



Information Memorandum

Brownlee Property Trust

An opportunity to invest in 55 Brownlee Street, Pinkenba, Queensland

22 April 2016

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 General Security 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 Investments 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 Brownlee 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 Harris Communications (Australia) Pty Ltd ACN 054 982 151 (previously called Harris Software Systems Pty Ltd).

“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 Brownlee 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 55 Brownlee Street, Pinkenba, Queensland.

“Property Value” means the market value of the property as determined by an independent valuer appointed by either the bank or the Trust.

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

“sqm” means square metres.

“Trust” means the Brownlee 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 22 April 2016. 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 Brownlee 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 will 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. This IM is not a Product Disclosure Document as defined by the Corporations Act 2001 and this IM is not an offer to any person who is not a Qualifying Investor (see definition below).

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 guarantees 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 financial 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.

All expressions about the Trust inferring the present tense are statements of the intention of the Trustee as to how the Trust will operate. 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. The Trust will initially borrow 65% of the Property purchase price to assist with the acquisition of the Property. 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 assumption, 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 or any other corporation or trust referred to in this IM.

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 on 0427 929 358 or via email at emil@pipeclaylawson.com.au or David Libling on 0407 631 255 or via email at david@pipeclaylawson.com.au.

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1. Executive Summary

Executive Summary

Pipeclay is pleased to present this opportunity to invest in the Brownlee Property Trust. Subject to the satisfactory completion of its due diligence and 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 10,660 sqm industrial property located within the Australian Trade Coast, a major economic initiative undertaken by the Brisbane Airport Corporation, the Port of Brisbane, the Queensland Government and the Brisbane City Council.
- The Property is connected to all major transport routes servicing South East Queensland and beyond.
- The Property comprises a 5,597 sqm of gross lettable area, 4,995 of warehouse space with internal clearance of 9 metres at the eaves and 602 sqm of modern office accommodation.
- The Property is leased to an Australian subsidiary of Harris Corporation, which is listed on the New York Stock Exchange and which has a current market capitalization of US\$9.93 billion.
- The Tenant has sub-let part of the Property to Boeing Defence Australia Ltd, a subsidiary of Boeing Company.
- The Tenant has recently entered into a new five year extension of the lease (now expires 15 February 2021) and has an option to extend the lease for up to a further five years. The Tenant is responsible for all outgoings associated with the Property.
- The current net rent for the site is \$671,640 p.a. The rent increases at the greater of CPI and 3.5% each June, including June 2016 but does not increase at June 2020.
- Forecast initial distribution yield of 9.25% and a target IRR of 11.6% over an investment term of 6 years.

Pursuant to this IM, the Trustee is seeking to raise \$4,128,000 of subscriptions through the issue of 4,230 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. Pipeclay requires each applicant to subscribe for a minimum of \$250,000 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. Applicants are also required to pay the subscription amount in full by no later than 3 May 2016 in order to facilitate settlement of the acquisition of the Property, currently expected to be 6 May 2016.

Applicants must either enclose a cheque payable to the Trustee with their application or alternatively electronically transfer the requisite sum in accordance with the directions set out in the Application for Units form. The Trustee may, acting in its sole discretion, extend the time for payment of any subscription amounts by Investors.

FPG Investments Trust will subscribe for 515 of the Units being offered in the Trust. Under the terms of the Constitution, the FPG Investments Trust will receive a \$102,000, discount on the total subscription price of the Units for which it subscribes, which equals 1% of the total acquisition cost of the Property.

Distributions will be paid monthly in arrears. The first distribution will be paid on or around 5 June 2016.

The Property

The Property is within 12 radial kms of the Brisbane CBD and 500 metres from Bancroft Road, which is scheduled for a major upgrade. The Property is within an emerging "defence precinct" in Pinkenba. The neighbourhood includes the French defence contractor Thales, which supplies the Defence Department with the Bushmaster vehicles, which carry Harris communications equipment. Other proximate neighbours include Airbus Helicopters (formerly Eurocopter) and a munitions related facility.

The Australian Defence department requires all sensitive installations to have a direct communications connection with and to be located within a specified response time of an Australian Federal Police facility. The major Federal Police presence in Brisbane is at the Brisbane airport which dictates the location of Defence related facilities in Brisbane.

The Property is a 10,660 sqm general industrial site comprising an industrial building of 5,597 sqm which consists of 4,995 sqm of warehouse area and 602 sqm of office space. The land is extensively covered by heavy duty concrete. Construction of the improvements was completed in 2008 and has delivered a high quality base building:

- The internal clearance of the warehouse is 9 metres at the eaves;
- The building is fully sprinklered throughout;
- There are 13 container height roller doors; and
- The Property has two cross-overs onto Brownlee Street and B-double semi-trailer drive round access.

The base building has been modified by the Tenant to deliver a very high level of building security, including a Level B "safe" inside of which the design and assembly of sensitive defence equipment takes place. The tenant has an obligation to restore the building to base conditions at the termination of its occupancy

Investment Strategy

The Investment Manager believes that over the medium to long term Pinkenba will outperform most Brisbane industrial areas. The area's rental growth prospects are underpinned by its proximity to the Port of Brisbane and Brisbane Airport and connectivity to all major arterial roads.

The Investment Manager is attracted to this Property for five principal reasons:

1. The Property is well tenanted and ideally suited to the current occupants' needs and can therefore be expected to generate good rental income in the medium to long term.
2. The Tenant has occupied the site since 2012; its original lease was due to expire in 2015. In April 2015 the lease was extended to June 2018. In December 2015, the Lease was further extended to February 2021. The extensions correspond to new or extended defence contracts with the Australian Government. The Investment Manager believes that the price being paid reflects the current term of the Lease without any premium for the above average prospect of the current lease being renewed.
3. The current lease requires the Tenant to restore the building to its original configuration. The Tenant has made considerable changes to the Property to meet the stringent requirements of the Australian Defence Department. The Investment Manager estimates the cost of removing all of the special security features of the Property, including the "safe", to be substantial.
4. The Tenant subjects the Property to very little traffic and the current wear and tear on the Property is minimal.
5. The base building is an attractive warehouse / office which would suit many potential alternate users. Its security features (which the Tenant is obliged to remove at the end of its lease term) would be attractive to other users who require special security features.

The Property represents a secure and growing yield on investment and a long term capital gain opportunity. Pipeclay is targeting an overall return to Investors of 11.6% over the 6 year proposed life of this investment.

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 2017	: 9.25%
Year to 30 June 2018	: 9.25%
Year to 30 June 2019	: 9.50%
Year to 30 June 2020	: 9.50%
Year to 30 June 2021	: 9.75%

Percentages are on a per annum basis and represent the monthly distributions which are paid in arrears, divided by the capital then invested in the Trust. The distribution yield quoted for the period from settlement to 30 June 2017 has been annualised.

Target Investor IRR:

Approximately 11.6% p.a., based on a 6 year investment 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.

The Libling family have been successful investors in industrial property for 30 years. The Investment Manager will adopt their 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 and the risk return proposition favours the purchaser.
- 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 operational problems.
- To address all repairs and maintenance so as to protect the value of each property whilst minimising the impact on each tenant's operations and over the long term minimising outgoing expense to the tenant.
- To constantly assess the market and to sell the property if the 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 Brownlee 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 55 Brownlee Street, Pinkenba, Queensland.																				
Purchase Price of Property	<p>\$9,650,000</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>9,650,000</td></tr> <tr> <td>Transfer Duties</td><td>564,731</td></tr> <tr> <td>Due Diligence & Legal Costs</td><td>55,000</td></tr> <tr> <td>Debt Establishment Fee</td><td>32,010</td></tr> <tr> <td>Equity Underwriting Fees</td><td>92,880</td></tr> <tr> <td>Working Capital</td><td>5,380</td></tr> <tr> <td>Total</td><td>10,400,000</td></tr> <tr> <td>Bank Loan</td><td>-6,272,000</td></tr> <tr> <td>Total Equity Required</td><td>4,128,000</td></tr> </table>	Acquisition Cost	\$	Purchase Price	9,650,000	Transfer Duties	564,731	Due Diligence & Legal Costs	55,000	Debt Establishment Fee	32,010	Equity Underwriting Fees	92,880	Working Capital	5,380	Total	10,400,000	Bank Loan	-6,272,000	Total Equity Required	4,128,000
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Offering of Units	<p>Units in the Trust are being offered under this IM 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 4,230 Units in total. The FPG Investments Trust will subscribe for 515 Units. This Offer relates to the issue of 3,715 Units each fully paid to \$1,000 per Unit.</p>																				
Minimum Investment	The minimum investment is \$250,000. A lesser amount may be accepted at the discretion of the Trustee.																				
Key Documents	<p>The Trust has been established by the Trust Constitution. The Constitution sets out the rights and entitlements of all Unitholders and governs the responsibilities, activities and fees payable to the Trustee. Each applicant is 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.</p> <p>A copy of the Trust Constitution will be made available to you or your adviser at your request.</p>																				
Distributions to Unitholders	<p>The Trustee is targeting distributions of 9.25% (annualised) for the period to 30 June 2017. Distributions will be paid monthly in arrears. Settlement of the acquisition is currently scheduled for 6 May 2016. The first distribution is expected to be paid on or around 5 June 2015.</p> <p>The Trust's distribution policy is to maintain an even monthly distribution with stepped increases over time, whilst maintaining prudent levels of cash reserves. 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>																				

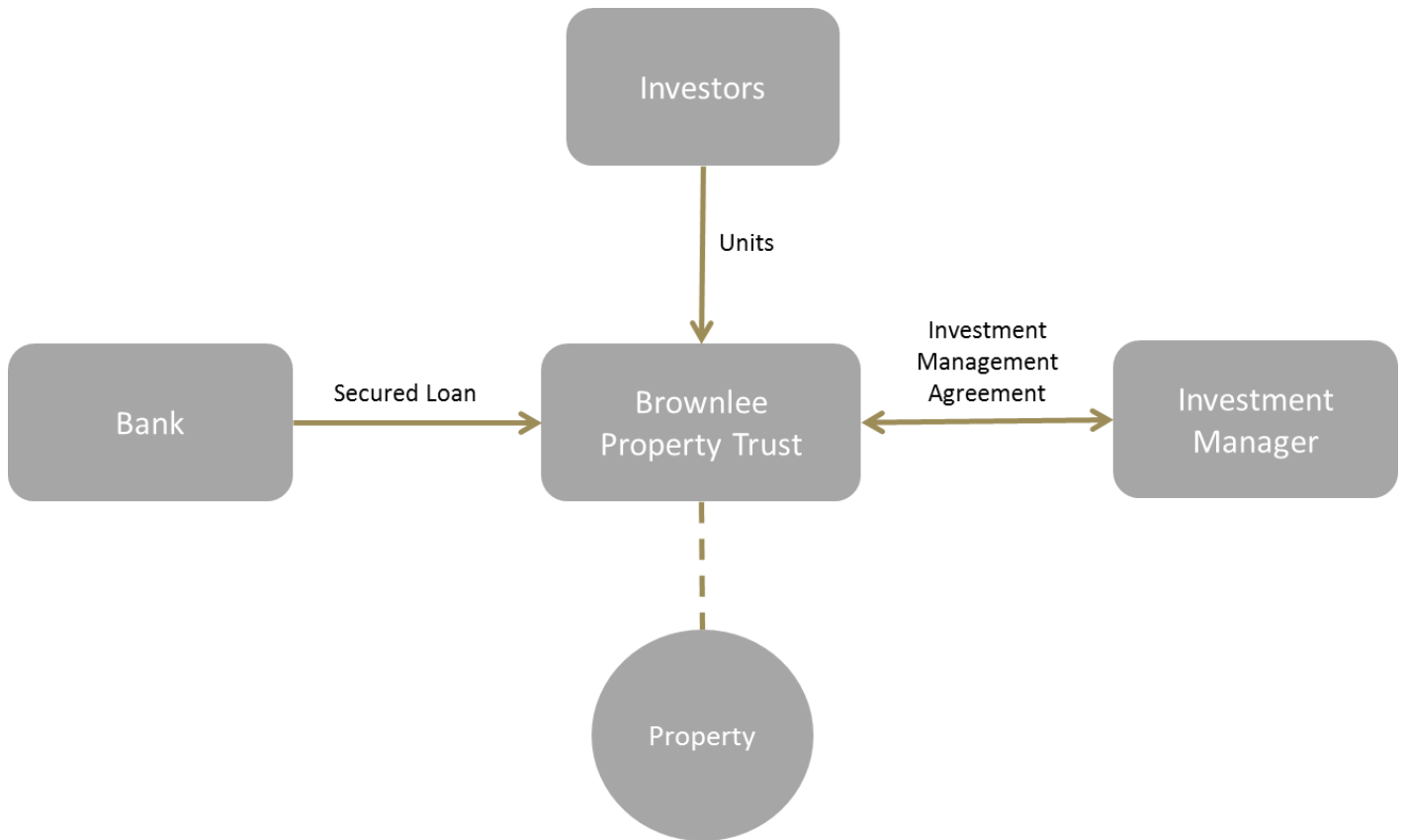
Term	<p>The intended term of the Trust is circa 6 years. Subject to the qualifications set out below, the Trustee may sell the Property between 30 June 2021 and 30 June 2023. The Trustee's present intention is to endeavour to sell the Property in the middle of 2022.</p> <p>The Investment Manager will continuously assess the market and may make recommendations to the Trustee concerning the realisation and/or the holding of the Property. If at any time the Investment Manager recommends that the Trustee should sell the Property prior to 30 June 2021, the Trustee will call a meeting of Unitholders. The Trustee may then sell the Property if a simple majority of Units at that meeting approves the sale.</p> <p>If at any time Unitholders at a meeting resolve by special resolution that the Property be sold, the Trustee will use its best endeavours to sell the Property within 12 months of the date the resolution was passed. A 'special resolution' is a resolution of Unitholders holding at least 75% of all issued Units.</p> <p>If at any time the Investment Manager recommends that the Trustee should hold the Property beyond 30 June 2023, the Trustee will call a meeting of Unitholders. If at that meeting, the Unitholders by special resolution vote in favour of holding the Property beyond 30 June 2023, then the Trustee shall be obliged to continue to hold the Property in accordance with the resolution and then at the time specified in the resolution to use its best endeavours to sell the Property.</p> <p>Upon completion of the sale of the Property, the Trustee will promptly wind-up the Trust</p>
Withdrawal Rights	Unitholders will not have a right to withdraw from the Trust.
Sale of Units	<p>It is the current policy of Pipeclay to assist any Unitholder who wants to sell their Units to find an alternate purchaser of their Units.</p> <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. 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 Sale	<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 at 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 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 stamp duty is 5.75%</p>
Unitholders Consents	<p>The Trustee will generally exercise its powers to act according to 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 Constitution that affects or may affect the rights of Unitholders will require the consent of a special resolution of Unitholders (holding at least 75% of all issued Units). The Trustee will have the ability to amend the Constitution without the approval of the Unitholders but only where there is no effect on the rights of any Unitholder. ○ The Trustee may only increase the number of units issued by the Trust with the consent of a special resolution of Unitholders (holding 75% of all issued Units) 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 is 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% (plus GST) of the Property Value. The management fee is to be paid monthly in arrears during the Trust term.

Property Management Fee	Pipeclay will be entitled to any Property Management Fee, paid by the Tenant as part of its outgoing obligations under the Lease. This fee is typically 2% of net rent.
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. An estimate of the relevant formation and acquisition costs is included on page 10 of this Information Memorandum.</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 \$92,880 (being 2.5% of the amount of Total Equity Required 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 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 Investments Trust will subscribe for 515 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 individual's circumstances. Investors are responsible for seeking the advice appropriate to their circumstances. The Trustee has commissioned a depreciation schedule to be prepared by Napier & Blakeley. A copy of the schedule will be made available to the Unitholders.
Subscription Payment	Subject to the Trustee exercising its discretion to extend the time for payment, the Trustee will require each Investor's subscription for Units to be paid on or before 3 May 2016 in order to facilitate settlement of the acquisition of the Property currently expected to be 6 May 2016.
How to Apply	Section 8 of this IM details the steps to apply for Units in the Trust.
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, 3 May 2016 (subject to the Trustee, acting in its sole discretion, extending the time for such applications to be made) unless this IM is otherwise withdrawn.

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

Investment Structure

The Property will be held in an 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

Pinkenba is part of the Australian Trade Coast a major economic and employment initiative undertaken by Brisbane Airport Corporation, the Port of Brisbane, the Queensland Government and the Brisbane City Council. The area is strategically located at the mouth of the Brisbane River and adjacent to the Brisbane Airport and the Port of Brisbane. The Property is 12 radial kms from the Brisbane CBD and connected to all major transport routes servicing South East Queensland and beyond. Substantial roadworks including the recent completion of the Airport Link Tunnel and Kingsford Smith Drive upgrade support the Australian Trade Coast as a favoured industrial location in the greater Brisbane region.

The Property is within an emerging “defence precinct” in Pinkenba. The neighbourhood includes the French defence contractor Thales, which supplies the Defence Department with the Bushmaster vehicles, which carry Harris communications equipment. Other proximate neighbours include Airbus Helicopters (formerly Eurocopter) and a munitions related facility.

The Australian Defence department requires all sensitive installations to have a direct communications connection with and to be located within a specified response time of an Australian Federal Police facility. The major Federal Police presence in Brisbane is at the Brisbane Airport which dictates the location of defence related facilities in Brisbane.



Property Description

The Property is a 10,660 sqm general industrial site comprising an industrial building of 5,597 sqm which consists of 4,995 sqm of warehouse area and 602 sqm of office space. The land is extensively covered by heavy duty concrete. Construction of the improvements was completed in 2008 and has delivered a high quality base building:

- The internal clearance of the warehouse is 9 metres at the eaves;
- The building is fully sprinklered throughout;
- There are 13 container height roller doors; and
- The Property has two cross-overs onto Brownlee Street and B-double semi-trailer drive round access.

The base building has been modified by the principal tenant to deliver a very high level of building security, including a Level B “safe” inside of which the design and assembly of sensitive defense equipment take place. The tenant has an obligation to restore the building to base conditions at the termination of its occupancy.

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

Environmental	Ramboll Environ Australia Pty Ltd*
Property Condition	Napier & Blakely Pty Ltd
Valuation	Herron Todd White *
Legal	Corrs Chambers Westgarth

*Currently completed and available

The due diligence is still to be completed. The Trustee will issue Investors a supplemental information memorandum outlining any noteworthy issues, if any emerge and are not resolved prior to an unconditional contract being entered into for the acquisition

Investors are encouraged to review each of the due diligence reports when they are available. Investors interested in obtaining copies of the reports should contact Sheila Quarta at sheila@pipeclaylawson.com.au



Tenancy Details

The principal terms of the lease are summarised as follows:

Tenant	Harris Communications (Australia) Pty Ltd, an Australian subsidiary of Harris Corporation
Lease Term	Expires 15 February 2021
Option	The Tenant has an option to extend the lease for one, two, three, four or five years. The option to renew is required to be exercised six months prior to lease expiry
Initial Rent	\$671,640. p.a
Rent Review	Rent will increase by 3.5% or CPI, whichever is the greater, each 13 June, other than on 13 June 2020. On exercise of the renewal option the rent is subject to a market review. Thereafter rent will escalate each 16 February at the greater of 3.5% or CPI.
Bank Guarantee	Bank guarantee equivalent of 6 months net rent plus GST.
Outgoings	The Lessee is required to pay all taxes, impositions and outgoings of whatever nature (other than income tax, capital gains tax, and costs of a structural or capital nature). Land tax is payable on a single holdings basis..
Maintenance & Repair	The Lessee is responsible for repairs and maintenance interior of the building other than as a result of fair wear and tear or casualty events generally covered by insurance. The Trust is responsible for repairs of a structural nature, and to preserve the good external appearance of the building and to keep the building wind and watertight.

Boeing Australia Sub-Lease

The principal terms of the sublease are as follows:

Sub Lessee	Boeing Defence Australia Limited ACN 006 678 119, a subsidiary of the Boeing Company.
Lease Term	Expires 30 June 2019.
Options	The Sub Lessee has an option to extend the sublease for a further 12 months.
Initial Rent	\$252,120 p.a. payable monthly in advance
Rent Review	Rent will increase by 3.5% or CPI, whichever is the greater, each 13 June.
Outgoings	The Sub Lessee pays 37.5% of all outgoings.
Maintenance and Repair	The Sub Lessee pays 37.5% of all maintenance and repairs other than in respect of maintenance of the roller doors in which case the Sub Lessee pays 50% of costs incurred.

Harris Corporation

Harris Corporation is an international information technology and communications company, listed on the New York Stock Exchange with a current market capitalisation of USD\$9.93 billion. The company has customers in 125 countries, approximately \$8 billion in annual revenue and about 23,000 employees.

Harris supplies the Australian Defence Force with tactical radios including a comprehensive technical and logistics support program.





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

The Libling family through the Flower Property Group have been successful investors in industrial property for 30 years. The Investment Manager will adopt their 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 and the risk return proposition favours the purchaser.
- 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 operational problems.
- To address all repairs and maintenance so as to protect the value of each property whilst minimising the impact on each tenant'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 the Libling family. 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 Brownlee 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 Investment Manager believes that over the medium to long term Pinkenba will outperform most Brisbane industrial areas. The area's rental growth prospects are underpinned by its proximity to the Port of Brisbane and Brisbane Airport and connectivity to all major arterial roads.

The Investment Manager is attracted to this Property for five principal reasons:

1. The Property is well tenanted and ideally suited to the current occupants' needs and can therefore be expected to generate good rental income in the medium to long term.
2. The Tenant has occupied the site since 2012, its original lease was due to expire in 2015. In April 2015 the lease was extended to June 2018. In December 2015, the Lease was further extended to February 2021. The extensions correspond to new or extended defence contract(s) with the Australian Government. The Investment Manager believes that the price being paid reflects the current term of the Lease without any premium for the above average prospect of the current lease being renewed.
3. The current lease requires Harris to restore the building to its original configuration. Harris has made considerable changes to the Property to meet the stringent requirements of the Australian Defence Department. The Investment Manager estimates the cost of removing all of the special security features of the Property, including the "safe", to be substantial.
4. The current user subjects the Property to very little traffic and the current wear and tear on the Property is minimal.
5. The base building is an attractive warehouse/office which would suit many potential alternate users. Its security features (which Harris is obliged to remove at the end of its lease term) would be attractive to other users who require special security features.

The Property represents a secure and growing yield on investment and a long term capital gain opportunity. Pipeclay is targeting an overall return of 11.6% p.a. for equity investors over the 6 year proposed life of this investment.

Managing Investment Capital

Investment Term

The Trustee currently believes that the optimal term of the investment for this Property is circa 6 years. The Trustee expects the Tenant will endeavour to entrench itself as an incumbent supplier to the Australian Defence Force and consequently to exercise its option to extend the lease term. The Property will, having regard to the tenant's low intensity usage, continue to present extremely well in 6 years' time.

The Investment Manager will continuously assess the market and may make recommendations to the Trustee concerning the realisation and/or the holding of the Property.

If at any time the Investment Manager recommends that the Trustee should sell the Property prior to 30 June 2021, the Trustee will call a meeting of Unitholders. If at the meeting, the Unitholders, holding the majority of Units being voted at that meeting, resolve to sell the Property in accordance with the Investment Manager's recommendation, then the Trustee will be obliged to use its best endeavours to affect a sale in accordance with the resolution.

If at any time the Investment Manager recommends that the Trustee should hold the Property beyond 30 June 2023, the Trustee will call a meeting of Unitholders. If at that meeting, the Unitholders, holding the majority of Units being voted at that meeting, resolve to hold the Property in accordance with the Investment Manager's recommendation, then the Trustee will be obliged to continue to hold the Property in accordance with the resolution and then at the time specified in the resolution to use its best endeavours to sell the Property.

If at any time Unitholders holding no less than 25% of the Units request in writing that the period of the Trust be altered then the Trustee will call a meeting of Unitholders. If at that meeting, the Unitholders, holding no fewer than 75% of the Units being voted at that meeting, resolve to alter the period of the Trust, the Trustee will hold the Property in accordance with that resolution and will endeavour to sell the Property at the time specified in the resolution.

Payment of Distributions

Distributions will be paid monthly in arrears. Settlement of the acquisition is currently scheduled for 6 May 2016. The first distribution is expected to be paid on or around 5 June 2016.

The Trusts distribution policy is to maintain an even monthly distribution with increases over time, whilst maintaining prudent levels of cash reserves.

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.

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 30 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 educated at Oxford University (Philosophy, Politics & Economics) and University of Sydney (Psychology). She has been a Director of the Flower Property Group since its inception and has experience in all aspects of industrial property investment, including construction. She has been CEO of Filmco Limited, a publicly listed company, has been an Executive Producer, and has consulted to Rothschilds Australia and NZ Insurance.



Emil Pahljina

Emil has a degree in Economics from Monash University and Bachelor of Law from the University of Melbourne. Emil has 17 years of funds management experience including a range of managed investment schemes in respect of both real estate and infrastructure assets. Emil was the Chief Executive of the ASX listed Challenger Infrastructure Fund to December 2012 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.



Matt Libling

Matt graduated from Cambridge University with first class honours and, subsequently, a Masters in Mathematics. Matt began his career at McKinsey & Company in London. He is currently the Director of Strategy and a member of the Executive Management Committee for NOW: Pensions, the fastest growing private sector pension scheme in the UK. NOW Pensions is a UK Subsidiary of ATP, Denmark's largest pension fund, with GB70 billion of assets under management.

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.

Asset 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.

The Trustee will have the Property independently valued every three years, or whenever the bank requires and on any refinance of the Trusts 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 is obliged to meet the cost of "Outgoings". Outgoings typically include the cost incurred by the property owner in relation to property management but do not include the property owner's internal costs of property management. The Trustee has engaged FPG Pipeclay Property Management Pty Limited, a related company to the Trustee, to provide property management services. The Investment Manager will be entitled to any Property Management Fees, paid by the Tenant as part of its outgoings obligations under the Lease. This fee is typically 2% of net rent.

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 Pipeclay Investments Trust will provide 10% of the required equity capital by subscribing for 515 Units. The FPG Pipeclay Investment Trust will be entitled to a total discount equal to approximately \$102,000 (being 1% of the total acquisition cost of the Property) on the face value of the 515 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 \$92,880 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 2% 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 an environmental due diligence reports from Ramboll Environ Australia Pty Ltd;
- the cost of the CBA obtaining a valuation report from Herron Todd White;
- the legal cost of negotiating amendments to the contract of purchase and general conveyancing advice from Corrs Chambers Westgarth;
- the legal cost of review of the Constitution, settling this IM and legal advice associated with the structure of the transaction and this Offer by Corrs Chambers Westgarth; and,
- the cost of a building condition report and tax depreciation report from Napier and Blakely.

The total amount expected to be payable by the Trust in respect of the above costs is \$55,000.



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	9,650,000
Transfer Duties	564,731
Due Diligence & Legal Costs	55,000
Bank Establishment Fee	31,010
Equity Underwriting Fee	92,880
Working Capital	5,380
Total	10,400,000
Secured Loan	-6,272,000
Total Equity Required	4,128,000

Senior Debt Facility

The Trustee has received 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	\$6,272,000
LVR	65% of Purchase Price
Term	2 years from drawdown
Interest Margin	1.65% facility margin above 90 day bank bill rate. The Trustee intends to enter into an interest rate swap to fix 100% of the interest rate cost under this loan facility.
Payments	Interest only payable quarterly in arrears
Key Covenants	EBITDA / Interest (Interest cover ratio) cover must exceed 1.85 times The Property must be insured on terms acceptable to CBA. The Trustee will not alter the Lease, the Constitution and the management agreement without the CBA's consent
Key Event of Default	The LVR to not exceed 65% for the term of the facility. 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 an interest rate swap to effectively fix the level of its interest rate payments on the Bank Loan for the current term of the lease. It is the intention of the Trustee to fix 100% of the interest rate on its secured loan at settlement of the acquisition of the Property.

As time goes by the Trustee will monitor long term interest rates and where it believes Unitholders interests are best served it will seek to extend some or all of its interest rate swaps to cover the expected interest rate exposure in the period beyond the initial term of the interest rate swap.

In the event that the interest rate swap is terminated earlier than its maturity date (circa February 2021), then break costs may be payable to or receivable from the CBA.

Event of Default

The Trust is required to have a LVR no greater than 65% during the term of the facility. The LVR will be determined by reference to an independent valuation from a CBA approved valuer.

Debt Refinance

The Trustee will regularly assess the state of debt capital markets and evaluate opportunities to refinance the Bank Loan Facility.

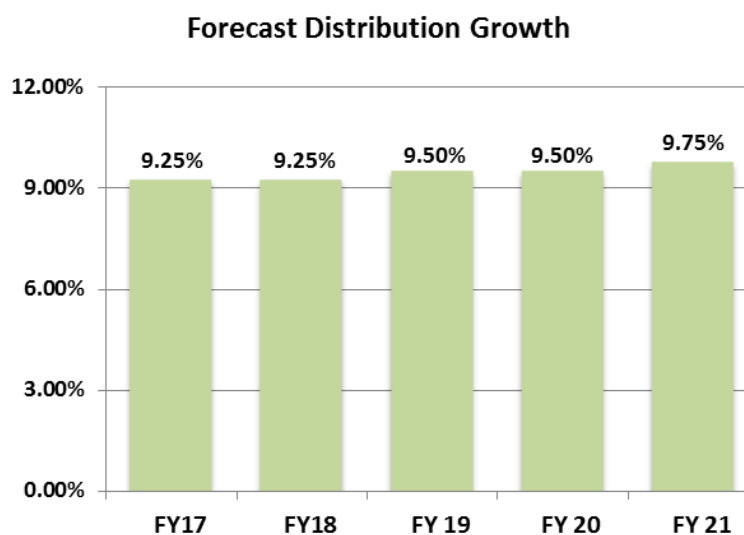
Target Returns to Investors

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

Period Ending 30 June	FY17	FY18	FY 19	FY 20	FY 21
Rent	753,076	719,478	744,659	770,722	783,568
Recoverable Outgoings (estimate)	87,049	90,096	93,249	96,513	99,891
Income	840,126	809,574	837,909	867,235	883,459
Bank Loan Interest & Fees	-257,152	-257,152	-257,152	-270,435	-288,773
Outgoings (estimate)	-87,049	-90,096	-93,249	-96,513	-99,891
Asset Management Fee	-72,560	-72,411	-74,379	-80,284	-80,284
Trust Expenses	-8,000	-8,280	-13,926	-8,870	-9,180
Expenses	-424,761	-427,939	-438,707	-456,101	-478,128
Net Income (Before Depreciation)	415,364	381,634	399,202	411,134	405,331
Net Movement in Working Capital	-24,089	9,641	2,648	-9,284	7,094
Distributions	391,275	391,275	401,850	401,850	412,425
Distributions (\$ per Unit)	92.5	92.5	95.0	95.0	97.5
Running Yield	9.25%	9.25%	9.50%	9.50%	9.75%
Monthly Distributions (\$ per Unit)	7.71	7.71	7.92	7.92	8.13
Interest Cover Ratio (EBITDA / Interest)	2.62	2.48	2.55	2.52	2.40

The above forecasts commence 30 June 2016. Settlement of the acquisition is expected to occur 6 May 2016. Distributions paid prior to 30 June 2016 are expected to be \$7.71 per unit, consistent with the forecast for the financial year to 30 June 2017.

The targeted distributions for investors are illustrated below:



The investment highlights for investors are:

- A forecast distribution of 9.25% p.a for period to 30 June 2018.
- Distributions will be paid monthly in arrears.
- The Trustee expects a portion of the distributions will be tax deferred. The Trustee has commissioned a depreciation schedule from Napier & Blakely.

Return Assumptions

The forecast returns set out in this IM are based on the Trust completing the acquisition of the Property on or before 30 June 2016 at a total acquisition & formation cost of \$10,400,000. The current expectation is that settlement of the acquisition will occur 6 May 2016. The forecast returns are also based upon 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 \$695,147 p.a. is paid monthly in advance from acquisition.
- Rent increases by 3.5% each June during the forecast period other than in June 2020.
- Outgoings are paid as they fall due.
- No major expenditure including capital or structural works arise during the period of the investment.

Senior Debt Assumptions

The Trustee borrows \$6.272 million from the CBA in accordance with its offer of finance:

- The terms of the Bank Loan Facility including all fees and margins are as set out above.
- The fixed rate payable under the interest rate swap is 2.45%p.a for the period to 30 June 2019 and 2.65%p.a for the remainder of the initial lease term. The margin is assumed to be 1.65% through the forecast period.
- There is no event of default during the forecast period.

Tenancy Assumption

The current Tenant continues to occupy the Property until expiry of the initial lease term 15 February 2021.

Either the current Tenant exercises its option for a further period or a new tenant is secured for the remainder of the forecast period.

Management Fees

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

Capital Expenditure

There will be no material capital expenditure undertaken by the Trust during the forecast period. This is expected to be consistent with Napier & Blakely's advice. The Trust is required to preserve the good external appearance of the building and is responsible for repairs of a structural or capital nature.

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.

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 Tenants pays all rent and outgoings when due.
- The Tenant occupies the premises until expiry of the initial lease term and exercises its option to extend the lease term for up to 5 years.
- On expiry of the initial lease term (15 February 2021) rent increases by 5%.
- The Bank Loan Facility is refinanced on similar terms for the duration of the investment term.
- After the initial interest rate swap, the Trustee's average interest rate cost is 5.52%.
- The Trust's administration expenses are \$8,000 p.a. and escalate at 3.5% p.a. over the investment term.
- Management fees are as set out in Section 4.

The Property is sold in 6 years' time for \$11.40 million. The overall return to Investors in this Base Case scenario is 11.6% p.a after payment of all management fees including 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 has arranged for a schedule of depreciation to be prepared, 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 weighted average swap rate entered into by the Trustee at settlement is 2.53% which is reflective of the swap rate offered by the CBA 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	5 Year Swap Rate (Yrs 0 – 5)	Equity IRR % p. a	Distributions Per Unit* (FY 17 – 21)
-25pts	2.28%	11.9%	49.0%
Base Case	2.53%	11.6%	47.3%
+25pts	2.78%	11.3%	45.5%

* Total distributions forecast to be paid to 30 June 2021 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 5.52%. Changes to the interest rate for the remainder of the investment term of +/- 100bpts have the following impact on Unitholder returns:

Variance	Interest Rate (Year 5+)	Equity IRR % p. a	Distributions Per Unit* (FY 17 – 21)
-100pts	4.52%	11.8%	47.6%
Base Case	5.52%	11.6%	47.3%
+100pts	6.52%	11.4%	46.9%

* Total distributions forecast to be paid to 30 June 2021 as a % of Unit issue price

Changes in Value on Sale of Property

The Investment Manager's base case is that the Tenant will continue to entrench itself with the Australian Defence Force and consequently will exercise its right to renew the lease term. The Investment Model assumes that the Property will be sold in June 2022, following the exercise of the renewal option by the Tenant.

The Investment Model assumes that the Property is sold for \$11.4 million, which equates to an income yield for the purchaser of 7.5%. The following table demonstrates the effect of that income yield being +/- 50pts;

Variance	Income Yield on Sale %.	Gross Sales Proceeds \$m	Equity IRR % p. a
-50pts	7.0%	\$12.2	13.5%
Base Case	7.5%	\$11.4	11.6%
+50pts	8.0%	\$10.7	9.7%

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 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 on expiry of the initial lease term is higher or lower than assumed in the base model. The effect of a +/- 5% change 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 17 – 21)
- 5%	0%	10.0%	46.9%
Base Case	5%	11.6%	47.3%
+5%	10%	13.0%	47.6%

* Total distributions forecast to be paid to 30 June 2021 as a % of Unit issue price

The level of rent will also have a bearing on the proceeds achieved from the sale of the Property. The above table has been calculated assuming a sale is achieved at an implied income yield of 7.5% which is the Investment Managers base case assumption. The following table illustrates the impact on Unitholder returns from a + / - 50bpts change to the implied income yield on sale assuming that no increase in rent is achieved at commencement of the new lease term;

Variance	Income Yield on Sale %.	Gross Sales Proceeds \$m	Equity IRR % p. a
-50pts	7.0%	\$11.6	12.0%
Base Case	7.5%	\$10.9	10.0%
+50pts	8.0%	\$10.2	7.8%



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.

Completion of Acquisition

RISK: The acquisition of the Property is subject to the satisfactory completion of the due diligence referred to in section 3 (Property) of this Information Memorandum. The obtaining of satisfactory results of the due diligence is itself, a condition to finalising the Bank Loan Facility.

Valuation

RISK: The value of the Property may decrease, not meet growth expectations or oscillate. Such changes can have significant negative effects on the Trusts existing financing arrangements, the Trustees ability to refinance the existing bank loan and/or the price realised on sale of the Property. Changes in value of the Property may arise as a result of property specific matters and general 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 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, 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: Recent comparable sales and the independent valuer support the purchase price as being current market value.

Vacancy / Leasing

RISK: The Property's income, and value, is dependent on the Tenant's ability and willingness to meet its obligations including its payment obligations. The Tenant may not extend its lease term and the general economic conditions and specifically the industrial property market may at that time have lowered demand for rental properties.

If the Tenant fails to renew the lease or is unable to meet its obligations this would have an adverse effect on the Trust. Distributions would likely be suspended and there could be significant diminution in Unitholder returns and / or losses suffered by investors.

MITIGANT: The Tenant is a significant subsidiary of Harris Corporation which has a current market capitalization of US\$9.84 billion. The Investment Manager believes that Property's specifications are attractive and it is located in a sought after area with a traditionally low vacancy rate.

Term and Liquidity

RISK: The Trust term is expected to be 6 years. The Trust will be illiquid and there will be no established secondary market in which to sell Units.

Debt Finance

RISK: The initial term of the Bank Loan Facility will be 2 years. Over the expected term of the investment the Trustee will need to refinance the Bank Loan, possibly more than once. The availability of credit and the terms on which it is available is a function of the credit markets. Depending on the market conditions prevailing at the time, the terms relating to any replacement loan, including the LVR and interest cover ratio, maybe less favourable to the Trust than the terms of the initial loan provided by the CBA. When the term of the Tenant's lease is less than 5 years, all other things being equal one would expect the LVR requirement to tighten.

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.

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

MITIGANT: At the end of the initial finance period, the Tenant's lease will have a remaining term of circa 3 years. The Trustee expects that in the absence of a meaningful deterioration in credit markets it will be able to refinance the initial bank loan on comparable terms but at a lower LVR. At that time the rent will have increased to \$744,659 consequently the Trustee currently expects that the LVR will then be circa 62.5%.

Interest Rate Risk and Derivatives

RISK: Any increase in the interest rate incurred by the Trust on its bank loan decreases the amount available for distribution to Unitholders. A sufficiently large increase in interest rates payable by the Trust could result in a breach of the covenant relating to the Interest Coverage Ratio. This could result in the Trust being forced to sell the Property at a disadvantageous time or manner and result in a loss to the Investors.

The Trustee has made arrangements with the CBA to fix the interest rate from the date of settlement. The interest rate swap will only fix the base interest rate on the Bank Loan for the period from settlement until expiry of the initial lease term.

Interest rates may increase from the date of this IM to the settlement date, which may have an adverse impact on Unitholders returns.

For the purpose of forecasting the overall return on this investment the Trustee has made an assumption as to the average interest rates beyond the term of the interest rate swap. That assumption may prove to be incorrect and have an adverse impact on Unitholder return

Early termination of the swap arrangement would 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.

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 the target return for Unitholders.

Natural Events

RISK: The Property could be affected by fire, flood, 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 any damage resulting from civil unrest). 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 demand repayment of its loan. In these circumstances the Trust could suffer substantial financial loss.

Environmental Risk

RISK: In forming its view that the Property is an attractive investment for the Trust the Trustee has relied on an environmental investigation by Ramboll Environ Australia Pty Ltd. The Trustee does not have in-house professional expertise in these fields. If it should transpire that this report 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 a specialist consultant 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 report provided by the consultant. Potential investors are encouraged to assess for themselves the thoroughness and likely accuracy of its report.

The Trustee has not commissioned an asbestos report.

MITIGANT: The building was constructed at a time when it would have been illegal to incorporate any asbestos in the building fabric. Both, the builder and the developer are reputable, experienced and active in the area.

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.

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 does not meet assumptions, the Trust will have no other assets to minimise the adverse effect on the performance of the Trust.

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

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, a registered valid lease to the Tenant 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.

Capital Expenditure

The Trustee has assumed that there will be no expenditure during the term of the Trust on roof repairs and structural elements of the building. If such expenditure became necessary it could have a material effect on the financial outcome of the investment.

MITIGANT: The Investment Manager expects, given the age of the building, that the building condition report from Napier & Blakeley will confirm that it is reasonable to expect no capital expenditure to be incurred over the initial term of the Tenant's lease.

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 to Unitholders.



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.

The IM 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 and the Constitution, and the Application Form, and once signed, return the Application Form to Pipeclay Lawson Limited at GPO Box 5355, Sydney, NSW, 2001, so it is received by no later than 3.00pm Tuesday, 3 May 2016 in order to facilitate settlement of the acquisition of the Property in 6 May 2016.

Applicants must also either enclose a cheque with their application or alternatively electronically transfer the requisite sum in accordance with the directions set out in the Application Form. All cheques should be made out to Pipeclay Lawson Limited ATF the Brownlee Property Trust. The Trustee may, acting in its sole discretion, extend the time for payment of any subscription amounts by Investors.

Save in the case of those Investors subscribing for, at least, \$500,000 worth of Units, 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.