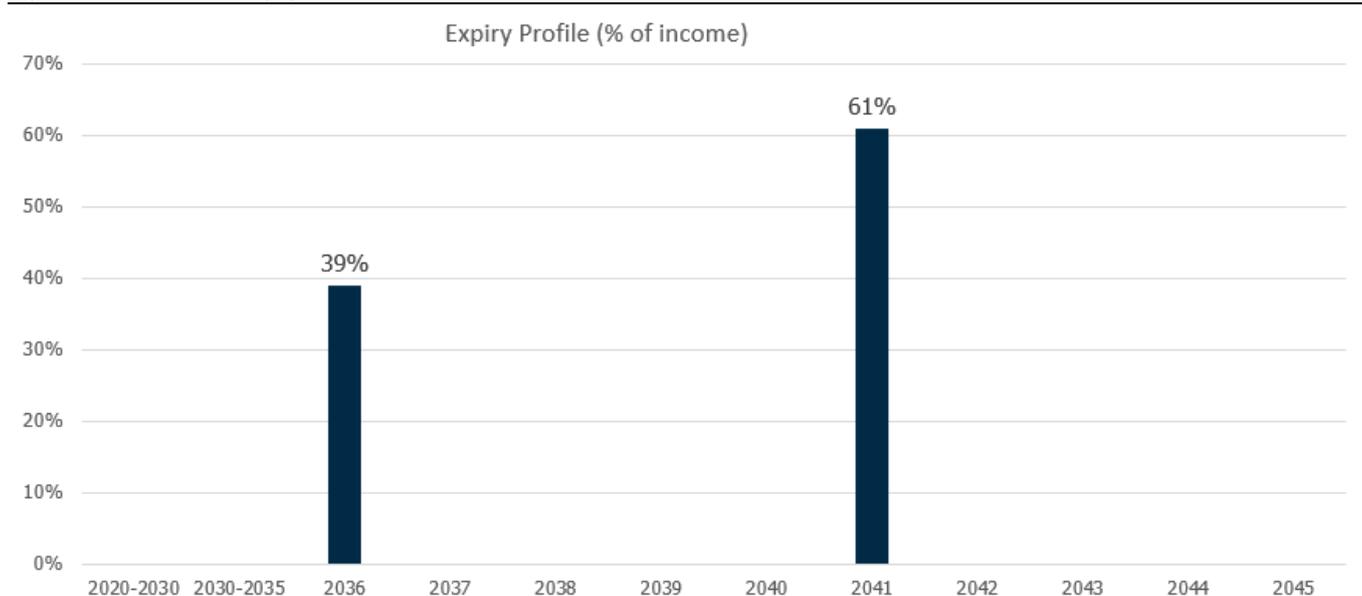
In November 2020 Think Childcare (ASX: TNK) received indicative takeover proposals from Alceon Group and Busy Bees Early Learning at \$1.35 per security and \$1.75 per security respectively. As at the time of this report, the offers remain non-binding and are currently being considered by the Board of Think Education. Core Property understands the Ellenbrook WA and Elizabeth Vale SA properties are under a Heads of Agreement, with an expected start date in January and February 2020. We expect this will be prior to the finalisation of any potential takeover of Think Education, if this were to occur.

Figure 8: Tenant Metrics

Location	Tenant	LDC Places	Lease Period	Lease Term	Options	Rent Review	Security
60 Investigator Drive, Robina QLD	Oxanda Education T/A Bluebird Early Learning Robina	122	January 2021 – 2036	15 years	10+10+10 years	Higher of 2.5% or CPI	3-month gross bank guarantee
26 Westbrook Parade, Ellenbrook WA	Think Education T/A Nido Early Learning	102	January 2021 – 2041	20 years	10+10 years	Higher of 3% or CPI subject to a maximum 3.5% p.a.	6-month gross bank guarantee and TND guarantee. TND is the stapled entity of ASX: TNK
36-40 John Rice Ave, Elizabeth Vale SA	Think Education	87	February 2021 - 2041	20 years	10+10 years	Higher of 3% or CPI subject to a maximum 3.5% p.a.	6-month gross bank guarantee and TND guarantee. TND is the stapled entity of ASX: TNK
<b>Total / Average</b>		<b>311</b>	<b>18 years</b>				

Source: Primewest

Figure 9: Portfolio lease expiry



Source: Primewest, Core Property

## Market Sales Evidence

The table below shows the comparable sales transactions for similar assets that were recently sold over the past two years, as provided by independent valuations from Colliers and JLL.

The Robina QLD property is being acquired at the higher end of the range when compared to comparable market transactions provided by the independent valuation. We note the equivalent market yield is in line with market averages and the property provides a strong lease covenant in an attractive location, near the Robina State High School and Robina Health Precinct.

Think Childcare in Ellenbrook WA holds a higher rate per place compared to comparable market transactions. This is likely due to the strong lease covenant and expected completion of the site with a new long-term lease expected.

The Elizabeth Vale SA property is being acquired at a rate per place at the lower end of the range when compared to recent market transactions.

Figure 10: Comparable Sales Transactions

Property	Sale Date	Sale Price	No. of places	Equivalent Market Yield	Rate per place
7 Cowper Avenue, Eagleby QLD	Oct-20	\$4.1M	95	5.53%	\$43,158
5-9 Freda Street, Ashmore QLD	Sep-20	\$7.6M	118	6.00%	\$64,579
190-200 Scarborough Street, Southport QLD	Sep-19	\$4.5M	105	5.84%	\$42,857
396-398 Rio Vista Boulevard, Mermaid Waters QLD	Map-19	\$6.3M	98	6.00%	\$63,776
<b>Average / Range</b>		<b>\$5.6M</b>	<b>104</b>	<b>5.84%</b>	<b>\$43,158 - \$64,579</b>
<b>60 Investigator Drive, Robina QLD</b>		<b>\$7.25M</b>	<b>122</b>	<b>5.86%</b>	<b>\$59,426</b>
Property	Sale Date	Sale Price	No. of places	Equivalent Market Yield	Rate per place
3033 Albany Highway, Kelmscott WA	Oct-20	\$4.8M	110	6.89%	\$43,545
Unit 1, 15 Covenant Lane, Byford WA	Aug-20	\$3.0M	82	6.82%	\$36,396
1 Forrest Road, Padbury WA	Jun-20	\$4.6M	82	6.48%	\$56,159
53 Orsino Boulevard, North Coogee WA	Oct-19	\$7.1M	125	6.25%	\$56,959
<b>Average / Range</b>		<b>\$4.9M</b>	<b>100</b>	<b>6.61%</b>	<b>\$36,396 - \$56,959</b>
<b>26 Westbrook Parade, Ellenbrook WA</b>		<b>\$5.2M</b>	<b>87</b>	<b>6.50%</b>	<b>\$60,000</b>
Property	Sale Date	Sale Price	No. of places	Equivalent Market Yield	Rate per place
364-366 Magill Rd, Kensington Park SA	Oct-19	\$6.0M	92	5.64%	\$65,217
43 Adelaide Rd, Mount Barker SA	Sep-19	\$6.7M	136	6.29%	\$49,265
49-51 Vennachar Dr, Hallett Cove SA	Aug-19	\$4.3M	90	6.43%	\$48,056
331 Morphett Rd, Oaklands Park SA	Jun-19	\$7.4M	140	6.44%	\$52,785
162-168 Tapleys Hill Rd, Royal Park SA	Jun-19	\$6.6M	130	6.44%	\$50,462
21 Cardinal St, St Clair SA	Jun-19	\$6.4M	120	6.30%	\$52,917
<b>Average / Range</b>		<b>\$6.2M</b>	<b>118</b>	<b>6.26%</b>	<b>\$48,056 - \$65,217</b>
<b>36-40 John Rice Ave, Elizabeth Vale SA</b>		<b>\$5.0M</b>	<b>102</b>	<b>6.31%</b>	<b>\$50,686</b>

Source: Colliers, JLL

## Market Rental Evidence

The following table summarises relevant comparable lease deals as provided by the independent valuations. The table shows the properties are being leased at the mid to upper range when compared to recent childcare leases.

Figure 11: Comparable Rental Evidence

Property Address	Tenant	Commence Date	Places	Rent per place
5-9 Freda Street, Ashmore QLD	Sanctuary Early Learning	May-20	118	\$3,875
7 Cowper Avenue, Eagleby QLD	Kids Learning	Jun-19	95	\$2,385
396-398 Rio Vista Boulevard, Mermaid Waters QLD	Sanctuary Early Learning	Nov-19	98	\$3,827
<b>Range</b>				<b>\$2,385 - \$3,875</b>
<b>60 Investigator Drive, Robina QLD</b>	<b>Oxanda Education</b>	<b>Jan-21</b>	<b>122</b>	<b>\$3,484</b>
Property Address	Tenant	Commence Date	Places	Rent (per sqm)
Iluka Plaza	Nido Early Learning	Oct-20	87	\$3,910
72 Railway Parade, Bassendean WA	Nido Early Learning	Nov-20	92	\$3,400
Hillary's Plaza, Whitfords City Shopping Centre WA	Nido Early Learning	Jan-20	82	\$4,262
35 Weston St, Carlisle	Nido Early Learning	Aug-18	82	\$3,780
<b>Range</b>				<b>\$3,400 - \$4,262</b>
<b>26 Westbrook Parade, Ellenbrook WA</b>	<b>Think Childcare</b>	<b>Jan-21</b>	<b>87</b>	<b>\$3,900</b>
Property Address	Tenant	Commence Date	Places	Rent (per sqm)
331 Morphett Rd, Oaklands Park SA	Paisley Park Early Learning	Jun-19	140	\$3,400
21 Cardinal St, St Clair SA	Guardian Community Early Learning	Mar-19	120	\$3,333
49-51 Vennachar Dr, Hallett Cove SA	Paisley Park Early Learning	Dec-18	90	\$3,107
571 Marion Rd, South Plympton SA	G8 Education	Mid-2018	108	\$3,100
<b>Range</b>				<b>\$3,100 - \$3,400</b>
<b>36-40 John Rice Ave, Elizabeth Vale SA</b>	<b>Think Childcare</b>	<b>Feb-21</b>	<b>102</b>	<b>\$3,200</b>

Source: Colliers, JLL

## Capex

The independent valuation has identified minimal capital expenditure of around \$0.1M for Robina QLD and Ellenbrook WA locations over the next five years.

Investors should expect that as additional properties are acquired, the Fund will likely incur additional capital expenditure to maintain and enhance the value of properties in the portfolio.

## Financial Analysis

Core Property has reviewed the financial forecasts of the Fund, based on the Manager's assumptions for the initial three assets in the Fund. The key assumptions in the forecasts are:

- Based on the initial three seed assets, which the Manager forecasts can support initial distributions of 5.5% p.a.
- Assumes distributions commence from 31 January 2021, being the month of settlement for the first property in the Fund.
- Based on 13.9M of units on issue, raised under the Offer.
- Assumes a \$1.5M investment in A-REITs with a 5.5% distribution yield.
- Assumes debt facility of \$7.0M with an all-in cost of debt of 2.4% p.a.

The forecasts should be seen as indicative only as the Fund is open ended and the financial position is likely to change as new properties are acquired and new equity and debt is raised. In particular, investors should note that:

- Distributions are likely to increase if the Fund acquires properties on higher yields, or if increased leverage is utilised.
- Distributions are likely to reduce if the fund acquires properties on lower yields, or if less leverage is used, or the Fund accepts new equity subscriptions and is unable to deploy the capital to acquire properties with sufficient returns.

A summary of Core Property's forecasts based on these assumptions is presented below.

Figure 12: Profit & Loss Forecast and Pro Forma Balance Sheet

Profit & Loss - Forecast \$M	12 months to 31 January 2022
Net Property Income	1.1
A-REITs Income	0.1
Expenses	-0.1
Management Fees	-0.2
Earnings Before Interest & Tax	0.9
Net Interest Expense	-0.2
<b>Total Available for Distribution</b>	<b>0.8</b>
Increase in Retained Earnings	0.0
<b>Cash Distribution - \$M</b>	<b>0.8</b>
Cash Distribution per unit (cents)	5.5 cpu
<b>Annualised distribution yield</b>	<b>5.5%</b>
Balance Sheet – \$M – Pro Forma	At Commencement \$M
Cash	1.0
Investment Property	17.5
A-REITs	1.5
Other Assets	-
<b>Total Assets</b>	<b>20.0</b>
Borrowings	7.0
Other Liabilities	-
<b>Total Liabilities</b>	<b>7.0</b>
<b>Net Assets</b>	<b>13.0</b>
Units on Issue	13.9
NTA per Unit	\$0.94
Loan To Valuation Ratio (LVR)	40%

Source: Primewest, Core Property

## Initial NTA

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

Core Property has calculated the starting NTA based on the initial three assets in the Fund. The initial NTA of these assets is calculated at \$0.94 per unit, with majority of dilution coming from debt and Fund establishment costs. The NTA calculations assume acquisition costs are fully expensed, whilst the Issue Price takes into account the amortisation of purchase costs.

It should be noted the Manager does not charge an Acquisition Fee on the initial assets in the Fund. Core Property estimates this has provided a ~\$0.03 per unit benefit to the initial NTA. Investors should expect the NTA of the Fund to change as additional assets are acquired and Acquisition Fees are charged.

Figure 13: Initial NTA

Amount per unit	\$ per unit
Issue Price	\$1.00
Less:	
Stamp duty	-\$0.05
Property Acquisition Fee	-
Net Debt & Fund Establishment costs	-\$0.01
<b>Initial NTA per unit</b>	<b>\$0.94</b>

Source: Core Property

## Expected Future Performance (IRR Sensitivity)

The three main performance drivers in a property syndicate are:

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

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

**Based on an assessment of the Manager's forecasts, Core Property expects the Fund to deliver a 5-year Internal Rate of Return (IRR) in the range of 7.0% - 9.3% p.a. (midpoint 8.1%).** The calculation is based on the Manager's forecasts and assumes a +/-50bps movements in the terminal capitalisation rate and interest rates.

**Investors should be aware the sensitivities include the potential for the valuation of the assets to increase or decrease (depending on market conditions) which will result in either a capital gain or loss for investors. Investors should consider the calculations to be indicative only as the Fund is open-ended and the portfolio metrics are expected to change over time.**

Figure 14: Pre-tax, 5-year IRR (after fees) sensitivity analysis – Manager's assumptions

Terminal cap rate	Cost of debt				
	1.40%	1.90%	2.40%	2.90%	3.40%
<b>5.79%</b>	10.4%	10.2%	10.1%	9.9%	9.7%
<b>6.04%</b>	9.5%	9.3%	9.1%	8.9%	8.6%
<b>6.29% (base)</b>	8.5%	8.3%	<b>8.1%</b>	7.9%	7.7%
<b>6.54%</b>	7.6%	7.4%	7.2%	7.0%	6.7%
<b>6.79%</b>	6.8%	6.5%	6.3%	6.1%	5.8%

Source: Core Property

## Management & Corporate Governance

The Trustee is a subsidiary of Primewest Group Limited (ASX: PWG). Established in 1995, Primewest is a leading Australian real estate funds manager focusing on income and development funds. Primewest currently manages over \$4.6B worth of funds, spanning 7 asset classes, predominately on behalf of wholesale or institutional investors.

Core Property has reviewed the composition of the RE board and believes it has the relevant skills and experience to operate the Fund successfully. Each Director has demonstrable property and investment management skills, with over 20 years' industry experience. The table below provides more detail on Primewest's directors and key managers, as provided in the IM.

Figure 15: Board & Management

### Board of Primewest Group

Name & Role	Experience
<p><b>John Bond</b> Executive Chairman</p>	<p>John is a founding Director of Primewest and holds over 30 years' experience in investment management, development projects and asset management functions. Prior to his work in the property sector, he worked in law and investment banking. John is a qualified solicitor and holds a Bachelor of Commerce degree and is a Corporate Member of the Property Council. He is Chairman of two charities, Australian Doctors for Africa and The Fathering Project. John is also a Board Member of the Art Gallery of Western Australia Foundation.</p>
<p><b>Jim Litis</b> Executive Director</p>	<p>Jim is a founding Director of Primewest. Qualified from Curtin University with a Bachelor of Science (Pharmacy), Jim ventured into the retail sector instead where he opened Douglas Hi Fi and a Sony Central Store. His moved to property occurred in the early 1980's where he was part of several acquisitions of CBD properties and a small shopping centre.</p>
<p><b>David Schwartz</b> Managing Director</p>	<p>David is a founding Director of Primewest and holds over 25 years' experience in investment management and development projects. Over the course of his career, David has been involved in business across the retail, manufacturing and distribution sector. He also serves as a Non-Executive Director of Schaffer Corporation Ltd.</p>
<p><b>Erin Flaherty</b> Independent Non-Executive Director</p>	<p>Erin is an experienced company director with 30 years in both private and Government sectors. She has worked as a lawyer at Baker &amp; McKenzie, as corporate counsel and Australian director for Parker &amp; Parsley Petroleum, and commercial manager for Reliance Rail. In 2012 Erin joined the newly formed advisory body, Infrastructure NSW and was a founding member of the Sydney Metro Authority Board. In 2016 Erin was appointed as a Guardian of Board of the Future Fund. Erin recently joined the Board of Moorebank Intermodal Company and is also a Trustee of the Sydney Cricket Ground Trust. She sits on the Board of the NSW Police Citizens Youth Clubs and is on the Risk and Governance Committee and Infrastructure Committee.</p>
<p><b>Hamish Beck</b> Independent Non-Executive Director</p>	<p>Hamish is the Managing Director of Beck Advisory and Property Australia Management (PAM), the dedicated asset management division of Beck Advisory. He founded Beck Advisory in 2000 and PAM in 2008, following a successful career in the Australian property industry for some of WA's largest development and construction companies. Hamish is also Chairperson of the Swan River Trust, Deputy Chairperson of the Rottnest Island Authority, Member of the Central Perth Planning Committee, and Board Member of the Western Australian Maritime Museum Advisory Committee. In addition, he is an advisor to various institutional groups. Hamish joined the Board in October 2019.</p>

## Management Team

Name & Role	Experience
<b>John Bond</b> Executive Chairman	See Board of Primewest above
<b>Jim Litis</b> Executive Director	See Board of Primewest above
<b>David Schwartz</b> Managing Director	See Board of Primewest above
<b>Julian Lodge</b> Chief Investment Officer	Julian is the Chief Investment Officer at Primewest. He holds over 25 years' experience in the property industry with capabilities across funds management, development and asset management. His main role is the identification and execution of investment opportunities where he works alongside the asset management team to deliver investment outcomes. Julian is a Board member on the Western Australian Property Council, Divisional Council and the Property Education Foundation of WA. He is a Senior Associate member of FINSIA and is also a qualified Real Estate Agent.
<b>David Creasy</b> Chief Financial Officer	David is the Chief Financial Officer with over 25 years' experience of financial, strategic and operational leadership across the property, hospitality and retail industries. Within the property sector, he has significant experience in development projects across residential, commercial and mixed-use assets across North America. David's role within Primewest is leading the internal business operations. He is a Chartered Professional Accountant (Canada).
<b>Bruce McCully</b> Head of Asset Management	Bruce is the Head of Asset Management with over 30 years' experience in the property industry. He has gained his experience through senior roles in Macquarie Bank, Centro Properties and Metcash, as well as 10 years spent as the State Property Manager at Coles for WA, ST and NT, where he was responsible for the growth of the business in each of those markets. Bruce's main role within Primewest is leading Asset Management of the business, governing and realizing properties in order to maximise their value. Bruce is a licenced Real Estate Agent and holds an MBA from the University of Western Australia. Bruce has been with Primewest since early 2020.
<b>Jamie Gordon</b> Fund Manager	Jamie is the Fund Manager of the Fund. Jamie has successfully established and managed a counter-cyclical fund as part of a significant office mandate. Previously, Jamie worked in Primewest's asset management and capital transactions teams. Jamie worked for Aberdeen Asset Management's real estate fund management team in London. Jamie is a Member of the Royal Institution of Chartered Surveyors (MRICS) and holds a MA in Economics. Jamie has been with Primewest since 2016.

Source: Primewest

## Compliance and Governance

The Fund is an Australian managed investment scheme that is structured as a unit trust and is registered with the Australian Securities and Investments Commission (ASIC). The Fund is required to comply with the Corporations Act and the provisions of its Australian Financial Services license. The Fund's compliance plan provides for a compliance committee with a majority of external members.

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

## Past Performance

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

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

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

## Appendix – Ratings Process

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

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

### The Ratings

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

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

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