Information Memorandum

Chullora Land Trust

An opportunity to invest in 68 Anzac Street, Chullora, NSW

12 September 2014

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 under the *Personal Property Securities Act 2009* (Cth).

"**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 Chullora Land 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 McWilliam's."**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.

"McWilliam's" means the McWilliam's Wines Group Ltd ACN 000 024 108.
"Offer" means the offer of Units in the Chullora Land Trust which is the subject of this IM.

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

"Portavin" means Portavin NSW Pty Limited ACN 153 210 265

"**Property**" means land and improvements at 68 Anzac St, Chullora, NSW.

"**Property Value**" means the market value of the Property as determined by an independent valuer appointed by either the CBA or the Trust.

"**Realisation Event**" means the sale of the Property by the Trust.

"**sqm**" means square metres.

"**Trust**" means the Chullora Land 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 2014. 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 Chullora Land 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. 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.

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 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.

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 70% 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 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 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 Chullora Land 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 3.573 hectare industrial property (35,730 sqm) adjoining the Chullora Business Park.
- The Property is the corporate head office and principal bottling and storage facility for McWilliam's. In 1974 McWilliam's entered into a 50-year ground lease over the entire site.
- McWilliam's has made substantial improvements to the site including a red brick warehouse and manufacturing facility with a gross lettable area of 19,910 sqm. McWilliam's does not have an option to extend the ground lease. On expiry, 31 May 2024, the possession of land and the improvements reverts to the Trust.
- McWilliam's has sublet circa 30% of the gross lettable area to Portavin NSW Pty Limited (Portavin), a leading integrated wine services company in Australia.
- McWilliam's is responsible for all outgoings associated with the Property.
- A current net rent of $1,139,000. The rent is set at 8.5% of the "unimproved value" of land. The Trust may initiate an independent valuation of the Property at any time of its choice but no more frequently than triennially. The most recent valuation was completed 1 June 2008, immediately prior to the global financial crisis.
- Forecast initial distribution yield of 9.3% and a target IRR of 15.0% over an investment term of 9.5 years.

Pursuant to this IM, the Trustee is seeking to raise $5,953,000 of subscriptions through the issue of 6,120 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 26 September 2014 in order to facilitate settlement of the acquisition of the Property, currently expected to be 30 September 2014. 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 762 of the Units being offered in the Trust. Under the terms of the Constitution, the FPG Investment Trust will receive a $167,000 discount on the total subscription price of the Units it subscribes for, being equal to 1% of the total acquisition cost of the Property.

Distributions will be paid monthly in arrears. The first distribution will be paid on or around 6 November 2014.

The Property

The Property is located on the eastern side of Anzac Street within the established industrial suburb of Chullora. The site is located 9.5 kilometres south east of the Parramatta CBD, 18 kilometres west of the Sydney CBD and 13 kilometres north-west of Port Botany. The Property has excellent road links with close proximity to both the M4 and M5 Motorways, and to both Hume Highway and Centenary Drive.

Chullora's central location makes it ideal for manufacturing and distribution operations. Chullora is consequently home to many companies including Volkswagon, Tip Top Australia, Primo Small Goods, Volvo and Bridgestone. Australian Post also has a major delivery centre adjacent to the McWilliam's bottling plant.

The Property is 35,730 sqm of land. The improvements to the Property essentially comprise a substantial red brick building which incorporates:

- Office space of 2,652 sqm including the usual amenities for this type of operating facility
- Ground floor manufacturing and warehouse area totaling 12,684 sqm.
- Mezzanine storage of 2,224 sqm.
- Lower ground warehousing of 2,083 sqm.

The red brick warehouse was constructed in the mid-1970s. The lower ground storage was completed in 1986. Other improvements to the Property include the provision of surrounding roadways, parking for employees, awnings, concrete hardstand, external and above ground bulk liquid storage, landscaping, fencing and security gates. The manufacturing and warehouse space is suitable for a broad range of contemporary applications.

McWilliam's has occupied the site since 1974. In 2011 McWilliam's subleased circa 30% of the premises to Portavin. The sublease to Portavin terminates if Portavin's packaging agreement with McWilliam's terminates.

Investment Strategy

The Investment Manager believes that Chullora is an excellent industrial precinct with better than average prospects for capital appreciation. The site's land value has grown 5.6%p.a over the last 18 years; CPI over the same period has averaged 2.6%. The site was last valued at $13.4 million as at 1 June 2008 immediately prior to the GFC. Land value growth typically occurs in spurts. Pipeclay will continually review land values and endeavour to maximise average rent over the period of the lease. Whilst it is difficult to predict when these growth spurts will occur Pipeclay believes there will be scope to increase the Property's assessed land value in the near term.

This Property also offers Investors the opportunity to incrementally benefit from the improvements made to the site by McWilliam's, which revert to the landowner on expiry of the lease. The Investment Manager estimates these improvements to be currently worth circa $6 million. The negotiated purchase price is $15.75 million. Pipeclay believes that the current value of the Property, unencumbered by the ground lease, is in excess of $19 million. This value gap together with any underlying growth in land value will be realised by Investors as the ground lease matures.

This unique characteristic means that the Property's capital value should appreciate at an above average growth rate. It is the current intention of the Investment Manager to refinance the initial bank debt of the Trust after three years and to regear the Trust to between 62.5% and 65% of the prevailing Property value at that time. Any additional funding will be used to provide Investors with an interim capital return.

The current intention is to hold the Property until expiry of the lease, 31 May 2024. As the ground lease approaches maturity the Investment Manager will explore two alternate realisation strategies. First, it will look to lease the existing facility to either or both of the existing tenants or an alternate tenant. In the each case the Manager believes some refurbishment of the existing facility will be required. These improvements could be undertaken by the Trust at or near lease expiry or alternatively the Property could be sold leaving the Purchaser to complete the works.

The second strategy would be to sell the Property as a redevelopment site for an alternate and higher use, subject to obtaining any required planning approvals. The existing site is bordered by bulky goods retail including Masters Hardware and Fantastic Furniture on one side, a mixed use office, warehouse and showroom for Volvo trucks on the other and a delivery centre for Australia Post.

The Investment Manager has identified a number of potential improvements that can be made to improve access to the site and therefore the utility of the existing Property to potential tenants. These opportunities will benefit both realization strategies but require negotiation with and the approval of local and State authorities and as a result should only be viewed as possible additional upside.

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 2015	:	9.3%
Year to 30 June 2016	:	9.3%
Year to 30 June 2017	:	9.5%
Year to 30 June 2018	:	10.0%
Year to 30 June 2019	:	10.0%

Percentages are on a per annum basis and represent the monthly distributions which are paid in arrears, divided by percentage of capital invested in the Trust adjusted for any interim returns of capital. The distribution yield quoted for the period from settlement to 30 June 2015 has been annualised.

Target Investor IRR:

Approximately 15.0% p.a., based on a 9.5 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 and the Flower Property Group have been successful investors in industrial property for 28 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'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 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 Ltd (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 Chullora Land Trust will be an unlisted unregistered wholesale managed investment scheme.

Property

The Trust’s primary asset will be the land and improvements located at 68 Anzac Street, Chullora, NSW.

Purchase Price of Property

$15,750,000

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).

Acquisition Cost	**$**
Purchase Price	15,750,000
Transfer Duty	851,740
Mortgage Duty	44,100
Due Diligence & Legal Costs	75,000
Debt Establishment Fee	55,125
Equity Underwriting Fees	133,950
Working Capital	68,085
Total	**16,978,000**
Bank Loan	-11,025,000
Total Equity Required	**5,953,000**

Offering of Units

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.

The Trustee expects to issue 6,120 Units in total. The FPG Investments Trust will subscribe for 762 Units. This Offer relates to the issue of 5,358 Units each fully paid to $1,000 per Unit.

Minimum Investment

The minimum investment is $250,000. A lesser amount may be accepted at the discretion of the Trustee.

Key Documents

The Trust has been established by the Trust Constitution. The Constitution sets 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.

Distributions to Unitholders

Target distribution for the financial years to 30 June 2015 and 30 June 2016 is 9.3%. Distributions will be paid monthly in arrears. Settlement of the acquisition is currently scheduled for 30 September 2014. The first distribution is expected to be paid on or around 6 November 2014.

The Trusts distribution policy is to maintain an even monthly distribution with stepped annual 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.

Term	The intended term of the Trust is circa 9.5 years. Subject to the qualifications set out below, the Trustee is obliged to use its best endeavours to enter into a contract for the sale for the Property no earlier than 1 January 2023 and no later than December 31, 2025. The Trustee's present intention is to endeavour to sell the Property in the first half of 2024. 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 2023, 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 shall 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 2025, the Trustee will call a meeting of Unitholders. If at that meeting, a special majority of the Unitholders (75%), resolve to hold the Property in accordance with the Investment Manager's recommendation, 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. 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 that the Property be sold, the Trustee shall use it best endeavours to sell the Property within 12 months of the date of the resolution. Upon completion of the sale of the Property, the Trustee will promptly wind-up the Trust
Withdrawal Rights	Unitholders will not have a right to withdraw from the Trust. A Unitholder may request to have all or part of their Units redeemed at 94% of net relisable value. On receipt of a Unitholder request the Trustee may, at its absolute discretion, offer all Unitholders a right to redeem a limited number of Units at that price but only where the Trust has access to the requisite funds to effect the proposed redemption of units and the Trustee believes it is prudent to do so.
Sale of Units	It is the current policy of Pipeclay to assist any Unitholder, who requests its assistance to sell their Units, to find an alternate purchaser of their Units. 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.
Stamp Duty on Sale / Acquisition	There will generally be no stamp duty payable in respect of a sale or acquisition of the units in the Trust unless: o an investor (and any "associated persons", as broadly defined) acquire 50% or more of the units in the Trust or an entitlement to 50% or more of the distribution of Trust Property; or o any investors (whether associated persons or not) acquire an entitlement to 50% or more of the distribution of Trust Property under transactions that arise from substantially one arrangement. Where applicable, stamp duty is payable by the person who acquires the units in the Trust at the approximate rate of 5.5% on the whole or part of the unencumbered market value of the Property. Investors should seek their own advice on whether stamp duty liability may be triggered.

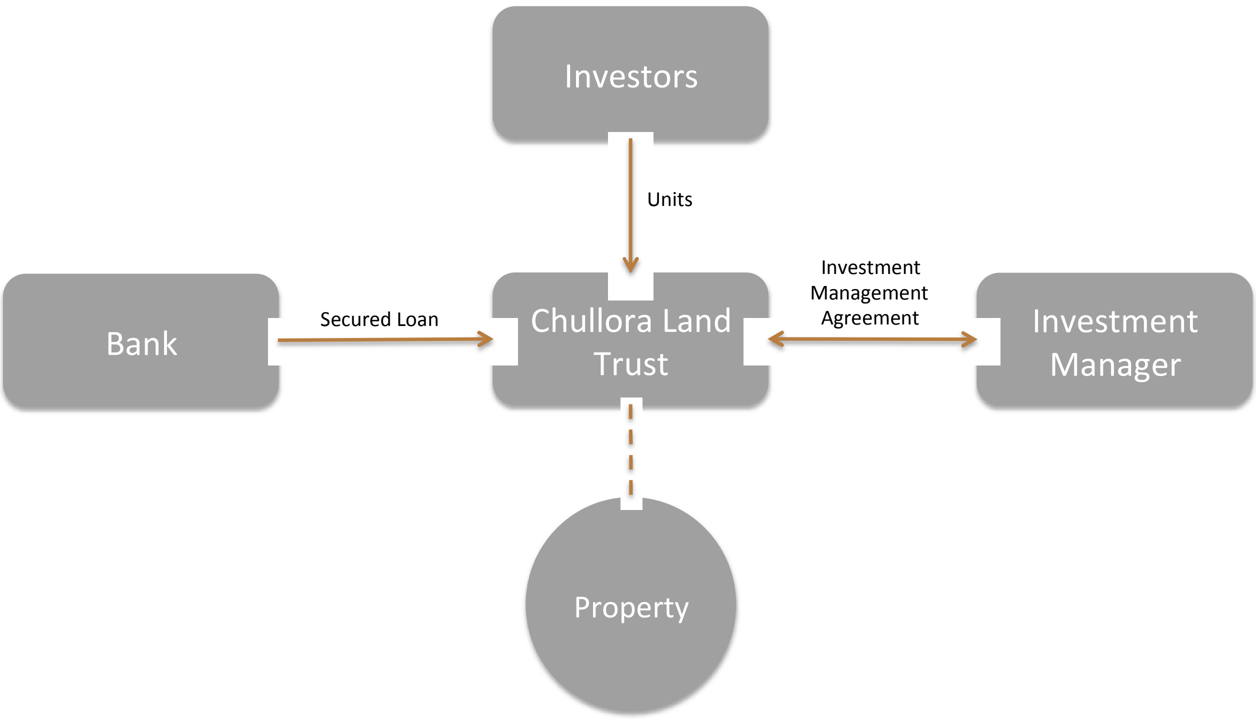
Unitholders Consents	The Trustee will generally exercise its powers to act according to its discretion but in certain circumstances is required to seek approval from Unit Holders. o Any variation to the rights and entitlements of Unitholders will require the consent of a special majority of Unitholders (75%) present and voting on the relevant resolution. 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. o The Trustee may only increase the number of units issued by the Trust with the approval of a special majority of Unitholders (75%) unless the issue of further Units is required to (i) fund the acquisition of the adjoining land and then only in the circumstances set out below or (ii) 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.
Acquisition of Adjoining Land	Where the Trustee believes that the acquisition of the adjoining land will enhance the value of the Units, the Trustee may issue additional Units in the Trust to fund the acquisition provided: (a) The issue of additional Units is underwritten, where necessary; (b) All Unitholders are offered the opportunity to participate in the issue of additional Units pro rata to their existing holding of Units; (c) All Unitholders who have elected to accept the offer to subscribe for additional Units have a pre-emptive right to acquire any Units that have not been taken up by Unitholders who have declined the offer to subscribe for additional Units; and, (d) The Trustee believes that distributions per unit for the 12 months immediately following the issue of additional Units will not be less than 10% of the application price of the Units less any interim return of capital that has occurred prior to the issue of additional Units. Where the Trustee has determined to issue additional units to acquire the adjoining land, it will prepare an information memorandum for Unitholders which will set out the information required to properly consider whether to subscribe for additional Units in the Trust.
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 IM.
Trust Management Fees[1]	Pipeclay will be entitled to an annual management fee of 0.75% (plus GST) of the value of the Property. 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 outgoings obligations under the Lease. This fee is typically 2% of net rent.
Trust Expenses	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. 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 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.
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 $133,950 (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.
Acquisition[1]	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 Investment Trust will subscribe for 762 units in the Trust.

Outperformance Fee[1]	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**”). 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.
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
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 will commission a depreciation schedule to be prepared by Napier & Blakeley after settlement of the purchase. 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 26 September 2014 in order to facilitate settlement of the acquisition of the Property currently expected to be 30 September 2014.
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) Friday, 26 September 2014 (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.

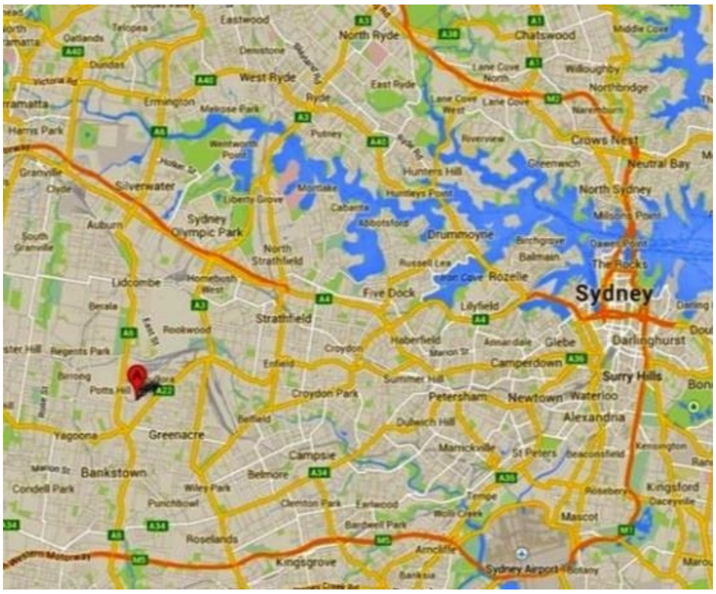
Investment Structure

The Property will be held in a unlisted unregistered wholesale unit trust. The Trustee will engage FPG Pipeclay Property Management Pty Ltd 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 on the eastern side of Anzac Street within the established industrial suburb of Chullora. The site is located 9.5 kilometres south east of the Parramatta CBD, 18 kilometres west of the Sydney CBD and 13 kilometres north-west of Port Botany. The Property has excellent road links with close proximity to both the M4 and M5 Motorways, and to both the Hume Highway and Centenary Drive.

Chullora's central location makes it ideal for manufacturing and distribution operations. Chullora is consequently home to many companies including Volkswagon, Tip Top Australia, Primo Small Goods, Volvo and Bridgestone. Australian Post also has a major delivery centre adjacent to the McWilliams bottling plant.

Property Description

The Property is approximately 35,730 sqm of land. The improvements to the Property essentially comprise a substantial red brick building, which incorporates:

- Office space of 2,652 sqm including the usual amenities for this type of operating facility
- Ground floor manufacturing and warehouse area totaling 12,950 sqm.
- Mezzanine storage of 2,224 sqm.
- Lower ground warehousing of 2,083 sqm.

The red brick warehouse was constructed in the mid-1970s. The lower ground storage was completed in 1986. Other improvements made to the Property include the provision of surrounding roadways, parking for employees, awnings, concrete hardstand, external and above ground bulk liquid storage, landscaping, fencing and a security gate. The manufacturing and warehouse space is suitable for a broad range of contemporary applications.

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

Environmental	Environ Australia P/L
Valuation	Jones Lang LaSalle
Legal	Corrs Chambers Westgarth

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 Ailie McKendrick at ailie@pipeclaylawson.com.au

Tenancy Details

The principal terms of the lease are summarised as follows:

Lessee	McWilliam's Wines Group Ltd
Lease Term	Circa 9.5 years to 31 May 2024
Option	The Lessee has no options to extend the lease term.
Reversion on Lease Expiry	All improvements on the land that are fixtures are owned by the Trust. The full economic benefit of these improvements reverts to the Trust on expiry of the Lease.
Initial Annual Rent	$1,139,000. p.a
Rent Review	Rent is set at 8.5% of the unimproved value of the freehold land. The last rent review was undertaken as at 1 June 2008. The Lessor is entitled to initiate a rent review at the time of its choice but no more frequently than every three years. The tenant is unable to trigger a rent review.
Outgoings	The Lessee is required to pay all taxes, impositions and outgoings.
Maintenance & Repair	The Tenant is required to ensure that the improvements are clean and in good and substantial repair at all times during and on expiry of the lease.

McWilliams Wines Group

McWilliam's has premium vineyards in significant viticulture regions across Australia. The McWilliams family established its first vineyard in 1877. Over the last 130 years the McWilliams family operations have expanded to become one of Australia's most significant producers and exporters of wine.

McWilliams has occupied the site since the late 1970s. The Property is currently used as the corporate head office and as a bottling plant and warehousing facility for McWilliams Wines Group. In 2011 McWilliams sublet circa 30% of the premises to Portavin NSW Pty Ltd.

Portavin Pty Ltd

Portavin is currently Australia's largest integrated wine services company. The company was established in 1989 to provide contract bottling, warehousing and distribution services to the wine industry in Australia and New Zealand. Portavin currently operates six static bottling facilities plants including three substantial plants in Perth, Melbourne and Port Adelaide, each of which is comparable to the entire Chullora facility.

In 2011 Portavin established its operations at the Chullora site, it currently has a 5-year sublease over 6,523 sqm of manufacturing and warehouse space. Portavin has two options to extend the sublease, the first for five additional years to 2021 and the second for a further three years to 2024.

Portavin's sublease will end if its packaging agreement with McWilliam's terminates.

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 and the Flower Property Group have 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 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'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 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 Chullora Land 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 Chullora is an excellent industrial precinct with better than average prospects for capital appreciation. The site's land value has grown 5.6%p.a. over the last 18 years; CPI over the same period has averaged 2.6%. The site was last valued at $13.4 million as at 1 June 2008 immediately prior to the GFC.

Land value growth typically occurs in spurts. Pipeclay will continually review land values and endeavour to maximise average rent over the period of the lease. Whilst it is difficult to predict when these growth spurts will occur Pipeclay believes there will be scope to increase the Property's assessed land value in the near term.

This Property also offers Investors the opportunity to incrementally benefit from the improvements made to the site by McWilliams, which revert to the landowner on expiry of the lease. The Investment Manager estimates these improvements to be currently worth circa $6 million. The negotiated purchase price is $15.75 million. Pipeclay believes that the current value of the Property, unencumbered by the ground lease, is in excess of $19 million. This value gap together with any underlying growth in land value will be realised by Investors as the ground lease matures.

This unique characteristic means that the Property's capital value should appreciate at an above average growth rate. It is the current intention of the Investment Manager to refinance the initial bank debt of the Trust after three years and to regear the Trust to between 62.5% and 65% of the prevailing Property value at that time. Any additional funding will be used to provide Investors with an interim capital return.

The current intention is to hold the Property until expiry of the lease, 31 May 2024. As the ground lease approaches maturity the Investment Manager will explore two alternate realisation strategies. First, it will look to lease the existing facility to either or both of the existing tenants or an alternate tenant. In the each case the Manager believes some refurbishment of the existing facility will be required. These improvements could be undertaken by the Trust at or near lease expiry or alternatively the Property could be sold leaving the Purchaser to complete the works.

The second strategy would be to sell the Property as a redevelopment site for an alternate and higher use. The existing site is bordered by bulky goods retail including Masters Hardware and Fantastic Furniture on one side, a mixed use office, warehouse and showroom for Volvo trucks on the other and a delivery centre for Australia Post.

The Investment Manager has identified a number of potential improvements that can be made to improve access to the site and therefore the utility of the existing Property to potential tenants. In particular, there is the potential to acquire the narrow strip of land adjoining the southwestern boundary of the Property. This land is currently a disused railway siding and as such is of limited value to its existing owners, the State Rail Authority. The Trustee currently intends to pursue this opportunity in the final few years of the current lease. The timing of this potential acquisition may not be within the control of the Trustee and at the relevant time the Trust may not have the ability to increase borrowings to fund the acquisition and an issue of additional units may be required.

The identified opportunities to improve access will benefit both realisation strategies but require negotiation with and the approval of local and State authorities and as a result should only be viewed as possible additional upside.

Managing Investment Capital

Investment Term

The Trustee currently believes that the optimal term of the investment for this Property is circa 9.5 years. It is the Trustees current intention is to hold the Property until expiry of the lease, 31 May 2024. As the ground lease approaches maturity the Trustee will explore the two alternate realisation strategies outlined above.

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 2023, 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 shall be obliged to use its best endeavours to effect a sale in accordance with the resolution.

If at any time the Investment Manager recommends that the Trustee should hold the Property beyond 2025, 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 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.

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 shall hold the Property in accordance with that resolution and shall 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 30 September 2014. The first distribution is expected to be paid on or around 6 November 2014.

The Trusts distribution policy is to maintain an even monthly distribution with stepped annual 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.

Capital Management

The Trustee intends to take advantage of capital management opportunities if they arise and would seek to make a partial return of capital when it next refinances the Bank loan in three years' time.

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.

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

The Trustee has engaged FPG Pipeclay Property Management Pty Ltd, a related company to the Trustee, to provide property management services. The Investment Manager will be entitled to any Property Management Fees to the extent these are 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 Units ($595,000). The FPG Pipeclay Investment Trust will be entitled to a total discount equal to approximately $167,000 (being 1% of the total acquisition cost of the Property) on the face value of the 762 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 $133,950 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 Environ Australia Pty Ltd;
- the cost of the CBA obtaining a valuation report from Jones Lang LaSalle;
- the legal cost of negotiating amendments to the contract of purchase and general conveyancing advice from Corrs Chambers Westgarth;
- the legal cost of the initial drafting and subsequent 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 tax depreciation report from Napier and Blakely.

The total amount expected to be payable by the Trust in respect of the above costs is $75,000.

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	15,750,000
Transfer Duty	851,740
Mortgage Duty	44,100
Due Diligence & Legal Costs	75,000
Bank Establishment Fee	55,125
Equity Underwriting Fee	133,950
Working Capital	68,085
Total	**16,978,000**
Bank Loan	-11,025,000
Total Equity Required	**5,953,000**

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	$11,025,000
LVR	70% of Purchase Price
Term	3 years from drawdown
Interest Margin	1.60% facility margin above 90 day bank bill rate. The Trustee intends to enter into an interest rate swap to fix its interest rate cost under this loan facility.
Payments	Interest only payable quarterly in arrears
Key Covenants	EBITDA / Interest (Interest cover ratio) cover must exceed 1.75 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% by 31 December 2016 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 an 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 fix 100% of the interest rate on its Bank Loan at settlement of the acquisition of the Property.

As time goes by the Trustee will increasingly monitor medium 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, 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% by 31 December 2017. The LVR will be determined by reference to an independent valuation from a CBA approved valuer. The Trustee believes that the ground lease rent is significantly lower than the open market rent payable in respect of the Property as a whole. This reversionary interest in the Property increases in value as the ground lease approaches expiry.

Debt Refinance

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

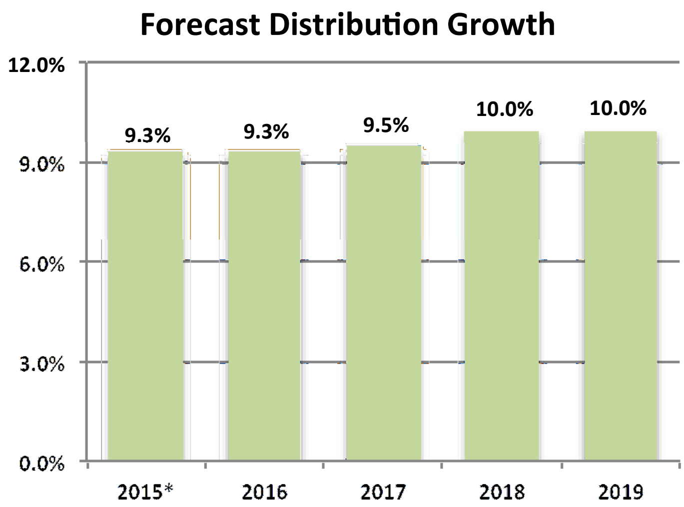
Target Returns to Investors

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

Period Ending 30 June	2015*	2016	2017	2018	2019
Rent	949,167	1,150,865	1,281,375	1,281,375	1,301,772
Recoverable Outgoings	256,996	356,367	370,622	385,447	400,865
Other	3,056	2,751	68,602	2,753	748
Total Inflows	**1,209,219**	**1,509,983**	**1,720,599**	**1,669,575**	**1,703,384**
Debt Interest & Fees	-387,051	-518,904	-575,342	-654,975	-654,975
Outgoings	-256,996	-356,367	-370,622	-385,447	-400,865
Asset Management Fee	-88,594	-118,125	-118,125	-138,854	-138,854
Trust Expenses	-6,000	-8,320	-16,765	-8,999	-9,359
Total Net Outflows	**-738,641**	**-1,001,716**	**-1,080,854**	**-1,188,274**	**-1,204,052**
Movement in Working Capital	-43,528	61,133	-60,945	80,499	62,467
Cash Distributions to Unitholders	**427,050**	**569,400**	**578,800**	**561,800**	**561,800**
Distributions ($ per Unit)	69.8	93.0	94.6	99.6	99.6
Running Yield	**9.3%**	**9.3%**	**9.5%**	**10.0%**	**10.0%**
No of Units on Issue	6,120	6,120	6,120	5,640	5,640
Interest Cover (EBITDA / Interest)	2.23	1.98	2.26	1.74	1.76

* FY15 cash flow relates to the 9 months from settlement of the acquisition assumed to be 30 September 2014 to 30 June 2014. Running yield has been annualised

The targeted distributions for investors are illustrated below:



The investment highlights for investors are:

- A forecast distribution of 9.3% p.a for the 21 months to 30 June 2016 rising to 10.0 % for the year to 30 June 2019.
- Distributions will be paid monthly in arrears.
- The Trustee expects some of the distributions will be tax deferred in the 2015 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 30 September 2014 in accordance at a total acquisition & formation cost of $16,978,000 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 $1,139,000 p.a is paid and received monthly in advance from the settlement date, expected to be 30 September 2014.
- The Property's assessed land value increases by 12.5% to 15.075 million as at 1 June 2016. As a result rent increases to $1,281,375 p.a.
- The Property's assessed land value increases by 19.10% on each triennial anniversary thereafter.
- The Tennant pays all outgoings when due in accordance with the terms of the lease.

Senior Debt Assumptions

The Trustee borrows $11.025 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 Bank Loan is refinanced on 30 June 2017 at 62.5% of the assumed Property value at that time. The additional funds are used to redeem 480 units at face value or to make an equivalent capital return.
- The fixed rate payable under the interest rate swap is 3.09% for the term of Bank Loan.
- There is no event of default during the forecast period.
- The average interest base rate after the term of the Bank Loan is 4.06% for the period to 30 June 2019 and 5.12% thereafter. The Bank Loan margin remains at 1.60%.

Tenancy Assumption

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

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.

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.
- The Property's assessed land value increases by 12.5% as at 1 June 2016 and by 19.1% triennially thereafter. Rent payable under the lease increases in line with the increase in assessed land value
- The Bank Loan Facility is refinanced on similar terms for the duration of the investment term, but at a lower LVR as the lease approaches expiry.
- The average interest base rate after the term of the Bank Loan is 4.06% for the period to 30 June 2019 and 5.12% thereafter. The Bank Loan margin remains at 1.60%.
- The Trust's administration expenses are $8,000 p.a and escalate at 4% p.a. over the investment term.
- Management fees are as set out in Section 4.

The Property is sold in 9.5 years time for net proceeds of $23.3 million. This assumes that the market rent for the Property as a whole escalates at 3.0% p.a for the remainder of the term of the ground lease and that the appropriate capitalisation rate at that time is 9.25%. The overall return to Investors in this Base Case scenario is 15.3% p.a after payment of the outperformance fee.

Tax Deferred Benefits

The targeted annual distributions indicated above may include deferred tax distributions due to 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 will vary and 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 interest swap rate entered into by the Trustee at settlement is 3.09%p.a. for the period to 30 June 2017 and 4.07% p.a. for the remainder of the forecast period. This is reflective of the relevant interest swap rates offered by the CBA at the date this IM was prepared. Changes to the interest swap rates of +/- 25pts have the following impact on Unitholder returns:

Variance	5 Year Swap Rate (indicative)	Equity IRR % p. a	Distributions Per Unit* (FY 15 – 19)
-25pts	3.32%	15.5%	50.4%
Base Case	3.57%	15.3%	48.0%
+25pts	3.82%	15.0%	45.6%

* Total distributions forecast to be paid to 30 June 2019 as a % of Unit issue price

In addition the Investment Model assumes that the fixed interest rates for Bank Loan for the period from 30 June 2019 will be 6.72%. 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 – 9.5)	Equity IRR % p. a	Distributions Per Unit* (FY 15 – 19)
-100pts	5.72%	15.8%	48.0%
Base Case	6.72%	15.3%	48.0%
+100pts	7.72%	14.8%	48.0%

* Total distributions forecast to be paid to 30 June 2019 as a % of Unit issue price

Changes in Annual Growth in Land Value

The Investment Model assumes that the assessed unimproved value of the land escalates at circa 6%p.a, which is broadly consistent with the growth in assessed values experienced over the last 18 years. The following table demonstrates the effect of that growth rate being +/- 100pts over the term of the Investment. The Investment Model further assumes that the first revaluation of land occurs 1 June 2016 and triennially thereafter. Changes in the timing of land value growth (but which maintain the same average growth rate) can have a significant impact on the distributions in a given period or financial year but a relatively minor impact of the overall return (IRR) to Unitholders.

Variance	Growth Rate % p.a.	Equity IRR % p. a	Distributions Per Unit* (FY 15 – 19)
-100pts	5.0%	14.7%	46.3%
Base Case	6.0%	15.3%	48.0%
+100pts	7.0%	15.9%	49.6%

* Total distributions forecast to be paid to 30 June 2019 as a % of Unit issue price

Higher or Lower Property Value on Maturity

The Investment Model assumes that the net sales proceeds realised from the sale of the Property in June 2024 equal $23.3 million. The following table assumes that the realised outcome is higher or lower than assumed in the base model. The effect of a +/- $1 million change in the realised sales proceeds on Unit Holder returns is as follows:

Variance	Growth Rate p.a.	Equity IRR % p. a	Distributions Per Unit* (FY 15 – 19)
-$1 million	3.6%	14.7%	48.0%
Base Case	4.1%	15.3%	48.0%
+$1 million	4.5%	15.9%	48.0%

* Total distributions forecast to be paid to 30 June 2019 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.

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 rent payable under the lease, 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 instructed by the CBA appear to support the purchase price as being attractive.

Rent Reviews

RISK: The Lease provides that rent is determined by reference to the assessed value of the unimproved value of the freehold land. The Lessor is free to commission a revaluation of the Property at the time of its choice but is not permitted to revalue the Property more frequently than once every three years. Market conditions could lead to the periodic valuation reviews delivering rental growth below the Trustees expectations. Some of the major factors which influence value growth have been identified above. All of which can change over time

MITIGANT: The Property was last valued as at 1 June 2008, immediately prior to the onset of the GFC.

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. If the Tenant 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: If McWilliam's fails to meet its obligations under the lease then one of the remedies available to the Trustee is the right to terminate the lease earlier than its current expected expiry of 31 May 2024. Post termination the Trustee is free to seek alternate tenancies and to charge those tenants the full market rent for both the land and improvements made to the land.

The independent valuer instructed by CBA has advised that the current market rent for the facility is circa $1.8 million, which is approximately 60% higher than the current rent payable under the ground lease.

Term and Liquidity

RISK: The Trust term is expected to be 9.5 years. The Trust will be illiquid and there will be no established secondary market in which to sell Units.

The term of the Trust can change pursuant to a vote of Unitholders. In an extreme adverse case there may be no acceptable market at the time the Trust is looking to dispose of the Property and Unitholders may have little option but to extend the term of the Trust.

Debt Finance

RISK: The initial term of the bank facility will be 3 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 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 lease will have a remaining term of circa 6 years. That is regarded as a long term and 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. The return assumptions set out above assume that the Trustee refinances the loan at an LVR of 62.5%.

This Property is unique in that the current lease does not entitle the owner to the full economic rent. On expiry of the lease the Trust will be entitled to release the Property at market, currently considered to be 60 % higher than the rent payable under the ground lease. This "reversionary" interest grows as the lease expires. Consequently the value of the property is expected to appreciate at an above average growth rate, which will also facilitate refinancing the Bank Loan on acceptable terms.

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 for a minimum of 3 years from the date of settlement. The interest rate swap will only fix interest rates on the Bank Loan for the period from settlement to 30 June 2017.

Interest rates can be highly volatile. Swap rates can change significantly between the date of this IM and the settlement date, which is the also the date on which the Trustee currently expects to enter into interest rate hedging. This might lead the Trustee to implement a different hedging strategy or to delay the commencement of or entry into any interest rate hedging which and may adversely impact Unitholders distributions and returns.

For the purpose of forecasting the long term return on this investment the Trustee has made assumptions as to the average interest base rate from 30 June 2017. Those assumptions 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.

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.

Environmental Risk

RISK: In forming its view that the Property is in a condition to be an attractive investment for the Trust the Trustee has relied on an environmental investigation by 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 their reports.

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.

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

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.

Whilst the Property is subject to the current ground lease, the destruction of the building will not entitle the Lessee to terminate the Lease. However such destruction may have highly adverse consequences for the Lessee and that may affect its performance of its obligations under the Lease.

If the Property suffers damage or destruction that event may entitle CBA to demand repayment of its loan. In these circumstances the Trust could suffer substantial financial loss.

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 and ancillary documents 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.

The Lease was drafted circa 40 years ago. It has been amended and ancillary documents dealing with various issues including rent reviews and determinations have been entered into. Legal documents are open to different interpretations, which can lead to costly and prolonged legal disputes. The Trustee does not anticipate these difficulties in this case but this possibility cannot be ruled out. A copy of the legal due diligence report prepared by Corrs is available to potential investors on request.

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 by, or the opinion of, the Trustee. Pipeclay does not have any in-house taxation expertise and in listing the considerations below 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 net income of the Trust (determined for tax purposes) for that income year. This is intended to be the case under the Trust Constitution. In that case, 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 and currently subject to reform; 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 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, in respect of each income year, to all of the net 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, which will be taxed according to the investor's own tax profile and at the tax rate applicable to the Investor.

The portion of the net income of the trust, as advised by the Trustee on an annual basis, should be included in an Investor's assessable income in the year to which the income 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 (each of which is discussed below).

Tax Deferred Distributions

Tax deferred distributions effectively represent the excess of the income distributed by the Trust over the net income of the trust determined for tax purposes.

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 net capital gain distributed by the Trust should be included with an Investor's other capital gains and losses (i.e. to calculate their own net capital gain or loss).

Where the distributed net 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. Capital losses may be carried forward until the Investor has realised capital gains against which those capital losses can be offset (subject to any relevant loss recoupment rules). A 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 49%) 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 together with payment of the subscription amount to Pipeclay Lawson Ltd at GPO Box 5355, Sydney, NSW, 2001, so it is received by no later than 3.00pm Wednesday, 26 September 2014 in order to facilitate settlement of the acquisition of the Property on 30 September 2014. Applicants must either enclose a cheque payable to Pipeclay Lawson Ltd ATF Chullora Land Trust 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.

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.