

Bancroft Road Property Trust

An Opportunity to Invest in 87-93 Bancroft Road, Pinkenba, Queensland.

Information Memorandum
12 September 2013

Important Notice to Investors

This Information Memorandum is provided by Pipeclay Lawson Ltd.

Definitions

In this Information Memorandum, unless otherwise defined or the context otherwise requires, capitalised terms have the meaning given to them below:

“AFSL” means an Australian financial services licence issued by ASIC under the Corporations Act.

“ASIC” means the Australian Securities and Investments Commission.

“Bank Loan” means funding to be provided by the CBA to the Trustee as trustee for the Trust to assist in the acquisition of the Property and secured by a first-ranking mortgage registered over the Property and by a fixed and floating charge over all of the assets of the Trust.

“Bank Loan Facility” means the facility under which the Bank Loan is drawn down.

“CBA” means the Commonwealth Bank of Australia.

“Constitution” means the constitution of the Trust.

“Corporations Act” means the *Corporations Act 2001 (Cth)*.

“FPG Investments Trust” means the FPG Pipeclay Investment Trust the trustee of which is FPG Pipeclay Investments Pty Ltd (a company owned by interests associated with David Libling and Emil Pahljina).

“Hurdle IRR” means a pre-tax equity IRR of 10.00% calculated on monthly rests on all cash flow between the Unitholders and the Trust.

“IM” means this Information Memorandum.

“Investment” means any proposed investment in Units in the Bancroft Road Property Trust as described in this IM.

“Investment Manager” means FPG Pipeclay Property Management Pty Ltd as trustee for the FPG Pipeclay Management Trust.

“Investment Model” means the financial model, incorporating various assumptions referred to in this IM that has been used to calculate targeted returns to Investors.

“IRR” means the annualised return on equity on a compounding monthly basis according to established finance conventions, which results in the net present value of future cash flows having a value of zero.

“Lessee” or **“Tenant”** means Sherrin Rentals.

“LVR” means the ratio of the net Bank Loan to the value of the Property as ascertained by an independent valuer on the CBA’s panel.

“Offer” means the offer of Units in the Bancroft Road Property Trust which is the subject of this IM.

“Pipeclay” or **“Trustee”** means Pipeclay Lawson Ltd ACN 163 013 732 holder of ASFL number 437838.

“Property” means land and improvements at 87-93 Bancroft Road, Pinkenba, Queensland, 4088 also known as Lots 20 and 21 on SP169015.

“Property Value” means the market value of the property as determined by a bank panel valuer

“Realisation Event” means the sale of the Property by the Trust.

“Sherrin Rentals” means Sherrin Rentals Pty Ltd ABN 52 074 173 756.

“sqm” means square metres.

“Trust” means the Bancroft Road Property Trust.

“Unit” means a unit in the Trust.

“Unitholder” or **“Investor”** means, as the context requires, a holder of Units or an investor applying for Units in the Trust.

Purpose of Information

This Information Memorandum (“IM”) is dated 12 September 2013. This IM does not relate to, and is not relevant for, any purpose other than to assist Investors to decide whether to proceed with a further investigation of an Investment. This IM is for an offer (“the Offer”) of units in the Bancroft Road Property Trust (the “Trust”). This IM is a summary of the terms and conditions of the Investment and does not purport to contain all the information that an Investor or an Investor’s professional adviser may require in making a decision in relation to an Investment. The definitive terms and conditions of the Investment will be contained in the Constitution. If there is any inconsistency between this IM and the Constitution, the Constitution shall prevail.

This IM has not been, and will not be lodged with ASIC. The Investment contained in this IM is an offer that does not require disclosure to Investors under Part 6D.2 or Part 7.9 of the Corporations Act.

Investors should read and fully understand the Constitution and this IM before deciding to participate in the Offer.

Responsibility

Some of the conclusions, opinions and forecasts made in this IM are based on information obtained from third parties. The inclusion in this IM of statements and findings attributable to, or references to or about, certain third parties may not have been consented to by such third parties and those third parties do not take any responsibility for statements and findings attributed to them in this IM.

None of the Trustee, its associates and each of their respective officers, employees, agents or advisers guarantee the success of an Investment or the performance of the Trust or the repayment of capital (including the return of any principal invested in the Trust or income return in respect of any Investment) or the performance of the Property.

This IM is intended to provide information and not advice and it should not be relied upon. This IM has been prepared without taking into account your individual objectives, financial situation, needs or taxation position. The Trustee strongly recommends that you consult with appropriate legal, financial business and taxation advisors in respect of your objectives, financial situation and needs before deciding to participate in the Offer. To the extent permitted by law, the parties mentioned in this IM, their officers, employees and associates exclude all liability in connection with an Investor's reliance on this IM.

As at the date of this IM, the Trust is yet to be established and the terms of the Constitution are yet to be finalised. All expressions about the Trust inferring the present tense are statements of the intention of the Trustee as to how the Trust will operate once it is established. The terms of the Constitution may differ materially from the statements made in the IM. Before applying for any Units, Investors must ensure they obtain a copy of and read the Constitution in its entirety and, if necessary, seek their own independent professional advice.

Investment Risk

The Investment is subject to substantial investment risk, including possible delays in payment and loss of income and capital invested.

The Trust will be subject to a significant amount of debt. Investors should consider the Investment to be speculative and illiquid.

The Trustee does not, in any way, represent that the description of key risks outlined in this IM is exhaustive or a complete description of all possible risks in connection with the Investment. Section 6 sets out some information on the risks associated with an Investment, but is not exhaustive.

Forward-looking Statements and Target Returns

This IM contains forward-looking statements and target returns and the Trustee, its associates and each of their respective officers, employees, agents or advisers may make additional written or oral forward-looking statements from time to time. Such forward-looking statements may include statements of intention, forecasts, projections of revenues, profits, losses, returns to Investors, capital expenditure, business relationships, financings or investments by third parties, developments and plans for future operations. No guarantee is given that any such forward-looking statements will prove to be correct. Furthermore, forward-looking statements and target returns are based on various assumptions that may prove to be incorrect and may materially affect the accuracy of such forward-looking statements and target returns. No representation or warranty is given as to the achievement or reasonableness of any target returns, plans, forecasts, future projections, management targets or prospects and nothing in this IM is or should be relied upon as a promise or representation as to the future.

Diagrams and Information

Diagrams used in this IM are illustrative only and may not be drawn to scale. All references to dollars are Australian dollars and are exclusive of GST unless stated otherwise.

Authorised Material

Without limiting any other disclaimers concerning this IM, no person is authorised to give any information or make any representation that is not contained in this IM and any information or representation not contained in this IM must not be relied upon as having been authorised by the Trustee.

Wholesale Clients Only

This IM has been prepared on a confidential basis for distribution only in Australia to "wholesale clients" within the meaning of section 761G of the Corporations Act ("Qualifying Investors"). This Offer is not intended for, should not be distributed to, and should not be construed as an offer or invitation to, any other person.

A person may not (directly or indirectly) offer or issue an invitation to subscribe for Units, nor distribute this IM in the Commonwealth of Australia, except under circumstances where the offer or invitation does not require disclosure to investors to be made under Part 7.9 of the Corporations Act and complies with any other applicable laws, regulations or directives.

Distribution

The distribution of this IM and an Investment may be restricted by law in certain jurisdictions. The Trustee does not represent that this IM may be lawfully distributed, or that the Investment may be lawfully offered, in compliance with any requirements in any such jurisdiction, or assumes any responsibility for facilitating any such distribution or offering.

In particular, no action has been taken by the Trustee, which would permit a public offering of Units or distribution of this IM in any jurisdiction. Accordingly, Units may not be offered or sold, directly or indirectly, and neither this IM nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with all applicable laws and regulations. Persons into whose possession this IM comes must inform themselves about, and observe any such restrictions.

Confidentiality

The information in this IM is strictly confidential and must not be copied, disclosed, used, duplicated or transmitted by any means in whole or in part for any purpose other than the evaluation by the recipient of an Investment. If you do not agree with this condition please return or destroy this document immediately.

Questions & Contacts

If you have any questions regarding this IM or should you require any further assistance or information, please contact Emil Pahljina at emil@pahljina.com or David Libling at david_l@flowerpropertygroup.com.au or by phone on (02) 9697 0730.

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1. Executive Summary

Executive Summary

Pipeclay is pleased to present this opportunity to invest in the Bancroft Road Property Trust. Subject to the completion of legal documentation associated with the transaction including the Bank Loan Facility, the Trustee will acquire the Property, which will be the primary asset of the Trust.

Some investment highlights in relation to the Property are:

- A significant industrial property located in one of the fastest growing trade regions of Australia, the Australian Trade Coast of Brisbane.
- The purchase price payable by the Trustee for the Property represents a yield of 9.04%.
- The Property is the national head office of Sherrin Rentals, a nationwide industry leader in the rental of earthmoving and access equipment.
- The Lease has an initial lease term of circa 7 years. The Lessee has an option to extend the lease for a further 7 years subject to providing 12 months notice prior to expiry of the initial lease term.
- The Lessee is responsible for all outgoings associated with property. The Lessee is not responsible for any expenditure of a capital or structural nature.
- An initial rent of \$750,000 with fixed annual rental increases of 3.5%. If the option to extend is exercised the rent is subject to a market review at commencement of the new term but cannot be less than the prior year's rent.
- Forecast initial distribution yield of 10.0 % and a target IRR of 15% over an investment term of 13 years and six months.

Pursuant to this IM, the Trustee is seeking to raise \$3,270,000 of subscriptions through the issue of 3,358 Units to facilitate the acquisition of the Property. Pipeclay has obtained an offer of debt finance from the CBA to provide the remaining funds required to complete the purchase. The key terms of the CBA's offer are set out in Section 5 of this IM.

Qualifying Investors are invited to apply for Units. It is intended that the Trustee will settle the acquisition of the Property on 27 September 2013 or shortly thereafter. Pipeclay requests Investors to confirm their interest together with the intended amount of their proposed subscription by no later than 24 September 2013.

Pipeclay requires each applicant to subscribe for a minimum of \$300,000 worth of Units. However, Pipeclay reserves the right to accept smaller subscriptions at its discretion. Investors must send the relevant Application for Units form to the Trustee at GPO Box 5355, Sydney, NSW, 2001. Applications must be accompanied with a cheque payable to Pipeclay Lawson ATF The Bancroft Road Property Trust.

FPG Investments Trust will subscribe for 415 of the Units being offered in the Trust. Under the terms of the Constitution, the FPG Investment Trust will receive an \$88,000 discount on the total subscription price of the Units it subscribes for, being equal to 1% of the total acquisition cost of the Property.

The Property

The Property is a 3,261 sqm office / workshop facility on 19,787 sqm of general industrial land. Improvements to the site were constructed in 2007 and comprise:

- 650 sqm of high quality office space.
- 2,128 sqm of workshop with an 8.5 meter internal clearance, which is accessible via multiple container height roller doors and features two 6.4 tonne gantry cranes and 1 x 3.2 tonne crane.
- A washbay of 493 sqm.
- Approximately 15,000 sqm of compacted crushed rock hardstand.
- On site fuel and ample parking.

The Australian Trade Coast precinct is a major economic and employment initiative being undertaken by Brisbane Airport Corporation, the Port of Brisbane, the Queensland Government and the Brisbane City Council.

The precinct has had over \$1 billion worth of infrastructure upgrades in the last 5 years. The precinct is strategically located at the mouth of the Brisbane River and anchored by Queensland's primary trade and industry gateways, Brisbane Airport and the Port of Brisbane.

The Property is connected to all major transport routes servicing South East Queensland and beyond via the recently upgraded Gateway Motorway and associated projects.

The Property is the head office of Sherrin Rentals, an industry leader in the hire of earthmoving and access equipment. Sherrin Rental operates offices in Perth, Melbourne, Sydney and Townsville. The initial lease term is for 7 years from 1 May 2013. The Lessee has an option to renew the lease for an additional 7 years.

Investment Strategy

The Trustee believes that over the long term well located industrial land will appreciate in value at annual growth rates in excess of the Australian consumer price index. The Trustee also believes that properties with low site coverage are best placed to benefit from this growth in value and will therefore significantly outperform other industrial investments.

This Property has very low site coverage (16.5%), and consequently a significant portion of the value of the Property is best ascribed to the value of its land. The Trustee believes this investment is therefore an opportunity to derive a high yielding annual cash flow whilst sitting on a very well located parcel of industrial land with excellent growth potential.

International trade is a significant contributor to the GDP of Queensland. The Trade Coast precinct is the only industrial area in immediate proximity to the Port of Brisbane and Brisbane Airport. The progressive closure of Hamilton Port and the concentration of all of Brisbane's port related activities to the Port of Brisbane will further enhance the attractiveness of industrial land in the area.

The largest risk with every industrial property is vacancy. The Trustee believes that the Property suits the current tenant who appears to be well regarded and successful participant in its field of operation. In any event the Trustee believes that in the current market conditions, if this property became vacant, it could be released within 3-6 months. The consequences of this risk are mitigated by a bank guarantee equal to 6 months of rent and outgoings.

Forecast Returns to Investors

Forecast distributions for the Trust are based on the assumptions set out in Section 5 which the Trustee currently believes are appropriate and reasonable.

Forecast Distributions:

Period to 30 June 2014: 10.0%

Year to 30 June 2015 : 10.6%

Year to 30 June 2016 : 11.1%

Year to 30 June 2017 : 11.9%

Year to 30 June 2018 : 12.8%

Percentages are on a per annum basis and represent a percentage of capital invested in the Trust.

Target Investor IRR:

Approximately 15%, based on a 13.5 year term.

Investment Manager

The Trustee will enter into an investment management agreement with the Investment Manager, who will be responsible for management of the Property and the administration of the Trust.

David Libling has been a successful investor in industrial property for 28 years. The Investment Manager will adopt his investment approach which is based on the following core values:

- To only buy industrial properties which it believes have better than average prospects for value growth and to only buy when investment yields are attractive.
- To develop an understanding of each tenant's business, be in frequent and senior contact and therefore be in a position to appropriately respond to each tenant requirement and to endeavour to anticipate and solve the tenant's property's operational problems.
- To address all repairs and maintenance so as to protect the value of each property whilst minimising the impact on each Lessee's operations and over the long term minimising outgoings expense to the tenant
- To constantly assess the market and sell the property if market conditions or property specific opportunity is unlikely to be maintained in the future.

It is a policy of Pipeclay that its principals (and or their related entities) provide 10% of the equity in each of its managed property investments. The Trustee believes that this provides investors with a fully aligned Trustee and a significant point of difference to alternate investment opportunities.



2. Investment Terms

Investment Terms

Trustee	Pipeclay Lawson Limited (ACN 163 013 732) (AFSL 437838).																						
The Investment Manager	The Trustee will engage FPG Pipeclay Property Management Pty Ltd under an investment management agreement to provide certain management services in respect of the Trust.																						
Legal Structure	The Bancroft Road Property Trust will be an unlisted unregistered wholesale managed investment scheme.																						
Property	The Trust's primary asset will be the land and improvements located at 87 – 93 Bancroft Road Pinkenba, Queensland, 4008 and defined as Lots 20 and 21 in SP169015																						
Purchase Price of Property	<p>\$8,300,000</p> <p>A breakdown of total acquisition costs and the proposed split between debt and equity funding of such costs is shown below. These numbers are exclusive of GST (where GST is applicable).</p> <table> <tr> <th>Acquisition Cost</th><th>\$</th></tr> <tr> <td>Purchase Price</td><td>8,300,000</td></tr> <tr> <td>Transfer Duty</td><td>457,775</td></tr> <tr> <td>Due Diligence & Legal Costs</td><td>70,000</td></tr> <tr> <td>Debt Establishment Fee</td><td>22,440</td></tr> <tr> <td>Equity Underwriting Fees</td><td>73,575</td></tr> <tr> <td>Working Capital</td><td>18,710</td></tr> <tr> <td>Total</td><td>8,942,500</td></tr> <tr> <td>First Months Rent (in Advance)</td><td>62,500</td></tr> <tr> <td>Bank Loan</td><td>5,610,000</td></tr> <tr> <td>Total Equity Required</td><td>3,270,000</td></tr> </table>	Acquisition Cost	\$	Purchase Price	8,300,000	Transfer Duty	457,775	Due Diligence & Legal Costs	70,000	Debt Establishment Fee	22,440	Equity Underwriting Fees	73,575	Working Capital	18,710	Total	8,942,500	First Months Rent (in Advance)	62,500	Bank Loan	5,610,000	Total Equity Required	3,270,000
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Offering of Units	<p>Units in the Trust are being offered under this Information Memorandum to wholesale clients (as defined under section 761G of the Corporations Act) in Australia ("Qualifying Investor"). These offers are made to an individual on a non-transferable basis to fund the Total Equity Required.</p> <p>The Trustee expects to issue 3,358 Units in total. The FPG Investments Trust will subscribe for 415 Units. This Offer relates to the issue of 2,943 Units each fully paid to \$1,000 per Unit.</p>																						
Minimum Investment	The minimum investment is \$300,000. A lesser amount may be accepted at the discretion of the Trustee.																						
Key Documents	<p>The Trust will be established by the Trust Constitution. The Constitution will set out the rights and entitlements of all Unitholders and will govern the responsibilities, activities and fees payable to the Trustee. Each applicant will be required to execute an Application Form and by doing so they will acknowledge that they have reviewed the Constitution and will agree to be bound by its terms. A copy of the Trust Constitution will be made available to you or your adviser at your request.</p>																						
Distributions to Unit Holders	<p>Target distribution for the financial year to 30 June 2014 is 10.0% increasing to 10.6% for the financial year to 30 June 2015.</p> <p>Distributions will be paid monthly. The first distribution is expected to be paid 11 November 2013. Distributions will be funded from the rental income received from the Property and after this rent has been applied to the payment of interest on the Bank Loan, trust expenses and management fees.</p> <p>The Trustee will have the discretion to defer the payment of distributions or not to pay distributions if required to meet the terms of the Bank Loan Facility or to prudently manage Trust cash needs.</p>																						

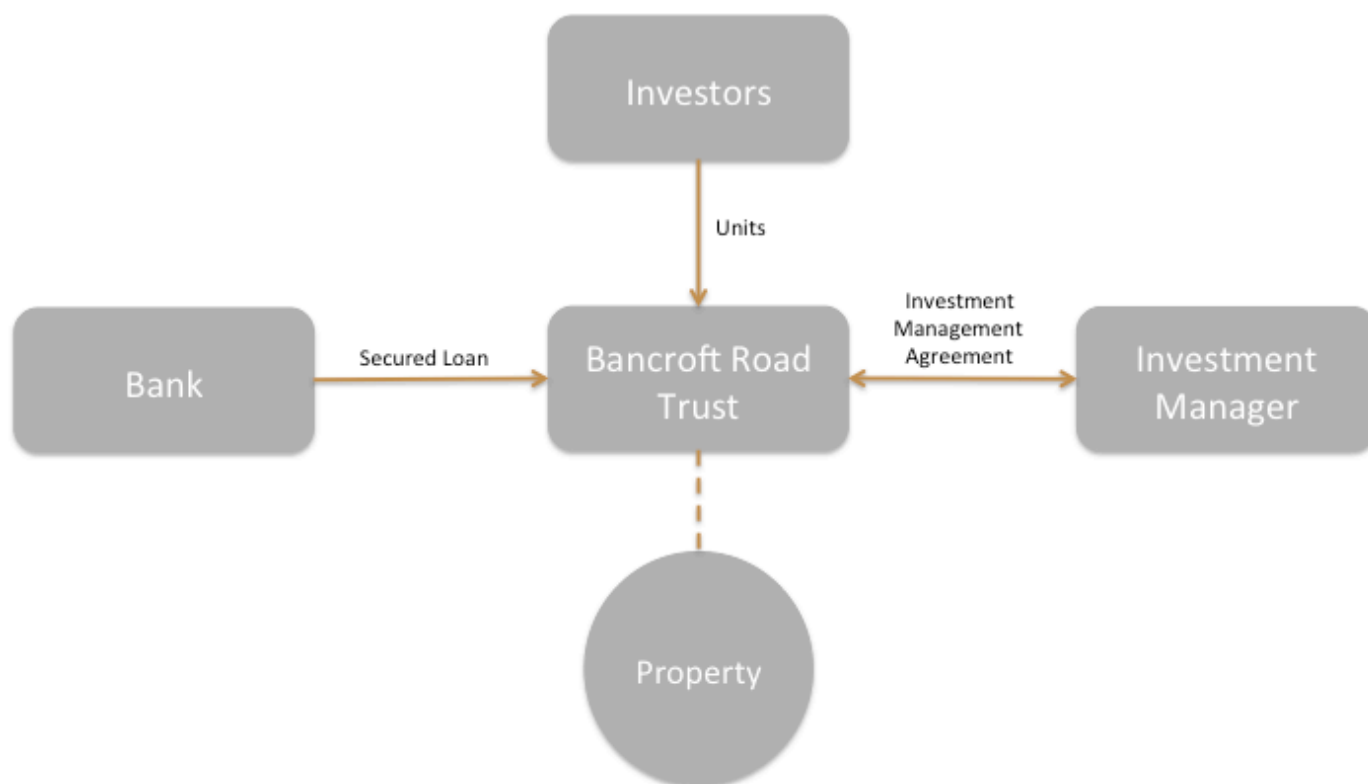
Term	<p>The Trust term is expected to be 13 years and six months. It is intended that the Property will be sold in the six months following the thirteenth anniversary of its acquisition by the Trust.</p> <p>The Investment Manager will constantly assess the market and may make recommendations to the Trustee to retain or realise the Property at any time during the Trust term.</p> <p>The Trustee may sell the Property, at its discretion, at any time during the period commencing eleven years after the acquisition of the Property and ending fourteen after the acquisition of the Property.</p> <p>The Trustee may, on the recommendation of the Investment Manager sell the Property, with the consent of a simple majority of Unitholders, at any time prior to the eleventh anniversary of the acquisition of the Property. Where the Trustee requires Unitholder approval to sell the Property it will put a proposal to a meeting of Unitholders which will set out its expectations as to realised proceeds on sale, the outperformance fee (if any) payable to the Trustee, the expected wind up costs of the Trust and the resulting net proceeds to be distributed to Unitholders. A proposal consistent with the recommendations of the Investment Manager can be approved by a simple majority of Unitholders present in person or by proxy.</p> <p>If at any time the Investment Manager recommends that the Trust continue to hold the Property for a further period the Trustee will call a meeting of Unitholders to consider the Investment Managers recommendation. The Property will only be retained by the Trust if a special majority (75%) of Unitholders, present in person or by proxy, agree to the Trust retaining the Property for the additional period of time recommended by the Investment Manager. The Trustee may extend the period of the investment by up to six (6) months without reference to the Unitholders.</p> <p>If at any time Unitholders holding no less than 25% of the Units of the Trust petition the Trustee to hold a Unitholders meeting to consider realisation of the Property, the Trustee shall do so. If at that Unitholders meeting a special resolution (75%) of the Unitholders, vote in favour of realisation of the Property then the Trustee must use its best endeavours to sell the Property within 12 months of the date the resolution was passed.</p>
Withdrawal Rights	Unitholders will not have a right to withdraw from the Trust. The Trustee may, at its discretion, offer Unitholders a right to withdraw such as by way of redemption of Units.
Sale of Units	<p>Unitholders will only be entitled to sell or transfer their Units in the Trust to a Qualifying Investor with the approval of the Trustee which will not be unreasonably withheld or delayed.</p> <p>Transfers of Units to related parties of existing Unit Holders will only be permitted where the transferee is a Qualifying Investor.</p>
Stamp Duty on Subsequent Dealing	<p>Generally, stamp duty will be payable by an Investor on any dealing (including issue, redemption, transfer or change in rights) in the Units after the Trustee enters into a contract to acquire the Property. The duty is generally payable on the higher of;</p> <ul style="list-style-type: none"> ○ any consideration given; ○ or in general terms, a proportion of the unencumbered market value of the Property represented by the Units (note that the actual calculation depends on a number of factors including the rights attaching to the Units to income and capital). <p>Presently, the top marginal rate of duty is 5.75%.</p>
Unit Holders Consents	<p>The Trustee will generally exercise its powers to act in its discretion but in certain circumstances is required to seek approval from Unit Holders.</p> <ul style="list-style-type: none"> ○ Any variation to the rights and entitlements of Unit Holders will require the unanimous consent of Unitholders. The Trustee will have the ability to amend the Trust Constitution without the approval of the Unitholders but only where there is no adverse effect on any Unitholder. ○ The Trustee may only issue additional units in the Trust with the approval of a special majority of Unitholders (75%) unless the issue of further Units is required to prevent or cure an event of default under the Bank Loan Facility, in which case the approval of a simple majority of Unitholders required.

Investment Risks	An Investment in the Trust is expected to be illiquid and will involve investment risks. A non-exhaustive list of these risks is outlined in Section 6 of this Information Memorandum.
Trust Management Fees¹	Pipeclay will be entitled to an annual management fee of 0.75% of the value of the Property (plus GST). The management fee to be paid monthly in arrears during the Trust term.
Property Management Fee	Pipeclay will be entitled to retain a Property Management Fee which is paid by the Tenant as part of its outgoings obligations under the Lease. This fee will initially equal to \$26,750 per annum and may increase in line with other outgoings through the term of the Lease.
Trust Expenses	<p>Pipeclay will be entitled to recover all expenses reasonably incurred by it in relation to the establishment of the Trust, the acquisition of the Property and the activities of the Trust provided the expenses are payable to unrelated third parties.</p> <p>The Trustee will not be entitled to recover any travel expenses incurred by it or the Investment Manager in providing their services.</p> <p>Pipeclay will be responsible for all expenses incurred in the day to day administration of the Trust other than external accounting costs associated with preparation of the Trust's annual financial statements and tax returns, statutory costs, costs associated with the Bank Loan Facility or any replacement loan facility and costs associated with maintaining the bank accounts of the Trust.</p>
Equity Underwriting Fee	The Trustee has entered into certain underwriting and sub-underwriting arrangements with respect to this capital raising with various parties including related parties of the Trustee ("Underwriters"). The Trustee has agreed to pay the Underwriters a fee of \$73,575 (being 2.5% of the Total Equity Required amount less the amount being subscribed for by the FPG Investments Trust) as consideration for this underwriting commitment.
Acquisition¹	The Trustee's associate, the FPG Investments Trust, will be will be entitled to a discount equal to 1% of the total acquisition cost of the Property on the total subscription price paid by it for units in the Trust. The FPG Investment Trust will subscribe for 415 units in the Trust.
Outperformance Fee¹	<p>Upon the sale of the Property by the Trust ("Realisation Event"), Pipeclay will be entitled to a performance fee equal to 15% (plus GST) of Unitholders' returns in excess of the Hurdle IRR ("Performance Fee").</p> <p>The Hurdle IRR is a pre-tax equity IRR of 10% per annum. When calculating this IRR all cash flows between the Unitholders and the Trust will be factored in.</p>
Application for Units	Investors in Australia who are "wholesale clients" (as defined under section 761G of the Corporations Act) may apply for Units in the Trust. Units in the Trust are offered on an individual and non-transferable basis. The Trustee reserves the right to reject, in full or in part, any application for Units.
Taxation	The taxation consequences of any investment in the Trust are dependent on each individuals circumstances. Investors are responsible for seeking the advice appropriate to their circumstances
Subscription Payment	The Trustee will require each Investor's subscription for Units to be paid on or before 24 September in order to facilitate settlement of the acquisition of the Property currently expected to be 27 September 2013.
How to Apply	Section 8 of this IM details the steps to apply for Units in the Trust. Investors are invited to register their interest only based on this IM.
No Cooling Off Period	Applications to invest in the Trust are not subject to a cooling off period.
Offer Period	An Investor may apply for Units until 3.00pm (AEST) Tuesday, 24 September 2013, unless this IM is otherwise withdrawn or this deadline is extended by the Trustee.

Note 1 - Fees are fully outlined in Section 4 of this IM.

Investment Structure

The Property will be held in a single asset unlisted unregistered wholesale unit trust. The Trustee will engage FPG Pipeclay Property Management Pty Limited to provide management services in respect to the Property. Pipeclay will procure a secured loan from the CBA to assist with the acquisition of the Property. The diagram below illustrates the ownership and management structure for the Property.





3. The Property

Location

The Property is located in one of the fastest growing trade and industry regions in Australia, the Australian Trade Coast precinct of Brisbane. The Australian Trade Coast precinct is a major economic and employment initiative being undertaken by Brisbane Airport Corporation, the Port of Brisbane, the Queensland Government and the Brisbane City Council.

The precinct has had over \$1 billion worth of infrastructure upgrades in the last 5 years and the Australian Trade Coast's partnership is committed to investing more than \$5 billion in infrastructure within the next ten years. Infrastructure investments include major road works and improved utilities to the area.

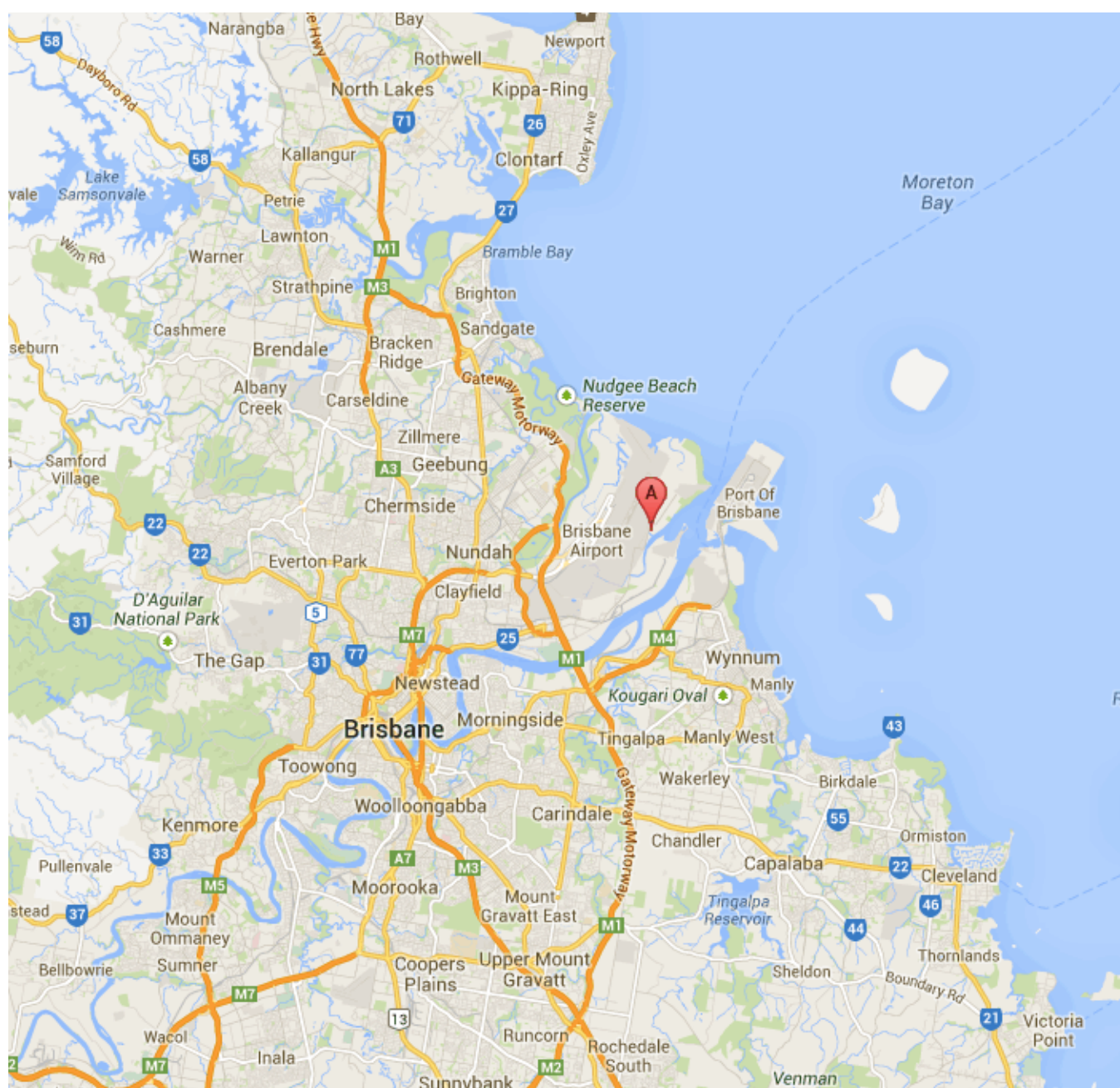
The precinct is strategically located at the mouth of the Brisbane River and anchored by Queensland's primary

trade and industry gateways, Brisbane Airport and the Port of Brisbane.

The Property is connected to all major transport routes servicing South East Queensland and beyond via the recently upgraded Gateway Motorway and associated projects.

By 2026, the region is expected to provide up to 100,000 jobs which will position it as one of Brisbane's largest generators of employment, second only to the Brisbane CBD.

The Property is 13 radial kilometers from the Brisbane CBD, 3 radial kilometers from the Port of Brisbane and minutes from Brisbane Airport.



Source: Google Maps @2013

Property Description

The Property is a modern freestanding office and workshop facility with a gross floor area of 3,261 sqm on 1.9737 hectares of general industrial land. The Property has a street frontage of 67.9 metres to Bancroft Road. The Property has the benefit of an access easement over the neighbouring property.

The improvements to the Property were constructed in 2007 and comprise:

- 650 sqm of A grade office space with an extensive fit-out including offices, boardrooms and staff facilities.
- 2,128 sqm of clear-span workshop with an internal clearance of 8.5 meters, which is accessible via multiple container height roller doors. The workshop also features two 6.4 tonne gantry cranes.
- 493 sqm wash bay.
- Approximately 15,000 sqm of crushed rock hardstand.
- On site above ground diesel fuel tank
- ample parking.

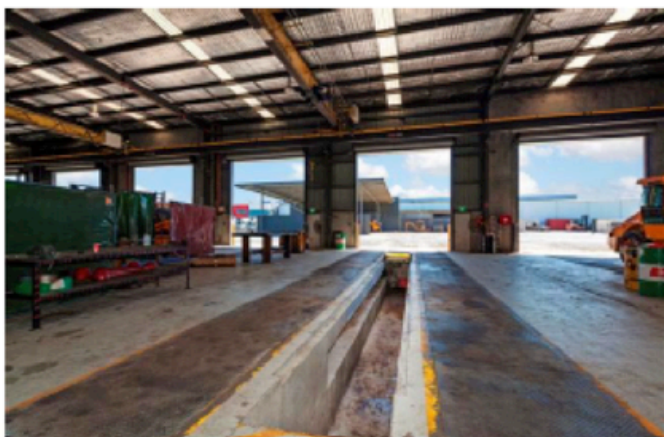
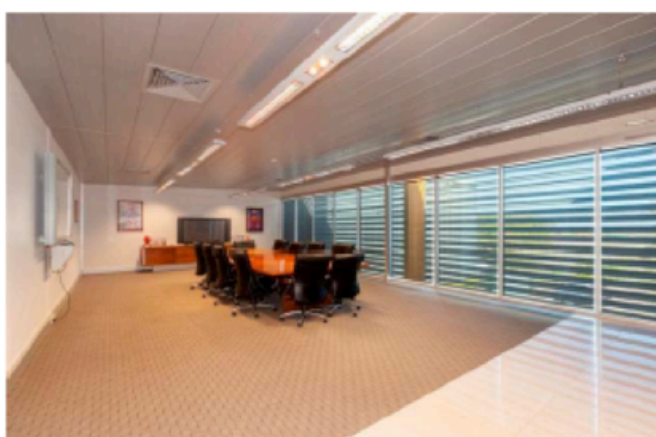
The Trustee has commissioned various due diligence reports on the Property from the following consultants:

Property Condition	Napier & Blakley Pty Ltd
Environmental	GeoEnvironmental Consultants P/L
Geotechnical	Butler Partners Pty Ltd
Valuation	M3 Property Pty Ltd
Legal	Corrs Chambers Westgarth

No material environmental issues have been identified. The Geotechnical report is still to be finalised, however Butler Partners Pty Ltd have advised that the ground has been appropriately prepared for its current use. The Lessee is also required to repair any damage it causes to the concrete slab or crushed rock hardstand on site.

Napier & Blakeley Pty Ltd condition report has identified a number of minor defects, which are not unusual for a property of this age. Nevertheless the vendor who is also the Lessee has agreed to either remedy these defects or allow the landlord to do so and to recharge the Lessee as part of outgoings.

Investors are encouraged to review each of the due diligence reports prepared by the above consultants. Investors can obtain copies of the reports by contacting Ailie McKendrick at Ailie_m@flowerpropertygroup.com.au.



Tenancy Details

The Property is leased to Sherrin Rentals. The principal terms of the lease are summarised as follows:

Lessee	Sherrin Rentals Pty Ltd
Lease Term	7 years from 1 May 2013
Option	The Lessee has an option to extend the lease for a further 7 years, subject to providing notice 12 months prior to expiry of the initial lease term.
Security	Bank guarantee equal to 6 months rent and outgoings; to be increased annually in line with changes in annual rent and outgoings.
Reviews	Fixed increases of 3.5% annually. Rent to be reviewed to market on commencement of the further term if the option is exercised subject to the rent not being less than the rent paid in the last 12 months of the initial lease term.
Initial Annual Rent	750,000 p.a. plus GST.
Outgoings	100% payable by the Lessee and includes of all rates, taxes and charges payable to any Government Authority or under any Law, all amounts arising from the Landlord's ownership, management, operation and maintenance of the Property, including insurance and repair costs but does not include any expenditure which is capital or structural in nature.
Redecoration	The Tenant has the obligation to "redecorate" the Property at the end of its tenancy, to the state and condition as at the commencement of the Lessee's tenancy.
Environment	The Tenant will bear all the costs of removing any contamination it has caused during its occupation. The environmental report obtained by Pipeclay from GeoEnvironmental Consultants Pty Ltd forms a base condition report in relation to the Tenant's obligation to remediate any contamination. Three months prior to the termination of the tenancy the Trustee will obtain an up to date environmental report. The cost of the report will be for the Tenant's account.

The Lessee

Sherrin Rentals is an industry leader in the supply of earthmoving equipment rental including wheel loaders, dump trucks, compactors rollers, excavators and access equipment.

Since 1966 the Sherrin family has been forging a strong reputation in the earthmoving and elevated work platform industry. In late 2005, prior to the global financial crisis the Sherrin family sold its interest in Sherrin Hire, a leader in the provision of travel towers, to Boom Logistics, for \$60 million. In recent years the Sherrin family have been allowed to reenter the industry, and have based their operations in Pinkenba.

Sherrin Rentals has branches nationwide and has plans to extend its network further.





4. Investment Strategy

Investment Strategy

The Trustee will engage the Investment Manager to manage the Property on behalf of the Trust. The Investment Manager will be responsible for management of the Property and implementing the investment strategy as described in this IM. The Investment Manager will also assist the Trustee in management of the Trust.

Investment Management Approach

David Libling has been successful investors in industrial property for 28 years. The Investment Manager will adopt his investment management approach, which is based on the following core values:

- To only buy industrial properties, which it believes, have better than average prospects for value growth and to only buy when investment yields are attractive.
- To develop an understanding of each tenant's business, be in frequent and senior contact and therefore be in a position to appropriately respond to each tenant requirement and to endeavour to anticipate and solve the tenant's property's operational problems.
- To address all repairs and maintenance so as to protect the value of each property whilst minimising the impact on each Lessee's operations and over the long term minimising outgoings expense to the tenant
- To constantly assess the market and sell the property if market conditions or property specific opportunity is unlikely to be maintained in the future.

Pipeclay has been formed to provide investors with the ability to invest alongside David Libling. Consequently, no property will be the subject of any Pipeclay managed trust unless there has been a prior determination by the principals that they will invest in that property. In the case of the Bancroft Road Property Trust, the principals of Pipeclay and their associates have underwritten all of the equity capital that is required to complete the purchase.

The Investment Strategy for the Property

The Trustee believes that over the long term, well located industrial land will appreciate in value at annual growth rates in excess of the Australian consumer price index. The Trustee also believes that properties with low site coverage are best placed to benefit from this growth in value and will therefore significantly outperform other industrial property investments.

This is primarily because buildings and other improvements on land slowly depreciate in value through wear and tear and due to changes in the specifications and the requirements for industrial buildings.

This Property has a relatively low site coverage ratio(<17%), and consequently a significant portion of the value of the Property is best ascribed to the value of its land and its development opportunity up to site coverage of 50%. The Trustee believes this investment is therefore an opportunity to derive a high yielding annual cash flow whilst sitting on a very well located parcel of industrial land with excellent growth potential.

International trade is a significant contributor to the GDP of Queensland. The Trade Coast precinct is the only industrial area in immediate proximity to the Port of Brisbane and Brisbane Airport. The progressive closure of Hamilton Port and the concentration of all of Brisbane's port related activities to the Port of Brisbane will further enhance the attractiveness of industrial land in the area.

The largest risk with every industrial property is vacancy. The Trustee believes this property suits the Tenant who appears to be well regarded and successful participant in its field of operation. In any event the Trustee believes that in the current market conditions, if this property became vacant, it could be released within 3-6 months. There is a shortage of low coverage sites in proximity to the CBD and in the Trade Coast. The risk of early termination is further mitigated by a Bank guarantee equal to 6 months of rent and outgoings from the Tenant's bank. In addition the 12 month option exercise period allows 12 months in which to find a new tenant if the option is not exercised.

Pipeclay's target is to deliver equity investors a 15% IRR over an investment period of 13.5 years.

Managing Investment Capital

Investment Term

The Trustee currently believes that the likely optimal term of the investment for this Property is thirteen years and six months, because a longer term investment horizon will give the Property's substantial land component the best opportunity to appreciate in value.

The Trustee will have the discretion to extend the term of the Trust by up to 6 months without Unitholder approval.

The Investment Manager will, consistent with its core values, constantly assess the market value of the Property. Where it transpires that it believes the interests of Unitholders are best served by realisation of the Property it will recommend to the Trustee that the Property be sold.

Where the Investment Manager has recommended a sale then:

- The Trustee will have discretion to sell the Property during the period commencing on the eleventh anniversary of the acquisition of the Property and ending on the fourteenth anniversary of the acquisition of the Property.
- The Trustee can sell the Property earlier than the eleventh anniversary of the acquisition of the Property where it has obtained the approval of a simple majority (50%) of Unitholders present at a meeting in person or by proxy.

Alternatively, Unitholders who hold not less 25% of the Units can petition the Trustee to call a meeting of Unitholders to consider an early termination proposal. Where an early termination resolution is not recommended by the Investment Manager, it may only be approved by a special resolution (75%) of Unitholders present in person or by proxy.

It is intended that the Property will be sold in the six month period following the 13th anniversary of the acquisition of the Trust. If the Investment Manager recommends that the Trust continue to hold the Property for a further period, the Trustee will call a meeting of Unitholders to consider the Investment Managers recommendation. The Property will only be retained by the Trust if a special majority (75%) of Unitholders approve the proposal to retain the Property for the additional period of time recommended by the Investment Manager.

Payment of Distributions

Distributions will be paid monthly. The first distribution is expected to be paid 11 November 2013.

Distributions will be funded from the rental income received from the Property and after this rent has been applied to the payment of interest, fees and costs associated with the Bank Loan, trust expenses and management fees.

The Trustee will have the discretion to defer the payment of distributions or not to pay distributions if required to make adequate provision for costs and expenses of the Trust or where the Trustee considers it to be in the best interest of Unitholders. By way of example, in the event that the Lessee fails to exercise its option to renew the Lease the Trustee may suspend distributions until the Property is released. Surplus funds will be retained to cover any potential costs associated with securing a new tenant. On execution of a replacement lease the payment of monthly distribution will resume and will include any surplus remaining out of the funds retained by the Trustee during the suspension of payments.

Investment Management Team



David Libling

David was educated at Melbourne and Oxford Universities and has been the Managing Director of the Flower Property Group since its inception. David has been acquiring, managing and divesting of industrial properties for over 28 years. During his career, David has been a director of various subsidiaries of National Mutual, Rothschilds Australia, Bank of America and Westpac Banking Corporation.

David is one of the Responsible Managers for Pipeclay.



Sandy Libling

Sandy was one of the first female Chief Executive Officers of an Australian listed company. She was educated in Philosophy, Politics & Economics at Oxford University. Sandy has considerable industrial property investment experience and has been a Director of companies in the Flower Property Group since its inception. Sandy is primarily responsible for management of all significant capital works undertaken in respect to properties managed by the Group, usually to meet tenant requirements.



Emil Pahljina

Emil has a degree in Economics from Monash University and Bachelor of Law from the University of Melbourne. Emil has 15 years of funds management experience including a range of managed investment schemes in respect of both real estate and infrastructure assets.

Until the end of 2012 Emil was the Chief Executive of the ASX listed Challenger Infrastructure Fund and prior to that Head of Principal Investments and Acquisitions for the Specialised Capital Group at Westpac Banking Corporation.

Emil is one of the Responsible Managers for Pipeclay.



Ailie McKendrick

Ailie has been with the Flower Property Group for a decade and was promoted to Property Manager in 2007. She has experience of managing properties of various ages and the judgement necessary to ensure that preventative maintenance is carried out so as to minimise inconvenience to tenant operations and outgoings over the period of the Lease.

Fees and Charges

The Trustee is entitled to receive certain fees in consideration for services provided to the Trust. The fees paid to the Trustee will be paid out of the Trust.

The Trustee has agreed to pay a significant proportion of its fees to the Investment Manager.

Management Fees

The Trustee will be entitled to an annual management fee equal to 0.75% of Property Value. The management fee (plus GST) will be paid monthly in arrears each calendar month or part thereof during the term of the Trust.

Under the terms of the Bank Loan Facility the Trustee will be required to have the Property independently valued in two years time, whenever the CBA requires and on any refinance of this debt facility. The Trustee will adopt the most recent valuation undertaken for these purposes as the Property Value for calculating management fees.

Property Management Fees

Under the terms of the lease the Lessee has agreed to pay a property management fee as part of outgoings. The Manager will be entitled to receive this property management fee from the Trust.

Trust Expenses and Costs

Pipeclay will be entitled to recover all expenses reasonably incurred by it in relation to the establishment of the Trust, the acquisition of the Property and the activities of the Trust provided the expenses are payable to unrelated third parties.

The Trustee will not be entitled to recover any travel expenses incurred by it or the Investment Manager in providing their services.

Pipeclay will be responsible for all expenses incurred in the administration of the Trust other than external accounting costs associated with preparation of the Trust's annual financial statements and tax returns, statutory costs (including registration fees payable to ASIC) and costs associated with the Bank Loan Facility and maintaining bank accounts of the Trust.

Acquisition Discount

The FPG Investments Trust will provide 10% of the required equity capital by subscribing for Units. The FPG Investment Trust will be entitled to a total discount equal to approximately \$88,000 (being 1% of the total acquisition cost of the Property) on the face value of the 415 Units it acquires.

Equity Underwriting Fee

The Trustee has entered into certain underwriting and sub-underwriting arrangements with respect to this capital raising with various parties including related parties of the Trustee ("**Underwriters**"). The Trustee has agreed to pay the Underwriters a fee of approximately \$73,575 being 2.5% of the total equity amount being raised other than from the FPG Investments Trust as consideration for the underwriting.

Outperformance Fee

Upon a Realisation Event the Trustee will be entitled to a performance fee equal to 15% (plus GST) of Unitholder returns in excess of the Hurdle IRR.

The Hurdle IRR is a pre-tax equity IRR of 10%. When calculating this IRR, all movements between the Unitholders and the Trustee will be factored in.

Building Supervision Fee

In the event of capital expenditure in excess of 3% of the value of the Property being undertaken, the Trustee is entitled to a fee equal to 4.5% of the cost of that capital expenditure. The Trustee does not expect this fee to arise during the investment term.

Refund of Due Diligence and Costs

Upon the acquisition of the Property, the Trustee will be entitled to a refund of Due Diligence and legal costs it has incurred in relation to the Property. They include:

- the cost of obtaining the reports from Napier & Blakeley Pty Ltd, GeoEnvironmental Consultants Pty Ltd, Butler Partners Pty Ltd;
- the cost of the CBA obtaining a valuation report ;
- the cost of airfares to Brisbane undertaken by officers of the Trustee prior to the acquisition of the Property;
- the legal cost of negotiating amendments to the Lease and the contract of purchase and general conveyancing advice from Corrs Chambers Westgarth;
- the legal cost of drafting the Constitution, settling this IM and legal advice associated with the structure of the transaction and this Offer by Corrs Chambers Westgarth

The total amount expected to be payable by the Trust in respect of the above costs is \$70,000.



5. Financial Information

Acquisition Costs and Funding

A breakdown of the total acquisition costs and funding requirements of the Trust are as follows:

Acquisition Costs	
Purchase Price	8,300,000
Transfer Duty	457,775
Equity Underwriting Fee	73,575
Due Diligence & Legal Costs	70,000
Bank Establishment Fee	22,440
Working Capital	18,710
Total	8,942,500
First Months Rent (In Advance)	62,500
Secured Loan	5,610,000
Total Equity Required	3,270,000

Senior Debt Facility

The Trustee has accepted an offer from the CBA for provision of the Bank Loan Facility. This offer contains terms and conditions that are usual for these types of facilities and include the following key terms:

Facility Limit	\$5,610,000
LVR	67.6% of Purchase Price
Term	5 years from drawdown
Interest Rate	2.40% facility margin above the 5 year Swap Rate
Payments	Interest Only
Key Covenants	<p>The Property must be insured on terms acceptable to CBA.</p> <p>As the Borrower the Trustee will have the property valued as and when required by the CBA to do so</p> <p>The Trustee will not alter the Lease, the Constitution and the management agreement without the CBA's prior consent</p>
Key Event of Default	The LVR to not exceed 65% by the third anniversary of the facility determined by reference to a CBA agreed independent valuation of the Property. The Trustee may cure any default by reducing the outstanding loan balance or by providing cash security to the CBA.

Interest Rate Management

CBA has also offered to provide the Trust with a 5 year interest rate swap to effectively fix the level of its interest rate payments on the Bank Loan. It is the intention of the Trustee to enter into a 5 year interest rate swap at settlement of the acquisition of the Property, under which the Trustee will receive from or pay to the CBA (as appropriate) the difference between the monthly bank bill rolling charge and the swap rate.

In the event that the interest rate swap is terminated earlier than its maturity date (5 years from settlement), then break costs may be payable to or receivable from the CBA.

Event of Default

The Trust is required to have a LVR on the third anniversary of funding no greater than 65%. The LVR will be determined by reference to an independent valuation from a CBA approved valuer. The Trustee expects that the 3.5% annual rental growth will result in the growth of the value of the Property which will achieve the LVR target. By way of illustration, if the capitalisation rate applied to the valuation constant at 9.04%, the LVR end of the third year would be 61%. To breach the requirement to maintain a 65% LVR the capitalisation rate applied to the valuation in the third year would need to exceed 9.60%. The appropriate yield for the Property at any time is a factor of market conditions, which are influenced by a multiplicity of factors and it is impossible to predict the appropriate yield for this property in 3 years time.

Debt Refinance

The Trustee will regularly assess the state of debt capital markets and evaluate opportunities to refinance the Bank Loan Facility and to extend the duration of its interest rate swap arrangements.

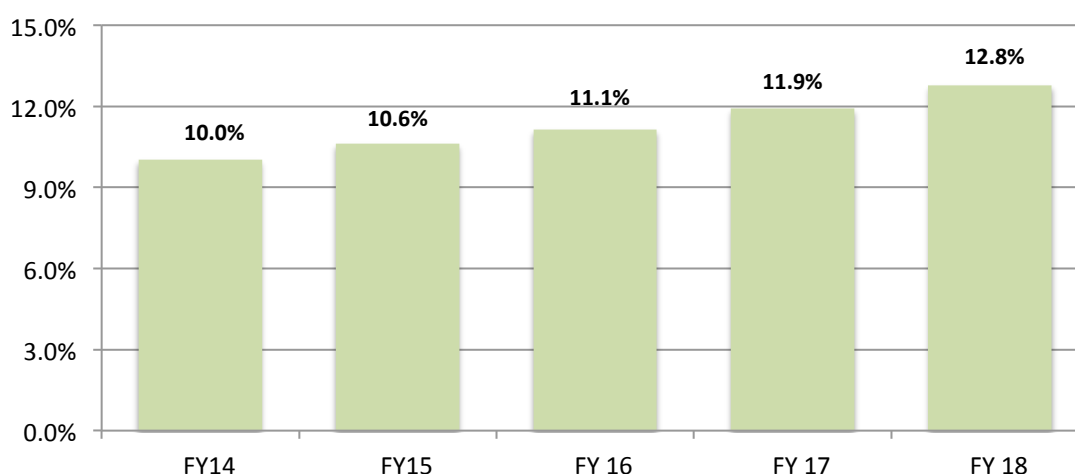
Target Returns to Investors

Forecast returns to Investor over the first 5 years of the Trust are shown below.

Period Ending 30 June	FY14	FY15	FY 16	FY 17	FY 18
Rent	566,875	780,778	808,105	836,389	865,663
Recoverable Outgoings	116,363	161,356	167,810	174,523	181,504
Total Inflows	683,238	942,134	975,916	1,010,912	1,047,166
Initial Debt Interest	-267,703	-357,918	-358,899	-357,918	-357,918
Outgoings	-96,675	-134,056	-139,418	-144,995	-150,795
Property Management Fee	-19,688	-27,300	-28,392	-29,528	-30,709
Asset Management Fee	-46,688	-62,251	-62,251	-70,629	-70,629
Trust Expenses	-6,750	-7,020	-12,709	-7,593	-7,897
Movement in Working Capital	6,750	3,000	0	0	0
Total Net Outflows	-430,754	-585,545	-601,669	-610,663	-617,947
Cash Flow for Distribution	252,484	356,589	374,247	400,249	429,219
Distributions (\$ per Unit)	75.2	106.2	111.4	119.2	127.8
Running Yield	10.0%	10.6%	11.1%	11.9%	12.8%

The targeted distributions for investors are illustrated below:

Forecast Distribution Growth



The investment highlights for investors are:

- A forecast annualised distribution of 10.0% for the 9 months to 30 June 2014 rising to 12.8% for the year to 30 June 2018.
- Distributions will be paid monthly.
- The Trustee expects based on information supplied by the vendor that around 30% of the distributions will be tax deferred in the 2014 financial year. Once the Trustee has settled the purchase, it will commission a depreciation schedule.

Return Assumptions

The forecast returns set out in this IM are based on the Trust completing the acquisition of the Property on 27 September 2013 in accordance at a total acquisition cost of \$8.93 million as set out above and the following assumptions, which the Trustee considers to be reasonable and appropriate.

Rental Income

The Tenant pays all rent and outgoings in accordance with its obligations under the proposed lease:

- Rent of \$750,000 p.a is paid monthly (in advance) from the settlement date, expected to be 27 September 2013.
- Rent escalates at 3.5% p.a on 1 May each year.
- Outgoings, including the Property Management Fee are paid monthly as from the settlement date.
- No major expenditures including capital or structural works (the subject of the Napier & Blakeley Pty Ltd report) arise during the period of the investment.

Senior Debt Assumptions

The Trustee borrows \$5.61 million from the CBA in accordance with its offer of finance:

- The terms of the Bank Loan Facility including establishment fees and facility margins are as set out above.
- The fixed rate payable under the interest rate swap will be fixed at or near settlement of the Property purchase. The 5 year swap rate as at the date of this IM was 3.98%. This rate has been assumed to be the base rate for the Bank Loan for the forecast period.
- There is no event of default during the forecast period.
- The average interest rate after the 5 year swap period is 5% and the CBA margin remains at 2.4%.

Tenancy Assumption

Either the current Tenant exercises its option for a further 7 year term or a new tenant for a comparable period is secured during the last 12 months of the Sherrin Rentals lease.

The market rental value of the property over the next 13 years grows at more than 3.5% p.a.

Management Fees

The fees payable to the Trustee are as set out in Section 4 of this IM.

Trust Administration Expenses

The Trustee will bear costs and expenses associated with administration of the Trust other than:

- External accounting costs associated with the preparation of annual financial and tax returns.
- Statutory costs associated with the Trust.
- Bank charges and costs associated with the Bank Debt Facility including the costs associated with getting independent valuations of the Property.
- Costs associated with the Trusts bank accounts.

Capital Expenditure

There will be no material (>\$20,000) capital expenditures undertaken by the Trust during the forecast investment period. Napier and Blakeley Pty Ltd have advised that currently the airconditioning units appear to be in good condition but that the units should be reassessed in 5 years time. If required to be replaced during the investment term the estimated replacement cost of the airconditioning units is \$50,000.

Targeted IRR to Investors

The Trustee has prepared an Investment Model, which calculates the overall return to Investors in certain scenarios. The Trustee believes that an acceptable Base Case scenario is as follows:

- The Tenant pays all rent and outgoings when due.
- Rent escalates at 3.5% annually for the investment term except at market review on the exercise of the option where the rent increases by 5%.
- The Bank Loan Facility is refinanced on similar terms for the duration of the investment term.
- After the initial 5 year interest rate swap, the Trustee's average interest rate cost is 5.00%.
- The Trust's administration expenses are \$6,750 p.a and escalate at 4% p.a over the investment term.
- Management fees are as set out in Section 4. The Property is revalued at the end of the second year and thereafter every three years.
- The Tenant exercises its option to renew the lease for an additional 7 years.

The Property is sold in 13.5 years time for net proceeds of \$13.5 million. This values the land at \$691 / sqm on termination, which equates to a 6.75% annual growth in the value of land (currently estimated to be \$280 / sqm) and ignores the value of the improvements. The overall return to Investors in this Base Case scenario is 15.0% p.a after payment of the outperformance fee.

Tax Deferred Benefits

The targeted annual distributions indicated above may include deferred tax distributions due to building depreciation allowances, and depreciation of plant and equipment. The Trustee will arrange for a schedule of depreciation to be prepared following the acquisition of the Property, which will allow the tax deferred component of the distributions to be determined.

Sensitivity Analysis

The targeted returns are based on certain assumptions. While these assumptions are currently considered reasonable and appropriate, the nature of the property market and uncertainties and risks involved in predicting future events are such that actual outcomes may vary significantly from anticipated returns set out in this IM.

The following sensitivity analysis seeks to illustrate the susceptibility of Unit Holder returns to variations of certain identified event assumptions. All assumptions other than those identified are held constant in the Investment Model for the purpose of these illustrations.

Changes to Interest Rates

Currently the Investment Model assumes that the interest rate at settlement is 6.38 % p.a comprising a facility margin of 2.40% and a fixed rate on the interest rate swap of 3.98% which is in line with the 5 year swap rate prevailing at the date this IM was prepared. Changes to the interest rate set on settlement of +/- 25pts have the following impact on Unitholder returns:

Variance	Interest Rate (Yrs 0 – 5)	Equity IRR % p. a	Distributions Per Unit* (FY 14 – 18)
-25pts	6.13%	15.2%	58.6%
Base Case	6.38%	15.0%	56.5%
+25pts	6.63%	14.8%	54.4%

* Total distributions forecast to be paid to 30 June 2018 as a % of Unit issue price

In addition the Investment Model assumes that on maturity of the Bank Debt Facility the fixed interest rate for the remainder of the investment term will be 7.4%. Changes to the interest rate for the remainder of the investment term of +/- 100bpts have the following impact on Unitholder returns:

Variance	Interest Rate (Yrs 6 - 13)	Equity IRR % p. a	Distributions Per Unit* (FY 14 – 18)
-100pts	6.40%	15.5%	56.5%
Base Case	7.40%	15.0%	56.5%
+100pts	8.40%	14.5%	56.5%

* Total distributions forecast to be paid to 30 June 2018 as a % of Unit issue price

Changes in Annual Growth in Land Value

The Investment Model assumes that the realisable value of the Property in 13.5 years time is \$13.7 million, which equates to an average annual growth in land value of circa 6.75% (assuming current land values of \$280 / sqm). The following table demonstrates the effect of that growth rate being +/- 100pts over the term of the Investment.

Variance	Growth Rate % p.a.	Equity IRR % p. a	Distributions Per Unit* (FY 14 – 18)
-100pts	5.75%	14.2%	56.5%
Base Case	6.75%	15.0%	56.5%
+100pts	7.75%	15.8%	56.5%

* Total distributions forecast to be paid to 30 June 2018 as a % of Unit issue price

Higher or Lower Rent on Lease Term Extension

The Investment Model assumes that the Tenant exercises its option to renew the lease. The Investment Model also assumes that the rent payable in respect of the new lease term is the 5% higher than the rent paid by the Tenant at the end of the initial lease term.

The following table assumes that the market rent in 7 years time is higher or lower than assumed in the base model. The effect of a +/- 10% increase in the rent on commencement of the subsequent lease term on Unit Holder returns is as follows:

Variance	Change in Rent on Renewal	Equity IRR % p. a	Distributions Per Unit* (FY 14 – 18)
-100pts	-5.0%	14.5%	56.5%
Base Case	5.0%	15.0%	56.5%
+100pts	+15.0%	15.5%	56.5%

* Total distributions forecast to be paid to 30 June 2018 as a % of Unit issue price



6. Risks

Risks

Investing in the Trust exposes an Investor to a variety of risks. Investors should be aware that the value of future distributions and total returns may be influenced by a number of factors. Investors should only make an investment if they are prepared to accept the risks of that Investment.

Some general and more specific risks are considered below.

The risks identified are not an exhaustive list. The risks we have set out are considered by us to represent the most significant risks of the Trust. The mitigating factors listed below should not be viewed as eliminating the identified risks but rather as factors to be considered.

Valuation

RISK: The value of the Property, both for refinancing and realisation purposes, may decrease and/or fluctuate due to changes in uncontrollable market conditions. Some of the major factors which influence the value of an industrial property are the level of general economic activity, the attractiveness for industrial activity of the area in which a property is located, the age of the improvements, the financial quality of the tenant, the remaining period of the lease term, physical requirements for industrial facilities, the level of long term interest rates, supply/availability of industrial land, changes in the nominal value of money, the actual rent and its relationship to market rents and the site coverage ratio. All of these change over time.

The independent valuations of the Property procured by the Trustee, or the Trust's financiers may not accurately reflect the realisable market value of the Property on disposal, due to assumptions and difficulties in accurately valuing real estate.

The above risks could cause the Trust to breach its loan covenants resulting in loss to the Trust and a decrease in the value of an Investment.

MITIGANT: The value of the Property appears to be quite robust. Recent comparable sales in the area and the independent valuers selected from the CBA's panel appear to support the purchase price. The Property will be fully leased to the Tenant. The Property is being acquired at a yield of approximately 9.04%.

Vacancy / Leasing

RISK: The Property's income, and value, is dependent on the Tenant's ability to meet its payment obligations. If the Tenant is unable to meet its payment obligations, a replacement tenant will be required at the same or higher rents to underpin the income assumptions. Whilst a replacement tenant is being sought, distributions are likely

to be suspended. If a replacement Tenant cannot be found within an acceptable period this may result in the lender taking action against the Trust which could have significant adverse impact on Unitholders (refer to section on Debt Finance below).

Further, if the Tenant does not extend its lease, and a replacement tenant cannot be found on similar terms this may adversely affect the value of the Property and the ability to sell the Property for an attractive price at the end of the investment term of the Trust. It is also possible that a lender would require and or the Trustee would regard it as prudent to wholly or partially suspend distributions whilst a new tenant was being sought.

MITIGANT: The annual financial statements provided by the Tenant in respect to the financial years ending 2012 and 2013 demonstrate that it is a profitable business with the financial capacity to adequately meet its obligations. Should it not do so, its financial obligations are guaranteed by a bank guarantee. The quantum of the guarantee is equal to 6 months rent and outgoings on the Property. This equates to over 11 months of interest and outgoings. The Trustee believes that in current market conditions 6 months would be sufficient to find a replacement tenant on adequate terms.

The term of the Lease is approximately 7 years from settlement. The Tenant has an option to obtain a further 7 year term. The Trustee's expectation is that should the current tenant not exercise its option to renew, the 12 months notice would generally afford sufficient time to find a replacement tenant for the Property on acceptable terms but it is impossible to forecast market conditions and circumstances 6 years hence. To the extent, if any, that distributions will have been withheld, the cash so accumulated would provide a further period during which interest & outgoings were covered.

Term and Liquidity

RISK: The Trust term is expected to be 13.5 years. The Trust will be illiquid and there will be no established secondary market in which to sell Units.

Debt Finance

RISK: The initial gearing of the Trust will be 67.6% of the purchase price. A key covenant by the Trust under the Bank Loan Facility will be to reduce the LVR to 65% within 3 years. The Trust will need to comply with various covenants under the Bank Loan Facility. These include payment of interest, annual timely provision of financial information, interest rate hedging, provision of a fresh valuation of the property whenever requested by the CBA and in any case in 2 years' time.

If these covenants are breached, the Trust may be exposed to fees and penalties and CBA may take action against the Trustee and the Property, which may adversely affect Unitholders and potentially result in a forced sale of the Property.

The Trustee may be required to raise equity to reduce the Trust's LVR so as to avoid a forced sale of the Property. This may result in dilution of Unitholders' investment in the Trust and will negatively affect overall returns to Unitholders.

The initial facility from CBA has a term of 5 years. The Trustee anticipates that the replacement facility will also have a term shorter than the remaining intended period of the Investment. The terms and conditions of bank funding which may be available upon refinancing will depend on financial and property market conditions at the time.

Unitholders will rank behind all secured and unsecured creditors of the Trust in any winding up of the Trust.

MITIGANT: All other things being equal, the value of a Property is a function of its rent. The lease provides for annual rent increases of 3.5% p.a., which is reflective of general market trends for industrial property but not necessarily of actual market performance in any year or period of years for a specific property. It follows that at the end of third year of the lease rent will be 10.87% higher than at the commencement of the Lease and consequently, the Trustee expects that the LVR covenant will be met. All other things being equal, the increased rent on the Property will make each refinancing easier.

Interest Rate Risk and Derivatives

RISK: The applicable interest rates on the Bank Loan Facility will be effectively fixed by the Trust entering into an interest rate swap with the CBA. Whilst this will eliminate the risk of adverse movements in interest rates for 5 years, it will deprive the Trust of the benefit of the currently lower 90 day bank bill rate or any downward movement in the swap rate. In the event of early termination of the initial bank facility, there may be a consequent early termination of the swap arrangement. Early termination of the swap arrangement will result in break costs which equal the difference between the economic value of the swap rate and the economic value of the then swap rates. This could result in a substantial payment to or from the Trust.

In addition, the interest rate swap will only fix interest rates on the Bank Loan for the period from settlement to the fifth anniversary of the acquisition of the Property. Interest rates may increase from the date of this IM to the settlement date, which may have an adverse impact on Unitholders returns.

The assumptions relating to interest rates beyond the term of the initial interest rate swap may also be incorrect.

MITIGANT: The Investment Manager has provided a sensitivity analysis on the potential impact of interest rates being higher or lower than the assumptions made in relation to the forecast period and in respect to the target return for Unitholders.

Single Asset Exposure

RISK: The Trust is a single asset investment and is not diversified. The return on investment is dependent solely on the income generated by and value of the Property. If the rental income or the value of the Property decreases, the Trust will have no other assets to minimise the adverse affect on the performance of the Trust.

Physical Condition and Environmental Risk

RISK: In forming its view that the Property is in a physical condition to be an attractive investment for the Trust the Trustee has relied on three expert reports: "Soil, Groundwater and Tenant Operations Investigation" by GeoEnvironmental Consultants Pty Ltd, Technical Due Diligence Report by Napier & Blakeley Pty Ltd and Geotechnical Investigation Report by Butler Partners Pty Ltd. The Trustee does not have in-house professional expertise in these fields. If it should transpire that any one or more of these reports is wrong, inaccurate or failed to uncover some defect or shortcoming (whether latent or otherwise), the Trust could incur substantial expenditure and/or the value of the Property could be substantially diminished. It is possible for these adverse consequence(s) to arise without any fault or negligence on the part of the consultants engaged by Pipeclay.

MITIGANT: The Trustee has employed specialist consultants to investigate the identified risks, which it believes to be reputable and experienced. Persons intending to invest in the Trust are encouraged to contact the Trustee who on request will provide electronic copies of the reports provide by the consultants. Potential investors are encouraged to assess for themselves the thoroughness and likely accuracy of these reports.

The Trustee holds copies of search responses dated 31 July 2013 from the Queensland Department of Environment and Heritage Protection, which state that the property is neither on the Contaminated Land Register nor the Environment Management Register.

Taxation

RISK: The taxation rules governing an investment in the Trust may change during the investment term. These changes may adversely affect Unitholder returns. Each investor is encouraged to seek professional tax advice in connection with any investment in the Trust

Investment Model Assumptions

RISK: The Investment Model used to estimate Unitholder returns on the Investment is subject to numerous assumptions. Whilst, at the date of this IM, these assumptions are considered to be reasonable and appropriate by the Trustee, the assumptions may prove to be incorrect. If any of the assumptions prove to be incorrect, this may materially adversely affect the estimated returns to Unitholders.

Natural Events

RISK: The Property could be affected by fire, flood, rising sea levels, earthquake or other event.

The Property will be insured against physical loss or damage to the improvements and consequential loss of rent. However, it is possible, though in the opinion of the Trustee unlikely, that the Property will be affected by an uninsured event (for example rising sea levels). It is also possible, though in the opinion of the Trustee unlikely that the insurance will prove to be inadequate (for example if the period of reinstatement exceeds the period of loss of rent insurance).

If the Property suffers damage or destruction that event may entitle the Tenant to terminate its lease and/or the CBA to call up its loan. In these circumstances the Trust could suffer substantial financial loss.

MITIGANT: The Property is very close to the mouth of the Brisbane River and was not affected by the flooding experienced by Brisbane in recent years.

Legal Risk

RISK: The Trustee has engaged Corrs, Chambers Westgarth, solicitors, to act for it. The Trustee does not have in-house legal expertise and relies on its solicitors to obtain valid title to the property, the benefit of an easement over the neighbouring property, a registered valid lease, a valid and enforceable bank guarantee and a well-drafted and valid trust deed under which the trust is administered. If any of these matters were to prove to be incorrect, the Trust could suffer substantial financial detriment.

Need for Capital Expenditure

RISK: Industrial property carries with it a risk that a material amount of capital expenditure will be required. Circumstances where capital expenditure may be incurred include:

- The fabric or plant of the building may require replacement at an earlier date than anticipated by the Trustee.
- The Tenant may require further capital improvements to the Property to improve its utility which the Trust needs to undertake in order to retain the tenant (although such an event would usually present an economic opportunity for the Trust, usually in the form of increased rent).
- If the Tenant does not exercise its option, an alternate tenant available requires a greater level of development of the Land

MITIGANT: Napier and Blakeley Pty Ltd have inspected the condition of the Property and have not identified any material requirement for capital expenditure over the term of the Trust other than the prospect that the airconditioning units may need to be replaced in the medium term at a total current estimated cost of \$50,000. Persons intending to invest in the Trust are encouraged to contact the Trustee who on request will provide electronic copies of their reports.

Unforeseen and Unlisted Events

RISK: Owning and renting an industrial property is a form of business activity. Like all business activities it carries risks, including risks, of rare, unforeseen or overlooked events. Such risks if they materialise can result in a material financial detriment.



7. Taxation

The information provided below is a brief summary of some relevant tax considerations and does not constitute advice or the opinion of the Trustee. Pipeclay does not have any in-house taxation expertise and in listing the consideration below has relied on advice and seeks no more than to highlight to the Investors that each Investor should obtain its own advice reflective of his/her circumstances.

It has been prepared on the basis that Investors are Australian residents who hold their Units on capital account. The information may not apply to Investors who are carrying on a business of trading or investing in Units for a profit. The taxation of a unit trust investment such as the Trust can be complex and may change over time. This section is not, and is not intended to be, tax advice. Accordingly, Investors are advised to seek professional tax advice in relation to their own position. The information below is based on existing tax law and practice as at the date of this IM.

Taxation of the Trust

The Trustee will not generally be liable for Australian income tax, provided that Investors are presently entitled within each income year to all of the distributable income of the Trust for that income year. This is intended to be the case under the Trust Constitution. The taxation liability, in respect of the net income of the Trust, will rest with the Investors.

Public Trading Trusts

The Trust may, however, be liable for income tax in any year where the requirements to be classed as either a public trading trust or a corporate unit trust are satisfied for that year. Based on the investment strategy of the Trust described in Section 4 of this IM, the Trustee believes that the Trust is not likely to meet these requirements and so should not be taxable as a public trading or corporate unit trust. The requirements are ongoing so that the position of the Trust in any year will depend upon the circumstances of the trust in that year.

Tax Losses

Where a revenue loss or net capital loss is incurred by the Trust, the loss cannot be passed on to Investors for tax purposes. Instead, revenue tax losses will, provided the relevant trust loss rules are satisfied, be carried forward in the Trust and offset against assessable income derived by the Trust in future years. Net capital losses will be carried forward in the Trust and will be available to offset against future capital gains. The relevant trust loss rules for carrying forward revenue losses include a continuity of more than 50% of the ownership interests in the Trust.

Managed Investment Trust Rules

For the Trust to qualify as a managed investment trust in relation to an income year, it must satisfy a number of conditions including conditions relating to being widely held by Investors. Based on the anticipated investor base of the Trust, the Trustee does not believe the Trust will satisfy the “widely-held conditions” necessary for the Trust to qualify as a managed investment trust.

The remainder of this section, the investment strategy and the Investment Model assume that the Trust is not a managed investment trust.

Taxation of Australian Resident Investors

Taxation of Distributions

Investors should have a present entitlement, within each income year, to all of the distributable income of the Trust for that income year. As such, each Investor will be required to include in their assessable income their share of the Trust’s net income for each income year ending 30 June, at the tax rate applicable to the Investor.

The assessable portion of trust distributions, as advised by the Trustee on an annual basis, should be included in an Investor’s assessable income in the year to which the distribution relates (i.e. the year in which the Trust derives the income, not when it is physically received by the Investor).

Distributions from the Trust may include various components, the taxation treatment of which may differ depending on the status of the Investor. For example, distributions may include tax deferred amounts, CGT concession amounts and net capital gains.

Tax Deferred Distributions

Tax deferred distributions effectively represent the excess of the income distributed by the Trust over the assessable component of those distributions.

The excess is sheltered from tax because of deductions such as capital works, depreciation on plant and equipment and other tax timing differences. Under current law and administration, tax deferred distributions are not immediately assessable when received by the Investor but will reduce the cost base of their Units. Therefore, tax deferred distributions received affect the Investor’s capital gain/loss on disposal of the Units. If an Investor exhausts their cost base in the Units, the tax deferred component of the distributions will give rise to an immediate capital gain to that Investor.

CGT Concession Component

The CGT concession component of a distribution represents the component of a capital gain derived by the Trust which is not taxable by virtue of the CGT discount rules. There will be no reduction to the cost base of the Units held by the Investor in respect of the CGT concession component of a distribution by the Trust.

Net Capital Gain

A realised capital gain distributed by the Trust should be included with an Investor's other capital gains and losses (i.e. calculation of their net capital gain or loss).

Where the distributed capital gain includes a discounted capital gain component, the Investor is required to "gross up" that amount by the discount applied by the Trust (i.e. 50%). The nominal capital gain (i.e. the whole amount of the gain prior to discount) is then included in the calculation of the Investor's net capital gain. The Investor may be entitled in their own right to a CGT discount if it is an individual, a trust or a complying superannuation entity (50% in the case of an individual or trust and 33⅓% in the case of a complying superannuation entity). Companies do not receive a discount on capital gains.

Disposals of Units and Taxation of Capital Gains

Investors who dispose of their Units must include any realised capital gain or loss on disposal of the Units in the calculation of their net capital gain or loss for the year. A net capital gain will be included in assessable income. A net capital loss may be carried forward until the Investor has realised capital gains against which the net capital loss can be offset (subject to any relevant loss recoupment rules). A net capital loss cannot be deducted against other assessable income for the year.

An Investor's net capital gain or loss is calculated as follows:

- The excess or shortfall of disposal proceeds over the cost base of the Units gives rise to a capital gain or loss on disposal of the Units.
- If the Investor has held the Units for less than 12 months, this amount is the gain or loss included in the Investor's net capital gain calculation.
- If the Investor has held the Units for 12 months or more and there is a loss, this loss is included in the Investor's net capital gain calculation.
- If the Investor has held the Units for 12 months or more and there is a gain, a discount factor may be available to certain Investors. The gain on the Units is initially reduced by any other capital losses of the Investor. If, as a result, a net capital gain arises it may be reduced by the discount factor. The discount factor for individuals and trusts is 50%, whilst a discount factor of 33⅓% applies for complying superannuation entities.

GST

GST of 10% is generally applicable to the fees, costs, expenses and commissions payable by the Trust, including the base management fees and other fees paid to the Trustee.

Generally the Trust can claim a credit for the GST incurred on expenses related to the underlying Property, so there is no net GST cost to the Trust. Certain costs, such as some of those related to the initial issue of Units and Investor relations will not be eligible for full credit, in which case 75% reduced input tax credits may be available on the ineligible part.

GST is not applicable to Investors in relation to the acquisition or redemption of Units.

Tax File Numbers and Australian Business Numbers

An Investor need not quote a TFN when applying for Units. However, if a TFN is not quoted, or an appropriate TFN exemption is not provided, tax is required to be deducted from any income distribution entitlement at the highest marginal tax rate plus Medicare levy (currently 46.5%) unless the Investor holds Units in the course of furtherance of an enterprise, in which case an ABN can be quoted instead.



8. How to Apply

How to Apply

Investors who wish to apply for Units must complete and return the attached Application Form.

First, read this IM, the Constitution and the Application Form, and return the Application Form together with a cheque for the subscription amount to the Pipeclay Lawson Limited at GPO Box 5355, Sydney, NSW, 2001, so it is received by no later than 24 September 2013. All cheques should be made out to Pipeclay Lawson ATF The Bancroft Road Property Trust.

All Investors will also be required to provide a Wholesale Client Declaration form certified by a qualified accountant.

ATTENTION IS DRAWN TO THE REPRESENTATIONS CONTAINED IN THE APPLICATION FOR UNITS FORM

INVESTORS WHO SUBSCRIBE AND WHOSE SUBSCRIPTION IS ACCEPTED WILL BE BOUND BY THE CONSTITUTION.