

Unlisted Property Trust Report

Primewest Property Income Fund

March 2021

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

Primewest Property Income Fund

Contents

1.	Overview	2
2.	Key Considerations	3
3.	Key Metrics	4
4.	Fund Overview	5
5.	The Property Portfolio	10
6.	Financial Analysis	15
7.	Management & Corporate Governance	17
8.	Past Performance	18
9.	Appendix – Ratings Process	19
10.	Disclaimer & Disclosure	20

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

March 2021

The Primewest Property Income Fund ("the Fund") is an unlisted open-ended property fund that aims to provide investors stable monthly income with the potential for capital growth through investing in a diversified portfolio of commercial property in Australia. The Fund's Manager Primewest P/Q Pty Ltd ("the Manager") and Responsible Entity, Primewest Management Ltd ("the RE"), are part of Primewest Group (ASX: PWG), an ASX-listed fund manager with over \$4.9B 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, healthcare, agriculture, 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 15% target allocation) and cash products (up to 15% target allocation) to support the Fund's liquidity requirements.

The Fund is open-ended and units may be acquired based on the daily issue price, which is currently \$1.00 per unit (1 March 2021). The Fund is open to investors with a minimum investment of \$10,000.

The Fund's property portfolio continues to grow and diversify through the acquisition of properties. The portfolio is currently expected to expand to four properties in the childcare and office sectors, valued at \$48.6M with 100% occupancy and a WALE of 10.4 years. The properties include (1) three childcare assets located in Robina QLD, Ellenbrook WA and Elizabeth Vale SA valued at \$17.5M in total; and (2) a recently completed 9-level A-Grade office building in Maroochydore QLD valued at \$31.1M. The childcare properties have greater than 15-year leases with major operators Oxanda Education (a premium childcare operator) and Think Education (ASX: TNK). The office property is fully leased to 17 tenants with a WALE of 6.1 years. It is expected that the portfolio metrics will change as the Fund diversifies and acquires additional properties in other sectors.

The Fund's 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 also invests in very low yielding cash securities and A-REIT portfolios.

The Fund has a target gearing of 35% - 50% with a maximum of 60%. The Fund has indicative terms to expand its debt facility for the four properties, with estimated gearing at 40.6%. The debt facility is expected to have a Loan-To-Valuation Ratio (LVR) of 46.4% against an indicative LVR covenant of 50%. Whilst this provides a small cushion against adverse valuation movements, the Fund's holdings in cash and A-REITs may also be used to reduce debt, if required. 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% - 9.5% (midpoint 8.2% 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 a focus on providing a sustainable yield currently set at 5.5% p.a.. 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: Open Ended

Min. Investment: \$10,000

Unit Entry Price: \$1.00¹
(1 March 2021)

Buy / Sell Spread: Nil / Nil
(1 March 2021)

Net Tangible Asset per unit: \$0.90¹

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: Based on the proposed portfolio of 4 assets, after expensing acquisition costs.

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Note: This report is based on the Primewest Property Income Fund Product Disclosure Statement dated 5 February 2021, 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 \$4.9B 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 has 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: Investors may subscribe for units at the daily Issue Price, calculated based on the Net Asset Value of the Fund adjusted for the amortisation of acquisition costs over 5 years. The Issue Price at 1 March 2021 is \$1.00 per unit.

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 15% in A-REIT's and up to 15% in cash products. The Fund will seek properties in capital cities or major regional towns, across the office, industrial/logistics, healthcare, agriculture, 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.

Property Portfolio: The Fund was established in December 2020 and continues to acquire assets to diversify and grow the portfolio. The initial seed assets consisted of 3 childcare assets in QLD, WA and SA, valued at \$17.5M, and the Fund is looking to acquire its fourth asset, a newly completed office building in QLD, valued at \$31.1M. Upon settlement, the Fund will own \$48.6M of properties in the Office and Childcare sectors, with a portfolio WALE of 10.4 years and 100% occupancy. The properties include: (1) 60 Investigator Drive, Robina QLD, a 122 place Long Day Care (LDC) facility leased to Oxanda Education on a 15-year lease, (2) 26 Westbrook Parade, Ellenbrook WA, a newly completed centre with 87 places, leased to Think Education (ASX: TNK) on a 20-year lease, (3) 36-40 John Rice Avenue, Elizabeth Vale SA, a new 102 place centre leased to Think Education (ASX: TNK) on 20-year lease term, and (4) Foundation Place, 8 Market Lane, Maroochydore, a newly completed 9-level A-Grade office building completed in 2020. 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 60%. The Manager has indicative terms to expand the debt facility to \$22.5M to acquire the properties in the portfolio, with an estimated gearing of 40.6%. The Loan to Valuation Ratio (LVR) is expected to be 46.4% against an LVR covenant of 50%. The Fund is forecast to hold an additional \$7.0M in cash and A-REIT investments, which can be used to pay down debt to ~32% if required. 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 cpa (annualised). Distributions are paid monthly. 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 Fund to deliver an Internal Rate of Return (IRR) of 7.0% to 9.5% (midpoint 8.2% 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

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

Key Metrics

Fund Structure		Fees Paid	
A registered managed investment scheme structured as a unit trust. The Fund is open-ended and owns commercial property assets that provide strong rental income with the potential for capital growth.		Entry Fees:	Nil
		Exit Fees:	Nil
		Buy / Sell Spread:	Nil / Nil (February 2021)
		Acquisition Fee:	2.0% of purchase price
		Sale Fee (Disposal Fee):	Up to 1.0% of sale price
		Finance Facility Fee:	0.21% of the amount borrowed.
		Management Fee:	0.80% p.a. of the Fund's Gross Asset Value (GAV)
		Expenses:	Capped at 0.35% p.a. of the Fund's Gross Asset Value.
		Performance Fee:	20% of the outperformance of the Fund above the Benchmark (being an aggregate 8.0% p.a. return, pre-tax, net of fees).
		Note 1: The initial seed assets of 3 childcare centres had a Nil Acquisition Fee.	
Management		Debt Metrics – indicative	
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 \$4.9B worth of property across 7 asset classes for over 700 underlying wholesale and high net worth investors.		Debt:	\$22.5M
Property Portfolio		Loan Period:	3 Years (indicative)
Proposed portfolio (est settlement 31 March 2021)		LVR / LVR Covenant:	46.4% / 50% (indicative)
No. of Properties:	4	ICR / Low ICR / ICR Covenant:	4.6x / 4.6x / 2.0x (indicative)
Acquisition Price:	\$48.6M	Note: Debt terms are expected to change as additional properties are acquired.	
Property Locations:	<ul style="list-style-type: none"> 60 Investigator Drive, Robina QLD 26 Westbrook Parade, Ellenbrook WA 36-40 John Rice Avenue, Elizabeth Vale SA Foundation Place, 8 Market Lane, Maroochydore QLD 	Legal	
Property Sector:	Childcare, Office	Offer Document:	Product Disclosure Statement dated 5 February 2021
Key Tenant(s):	<ul style="list-style-type: none"> Oxanda Education (QLD) Think Childcare (WA & SA) Locality Planning Energy Pty Ltd 	Wrapper:	Unlisted Property Fund
Occupancy:	100%	Responsible Entity:	Primewest Management Ltd (ABN 63 091 415 833, AFSL 250963)
WALE:	10.4 years	Manager:	Primewest P/Q Pty Ltd (ABN 28 620 298 339)
		Custodian:	Perpetual Corporate Trust Limited (ABN 99 000 341 533, AFSL 392673)
Return Profile			
Forecast Distribution:	5.5 cents per unit (annualised) - 2021		
Distribution Frequency:	Monthly		
Tax advantage:	Distributions are expected to be tax deferred ¹		
Estimated Levered IRR (pre-tax, net of fees):	7.0% - 9.5% p.a. (midpoint 8.2% p.a.) Based on the expected portfolio and +/- 25 bps sensitivity to terminal capitalisation rates		
Investment Period:	5 – 7 years (recommended)		
Note 1: Actual tax deferred component is subject to the final composition of the portfolio.			
Risk Profile			
Property/Market Risk:	Capital at risk will depend on a portfolio of assets, including childcare and office properties as well as additional commercial properties expected to be acquired by the Fund.		
Interest Rate Movements:	Any change in the cost of borrowings may impact the distributable income of the Funds underlying investments.		
Property Specific Risks:	Property investments are exposed to a change in vacancy rates, prevailing market rents, and economic supply and demand.		
For a more detailed list of the key risks, refer to "Section 6: Risks" of the Product Disclosure Statement.			

Fund Overview

The Fund is an open-ended unlisted property fund that invests in a portfolio of diversified commercial properties across Australia. The Investment Manager, Primewest P/Q Pty Ltd ("the Manager") and Responsible Entity, Primewest Management Ltd ("the RE") are part of Primewest Group (ASX: PWG). Primewest was established in 1995 and manages a national portfolio of over \$4.9B 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.

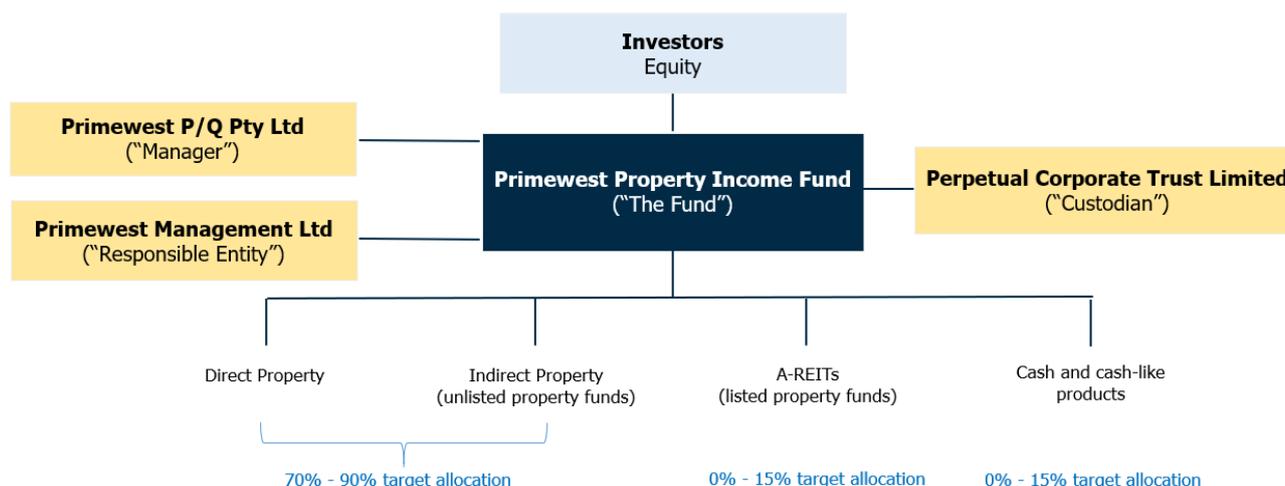
The Fund is open-ended and investors may acquire units based on the Daily Unit Price of the Fund. As at 1 March 2021 the Daily Unit Price is \$1.00 per unit. The Fund has a minimum investment of \$10,000.

The Manager is targeting distributions of 5.5% p.a. in 2021 based on the current portfolio of assets. 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 income producing commercial property assets across Australia, including but not limited to office, industrial/logistics, healthcare, agriculture, social infrastructure and retail 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 Fund intends to hold approximately 70% - 90% of assets in income producing properties, either directly or indirectly. The Fund may also invest in more liquid assets such as A-REITs, cash and cash-like products to support the Fund's liquidity offering to investors.

The following asset allocations should be seen as a guide only and the fund may hold an allocation outside the range. The RE may also change the allocation range in future.

Figure 2: Target Asset Allocation

Asset Class	Asset Allocation Range	Target Allocation
Direct & Non-listed property	70% - 90%	85%
A-REITs	0% - 15%	10%
Cash or cash-like products	0% - 15%	5%
Total	100%	100%

Source: Primewest

Issue Price / Unit Price

The Fund was initially established in December 2020 with initial units priced at \$1.00 per unit. The Fund is a registered managed investment scheme with ASIC and a Product Disclosure Statement has been issued, which allows retail investors to invest in the Fund with a minimum subscription of \$10,000.

The Fund is open-ended, and offers units based on 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 is published on the Fund website. As at 1 March 2021 the Application Price, Issue Price and Unit Price was \$1.00 per unit.

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 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 requested by the Investor or determined otherwise by the Manager. The Limited Monthly Withdrawal Facility has a minimum withdrawal amount of \$10,000. The Limited Monthly Withdrawal Facility may be withdrawn at any time if the RE considers it to be in the best interests of investors.
- (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 first Periodic Liquidity Event is expected to be opened around December 2025. 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. The gearing ratio may, at times, be temporarily higher in order to facilitate the acquisition of assets with a maximum gearing of 60% for the Fund.

The Manager has an existing debt facility in place, with indicative terms to extend the facility to \$22.5M to include the Maroochydore QLD asset. Based on the indicative terms:

- Gearing is estimated to be 40.6%, at the low end of the Fund's target range of 35% - 50%.
- The debt facility is expected to have an initial Loan to Valuation Ratio (LVR) of 46.4%. Based on an LVR covenant of 50%, Core Property estimates the value of the properties must fall by 7.2% to breach the 50% LVR covenant.

We note the Fund is forecast to hold around \$7.0M of liquid assets (\$2.8M in cash and \$4.2M in A-REITs), which, if required, could be used to reduce the LVR to 32.0%, and provide a 36.0% buffer against the LVR covenant.

- The initial Interest Coverage Ratio (ICR) is forecast to be 4.6x. Core Property calculates the net passing income must decline by 56.7% for an ICR covenant of 2.0x times to be breached.
- The calculations are based on the Manager's assumptions, including the issue of 36.5M units of equity.

The debt is held at the Fund level, with a first ranked security over the assets in the Fund.

Investors should note the Manager will need to finalise the debt facility in order to acquire the additional property. 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	Bankwest
Security	First ranked mortgage over the assets in the Fund
Debt Facility Limit/ drawn debt	\$22.5M / \$22.5M
Loan Period	3 years
% Hedged / Fixed	0%
Average cost of debt	2.23% (indicative)
Initial Gearing (Debt / Assets)	40.6%
Initial LVR / LVR Covenant	46.4% / 50.0% (indicative)
Initial interest covered ratio (ICR) / (Lowest ICR) / ICR covenant	4.6x / 4.6x / 2.0x (indicative)
Amount by which valuation will have to fall to breach LVR covenant	7.2%
Decrease in rent income to breach ICR covenant	56.7%

Source: Core Property, Primewest

Fees Charged by the Fund

Core Property considers the overall fees charged to be at the low end of what it has seen in the market (see “All-in-fee analysis” below). In particular we note:

- **Acquisition Fees** of 2.0% of the purchase price, are at the high end of what we have seen in the market (1.0% - 2.0%). However, the Manager did not charge any Acquisition Fee on the Fund’s initial seed assets of three childcare properties valued at \$17.5M.
- **Both the Management Fee and Acquisition Fee are proportionately reduced** to the extent that the Fund invests with a trust of which Primewest is a trustee or Manager and is already paid a fee for managing the underlying trust.
- **The Performance Fee** is 20% of any outperformance above the benchmark. The benchmark is currently an aggregate return 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.

Figure 4: Summary of Fees charged by the Fund

Fee Type	Fee Charged	Core Property Comment
Entry Fee	Nil	
Exit Fee	Nil	
Acquisition Fee	Up to 2% of the purchase price of the property ¹	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).	
Performance Fee	20% (excluding GST) of the Fund’s outperformance above the benchmark (currently an aggregate return of 8.0% p.a.).	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%).
Finance Facility Fee	0.21% 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 initial seed assets were charged a Nil Acquisition Fee.

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 6.2% of the total cash flow, which leaves investors with \$1.43 per unit, or approximately 94% 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 current portfolio, which is expected to change over time.

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:	\$0.43
Total cash to investors:	\$1.43
Acquisition fee:	\$0.02
Base management fee:	\$0.06
Disposal fee:	\$0.01
Fees for the Manager (excluding disposal/admin):	\$0.09
Total cash generated by Fund:	\$1.52
Fees = % of total cash generated (before fees)	6.2%
Up-front fee vs total fees	18.1%

Source: Core Property estimates

The Property Portfolio

The Fund's initial seed properties consist of three childcare properties valued at \$17.5M, acquired in January - March 2021. The Fund is looking to acquire its fourth asset, a newly completed office property at Foundation Place, 8 Market Lane, Maroochydore QLD for \$31.1M. 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 property is being sold by Oxanda Education on a sale and leaseback with a new 15-year lease, with 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 February 2021 to Think Childcare (ASX: TNK). Think Childcare will enter a new 20-year lease, with 2x10 option periods, on a net basis, subject to rental reviews higher of 3% or CPI, with 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 February 2021. 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..
- **Foundation Place, 8 Market Lane, Maroochydore QLD** is a newly constructed 9-storey A-Grade office building, completed in 2020. The building includes a ground floor retail, two levels of podium car parking and five upper levels of A-Grade office accommodation. The property is 100% leased with a Weighted Average Lease Expiry (WALE) of 6.1 years (by income) with major tenants including Locality Planning Energy Pty Ltd (16.3%), Commonwealth Bank (10.1%) and Calibre (8.8%).

Figure 6: Property Portfolio Metrics – (pro forma with acquired property)

Property	Property Sector	Acqn Date	Bldg NLA (sqm)	Key Tenant	Valn	Portfolio Weight	Cap Rate	Occ %	WALE by income
60 Investigator Drive, Robina QLD	Childcare	21 Jan 2021	701	Oxanda Education	\$7.25M	14.9%	5.95%	100%	15
26 Westbrook Pde, Ellenbrook WA	Childcare	19 Feb 2021	658	Think Childcare	\$5.2M	10.7%	6.50%	100%	20
36-40 John Rice Ave, Elizabeth Vale SA	Childcare	2 Mar 2021 Est settlement	729	Think Childcare	\$5.17M	10.3%	6.25%	100%	20
8 Market Lane, Maroochydore QLD	Office	31 Mar 2021 Est settlement	4,503	Locality Planning Energy	\$31.1M	64.0%	6.25%	100%	6.1
Total Portfolio			6,591		\$48.7M		6.23%	100%	10.4

Source: Primewest

Figure 7: Properties

Foundation Place, 8 Market Lane, Maroochydore QLD



60 Investigator Dr, Robina QLD



26 Westbrook Pde, Ellenbrook WA



36-40 John Rice Avenue, Elizabeth Vale SA (under construction)



Source: Primewest, Evans Long, Bluebird Early Learning Education website, Nido Early School website

Property Valuations

Independent valuations were undertaken on the properties, which are summarised below. 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%).

Figure 8: Valuation Metrics

Property Portfolio	60 Investigator Drive, Robina QLD	26 Westbrook Parade, Ellenbrook WA	36-40 John Rice Avenue Elizabeth Vale SA	8 Market Lane, Maroochydore QLD
Title	Freehold	Freehold	Freehold	Freehold
Property Use	Childcare	Childcare	Childcare	Commercial Office
Constructed	2004	Jan 2021 (est completion)	Feb 2021 (est completion)	2020
Ownership	100%	100%	100%	100%
Site Area	2,294 sqm	2,244 sqm	2,438 sqm	1,407 sqm
Main Building Area	701 sqm	658 sqm	729 sqm	4,503 sqm (NLA)
Long Day Care (LDC) Places	122 places	87 places	102 places	N/A
Major Tenant (% of Income)	Oxanda Education (100%)	Think Childcare trading as Nido Early Learning (100%)	Think Childcare (100%)	Locality Planning Energy (15.9%)
Weighted Average Lease Expiry	15 years	20 years on completion	20 years on completion	6.1 years
Occupancy	100%	100%	100%	100%
Initial Net Passing Income	\$0.4M	\$0.3M	\$0.3M	\$2.0M
Net Market Income (fully leased)	\$0.4M	\$0.3M	\$0.3M	\$2.0M
Valuation	\$7.25M	\$5.2M	\$5.17M ¹	\$31.1M
Acquisition Price	\$7.25M	\$5.2M	\$5.0M	\$31.1M
Initial Passing Yield	5.86%	6.50%	6.31%	6.30%
Capitalisation Rate	5.95%	6.50%	6.25%	6.25%
Valuer	Colliers	Colliers	JLL	Colliers
Valuation Date	October 2020	November 2020	December 2020	December 2020
Passing Income per place	\$3,484 per place	\$3,900 per place	\$3,200 per place	N/A
Capital value per place	\$59,426 per place	\$60,000 per place	\$50,686 per place	N/A
Valuer's unleveraged 10-year IRR	N/A	N/A	N/A	6.34%

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. As at the time of this report, the takeover offers have been increased from \$1.35 to \$2.10 per security, however 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 to occur prior to the finalisation of any potential takeover of Think Education, if this were to occur.

Foundation Place, 8 Market Lane, Maroochydore QLD is currently leased to 17 tenancies at market rents of \$390 - \$450 per sqm with fixed 2.0% - 3.0% p.a. rent reviews.

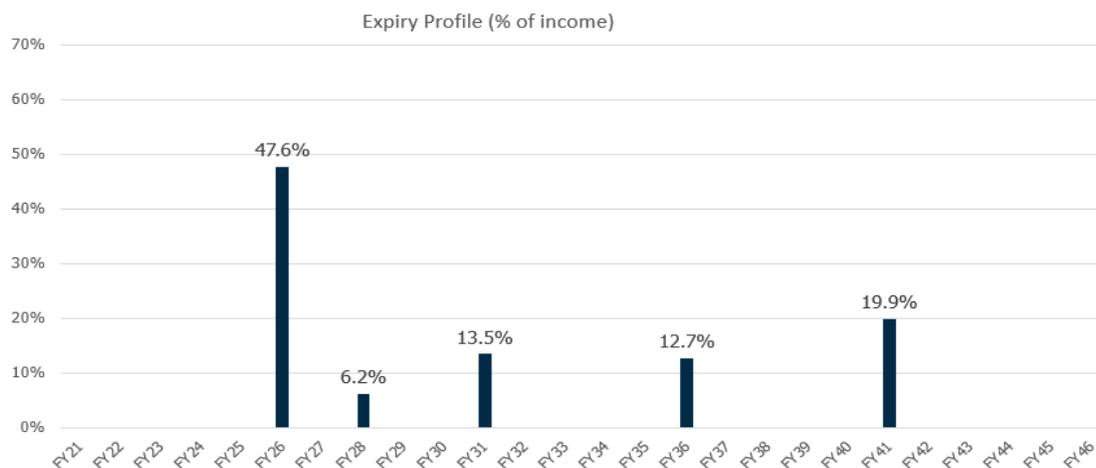
The 17 occupied tenancies provide diversification of earnings for the property, with the largest, Locality Planning Energy Pty Ltd, accounting for 15.9% of NLA. The office leases are generally on a 5-year lease term, with the exception of Commonwealth Bank which is for 6.3 years commencing June 2021. The retail leases are with restaurant operators Market Bistro and Giddy Geisha on 10-year leases.

Figure 9: Tenant Metrics

Location	Tenant	NLA	Lease Period	Lease Term	Options	Rent Review	Security
60 Investigator Drive, Robina QLD	Oxanda Education T/A Bluebird Early Learning	2,294 sqm (100%)	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	2,244 sqm (100%)	January 2021 – 2041	20 years	10+10 years	Higher of 3% or CPI subject to a max 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	2,438 sqm (100%)	February 2021 - 2041	20 years	10+10 years	Higher of 3% or CPI subject to a max 3.5% p.a.	
8 Market Lane, Maroochydore QLD	Locality Planning Energy Pty Ltd	714	November 2020 – 2025	5	-	3.0%	-
	Commonwealth Bank	458	Jun 2021 – Sept 2027	6.3	-	3.0%	-
	Calibre	400	November 2020 – 2025	5	-	3.0%	-
	Market Lane Bistro (Retail)	433	November 2020 – 2030	10	-	2.0%	-
	Giddy Geisha (Retail)	248	December 2020 – 2030	10	-	2.0%	-
	Flow st8 (Retail)	133	April 2021 – 2026	5	-	3.0%	-
	Other Office (11 tenants)	2,135	Various Nov 20–Mar 28	5-7	-	2.0% - 3.0%	-

Source: Primewest

Figure 10: 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 and Ellenbrook WA properties are being acquired at the higher end of the range when compared to comparable market transactions provided by the independent valuations. We note the properties are well located with strong lease covenants.
- The Elizabeth Vale SA property is being acquired at the lower end of the range when compared to recent market transactions.
- The Maroochydore QLD property is being acquired at a value at the lower end of the range when compared to recent transactions. The initial yield of the property is also at the lower end of the range when compared to recent transactions.

Figure 11: Comparable Sales Transactions

Property	Sale Price	No. of places	Equivalent Market Yield	Rate per place
4 properties – Eagleby, Ashmore, Southport, Mermaid Waters QLD: Mar 2019 – Oct 2020	\$4.1M - \$7.6M	95 – 118	5.53% - 6.00%	\$43,158 - \$64,579
60 Investigator Drive, Robina QLD	\$7.25M	122	5.86%	\$59,426
4 properties – Kelmscott, Byford, Padbury, North Coogee WA: Oct 2019 – Oct 2020	\$3.0M - \$7.1M	82-125	6.25% - 6.89%	\$36,396 - \$56,959
26 Westbrook Parade, Ellenbrook WA	\$5.2M	87	6.50%	\$60,000
6 properties – Kensington Park, Mount Barker, Hallett Cove, Oaklands Park, Royal Park, St Clair SA – Jun 2019 – Oct 2019	\$6.2M	118	6.26%	\$48,056 - \$65,217
36-40 John Rice Ave, Elizabeth Vale SA	\$5.0M	102	6.31%	\$50,686

Property	Sale Price	Capital Value	Equivalent Initial Yield	Reversionary Yield	IRR
8 properties – Woolloongabba, Robina, Beenleigh, Yeerongpilly, Bowen Hills, Newstead, Cannon Hill, Hamilton QLD: Apr 2019 – Aug 2020	\$11.0M - \$65.4M	\$6,130 – 8,451 per sqm	6.12% - 6.91%	5.79% - 6.78%	6.14% - 7.27%
Foundation Place, 8 Market Lane, Maroochydore QLD	\$31.1M	\$6,907 per sqm	6.30%	6.25%	6.30%

Source: Colliers, JLL

Market Rental Evidence

The following table summarises relevant comparable lease deals as provided by the independent valuations.

- The table shows the childcare properties are being leased at the mid to upper range when compared to recent childcare leases.
- The Maroochydore QLD property is being leased at the mid to upper end of the range when compared to other office and retail leases. However the independent valuer has assessed the rent to be in line with sustainable market levels, after taking into consideration the characteristics of the property, including location, building amenity and current market conditions.

Figure 12: Comparable Rental Evidence

Property Address	Tenant	Commence Date	Places	Rent per place
3 leases – Ashmore, Eagleby, Mermaid Waters QLD	Sanctuary Early Learning, Kids Learning	Jun 2019 – May 2020	95 -118	\$2,385 - \$3,875
60 Investigator Drive, Robina QLD	Oxanda Education	Jan-21	122	\$3,484
4 leases – Iluka Plaza, Bassendean, Whitfords City Shoppo Centre, Carlisle WA	Nido Early Learning	Aug 2018 – Nov 2020	82 - 92	\$3,400 - \$4,262
26 Westbrook Parade, Ellenbrook WA	Think Childcare	Jan-21	87	\$3,900
4 leases – Oaklands Park, St Clair, Hallett Cove, South Plympton SA	Paisely Park, Guardian, G8 Education	Mid 2018 – Jun 2019	90 -140	\$3,100 - \$3,400
36-40 John Rice Ave, Elizabeth Vale SA	Think Childcare	Feb-21	102	\$3,200
Property Address	Lease Start Date	Lease Term	NLA	Net Rent per sqm
33 office leases – Birtinya, Maroochydore, Caloundra, Minyama, Bokarina, Robina, Surfers Paradise, Bundall QLD	Jan 2019 – Dec 2020	2 – 10 years	79 – 4,163	\$295 - \$547
Foundation Place, 8 Market Lane, Maroochydore QLD – Office Leases	Nov 2020 – Jun 2021	5 – 6.3 years	69 - 740	\$454 - \$496
9 retail leases – Maroochydore, Bribie Island, Redcliffe QLD	Mar 2019 – Nov 2020	1 – 8 years	112 – 489	\$321 – \$754
Foundation Place, 8 Market Lane, Maroochydore QLD – Retail Leases	Nov – Dec 2020	10 years	681	\$661

Source: Colliers, JLL

Capex

The independent valuations have identified minimal capital expenditure of around \$0.1M for Robina QLD and Ellenbrook WA locations over the next five years. Similarly, the Maroochydore QLD office property is a new building, requiring minimal capex – the independent valuer has estimated around \$0.1M required in five years, plus a \$0.4M refurbishment allowance for upcoming lease expiries.

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 four assets in the Fund. The key assumptions in the forecasts are:

- Based on the four 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 the Fund issuing 36.5M of units to fund the acquisition of the properties.
- Assumes a \$4.2M investment in A-REITs with a 5.5% distribution yield.
- Assumes debt facility of \$22.5M with an all-in cost of debt of 2.23% 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 13: Profit & Loss Forecast and Pro Forma Balance Sheet

Profit & Loss - Forecast \$M	12 months to 31 January 2022
Net Property Income	2.9
A-REITs Income	0.2
Expenses	-0.2
Management Fees	-0.4
Earnings Before Interest & Tax	2.5
Net Interest Expense	-0.5
Total Available for Distribution	2.0
Increase in Retained Earnings	0.0
Cash Distribution - \$M	2.0
Cash Distribution per unit (cents)	5.5 cpu
Annualised distribution yield	5.5%
Balance Sheet – \$M – Pro Forma	On settlement \$M
Cash	2.8
Investment Property	48.6
A-REITs	4.2
Total Assets	55.5
Borrowings	22.5
Other Liabilities	-
Total Liabilities	22.5
Net Assets	33.0
Units on Issue	36.5
NTA per Unit	\$0.90
Loan To Valuation Ratio (LVR)	46.4%
Gearing (Debt to Assets)	40.6%

Source: Primewest, Core Property

Initial NTA

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

Core Property has calculated the NTA based on the four assets in the Fund. The NTA with these assets is calculated at \$0.90 per unit, with the 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 did not charge an Acquisition Fee on the initial three 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 14: Expected NTA

Amount per unit	\$ per unit
Issue Price	\$1.00
Less:	
Stamp duty	-\$0.07
Property Acquisition Fee	-\$0.02
Net Debt & Fund Establishment costs	-\$0.01
Initial NTA per unit	\$0.90

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 current 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% - 9.5% p.a. (midpoint 8.2%).** The calculation is based on the Manager's forecasts and assumes a +/-25bps movement in the terminal capitalisation rate and +/-25 bps movement in 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 15: Pre-tax, 5-year IRR (after fees) sensitivity analysis – Manager's assumptions

Terminal cap rate	Cost of debt				
	1.23%	1.73%	2.23%	2.73%	3.23%
5.73%	10.6%	10.4%	10.3%	10.1%	9.9%
5.98%	9.7%	9.5%	9.3%	9.0%	8.8%
6.23% (base)	8.7%	8.5%	8.2%	8.0%	7.8%
6.48%	7.7%	7.5%	7.3%	7.0%	6.8%
6.73%	6.8%	6.6%	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 \$4.9B 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 PDS.

Figure 16: Board & Management

Board of Primewest Group

Name & Role	Experience
<p>John Bond 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>Jim Litis 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>David Schwartz 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>Erin Flaherty 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 & McKenzie, as corporate counsel and Australian director for Parker & 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>Hamish Beck 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
John Bond Executive Chairman	See Board of Primewest above
Jim Litis Executive Director	See Board of Primewest above
David Schwartz Managing Director	See Board of Primewest above
Julian Lodge Chief Investment Officer	Julian is the Chief Investment Officer at Primewest. He holds over 25 years' experience in the property industry with capabilities across funds management, development and asset management. His main role is the identification and execution of investment opportunities where he works alongside the asset management team to deliver investment outcomes. Julian is a Board member on the Western Australian Property Council, Divisional Council and the Property Education Foundation of WA. He is a Senior Associate member of FINSLIA and is also a qualified Real Estate Agent.
David Creasy Chief Financial Officer	David is the Chief Financial Officer with over 25 years' experience of financial, strategic and operational leadership across the property, hospitality and retail industries. Within the property sector, he has significant experience in development projects across residential, commercial and mixed-use assets across North America. David's role within Primewest is leading the internal business operations. He is a Chartered Professional Accountant (Canada).
Bruce McCully 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.
Jamie Gordon 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 considers it has the relevant skills and experience to operate the Fund successfully. We note the Board comprises five Directors, two of which are independent.

ASIC Regulatory Guide 46 "Unlisted property schemes: Improving disclosure for retail investors" describe ASIC's preferred benchmarks and principles. The PDS sets out the Fund's level of compliance with the benchmark and disclosure principles of ASIC's guidelines.

Past Performance

Primewest has advised that, since inception, it has established 115 unlisted property funds in total. As at June 2020, 30 funds have been completed with 85 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 85 current funds are delivering an average estimated IRR of 18.6% p.a. (pre fees).

Readers should note that that past performance is not a reliable indicator of future performance as each fund – 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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