



Pipeclay Lawson Ltd
ACN 163 013 732
AFSL 437838

Bancroft Road Property Trust
ABN 32 975 375 266

Bancroft Road Property Trust Investor Distribution Emails

08 November, 2013

We have to-day made our first distribution. It was \$8.36 per Unit.

I anticipate that distributions will continue at the monthly rate of \$8.36 per Unit until July 2014 when they are expected to increase. The amount being paid is consistent with the forecasts in the Information Memorandum.

The Trustee has obtained tax depreciation advice from Napier & Blakeley. Based on that advice, we expect \$7.62 of each monthly distributions of \$8.36 during the financial year to 30 June 2014 may be "tax deferred" and \$0.74 to form part of the Unitholder's assessable income in that year.

As previously advised the Trust completed the acquisition of the property on 4 October 2013. In the month since, all has been satisfactory. However, there are two matters in which you may be interested:

- (a) As part of the settlement process the Trustee has entered into an interest rate swap with the Commonwealth Bank and has fixed the interest payable in respect of the \$5.61 million loan at 3.75% (exclusive of margins and fees) until maturity of the loan (4 October 2018). This is marginally better than the assumption set out in the Information Memorandum. However, in order to achieve this rate, the Trustee has agreed to pay interest on the loan and the line fee (in aggregate circa \$29,000 p.c.m) monthly in advance rather than at the end of each month. In order to do so the Trustee has secured a small working capital facility (\$30,000) from the Commonwealth Bank. The annual saving to the Trust from this arrangement is circa \$6,500 p.a.;
- (b) The total quantum of transfer fees on the acquisition of the property was \$482,317 that is \$24,542.20 more than forecast in the Supplementary Information Memorandum of 23 September, 2013. The quantum of stamp duty payable was, prior to the issue of the IM, verified with the Trust's solicitors. Pipeclay Lawson Ltd ("Pipeclay") has taken the view that it should have picked up the solicitor's error and thus is responsible for the mistake. The additional impost has been met and **is not** a cost to the Trust.

FPG Pipeclay Investments Pty Ltd has subscribed for 415 Units in the Trust. This co-investment is an essential part of Pipeclay's approach. I hope we all have a successful, long term investment!

We intend to write to you monthly confirming the making of the monthly distributions and advising of developments, should there be any of significance. If you do not wish to receive the monthly email, please advise us at any time by writing to ailie@pipeclaylawson.com.au and we will take you off the email distribution list. If you would like to receive copies of the Trust's monthly bank statement together with the monthly email, please advise in the same way.

If you have any questions or comments please contact Ailie McKendrick, our Property Manager, on (02) 9697 0730 or 0415 126 046 or me on (02) 9697 0686 or 0407 631 255. We very much welcome your input.

Regards
David

06 December, 2013

We have to-day made our monthly distribution for December. It was \$8.36 per Unit.

I anticipate that next month, due to the holiday Season, distributions will be made during the week ending on January 17.

If you do not wish to receive the monthly email, please advise us at any time by writing to ailie@pipeclaylawson.com.au and we will take you off the email distribution list. If you would like to receive a copy of the tax depreciation report prepared by Napier & Blakeley for the Trust please advise in the same way.

If you have any questions or comments please contact Ailie McKendrick, our Property Manager, on (02) 9697 0730 or 0415 126 046 or me on (02) 9697 0686 or 0407 631 255. We very much welcome your input.

I take this opportunity to wish you and your family a jolly holiday season and a prosperous and happy 2014.

Regards
David

08 January, 2014

Today we paid the Bancroft Road Property Trust monthly distribution for January 2014.

If you have any queries please contact me on either of the numbers below.

Wishing you all the very best for 2014.

Kind regards,
Ailie McKendrick

04 February, 2014

Today we paid the Bancroft Road Property Trust monthly distribution for January 2014.

If you have any queries please contact me on either of the numbers below.

Wishing you all the very best for 2014.

Kind regards,
Ailie McKendrick

10 March, 2014

We have made our monthly distribution on Wednesday. It was \$8.36 per unit.

Everything is proceeding satisfactorily. We have been approached to allow a telecommunication tower on the land. Once permitted, it is difficult to remove telecommunication towers. Consequently, we advised the tower provider that we would only be interested in allowing the tower on non-compacted land at the rear of the property. I do not expect the proposal to go ahead. The tenant appears to be expanding its business and has obtained some equipment finance from CBA. At the tenant's request, we have granted CBA access to the land for purposes related to the equipment.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Ailie via email at ailie@pipeclaylawson.com.au. If you would like to receive copies of the Trust's monthly bank statements and/or a copy of the tax depreciation advice from Napier & Blakeley, please advise in the same way. If you have any questions or comments, please contact Ailie on 0415 126 046 or me on 0407 631 255. We very much welcome your input.

Kind regards,
David

11 April, 2014

The monthly distribution was made on April 7. It was \$8.36 per unit.

Everything is proceeding satisfactorily.

You will recall that the property consists of two titles. The DA for the building was obtained for one of the titles whilst a small part of the building is on the other title. The vendor assumed the obligations (with a monetary guarantee of performance) to provide a certificate of certification for that part of the building. That part was built on "the wrong title". The necessary boundary realignment (between the 2 titles owned by the Bancroft Property Trust) has now been completed. The hard stand will be certified by a structural engineer shortly. Consequently, the vendor expects the certificate of classification to be issued by the City Council in approximately 3 weeks but we think a little more time might be needed.

The tenant has asked us to postpone our maintenance inspection of the property. The regular maintenance of the yard has not been done as it was deferred until after the realignment of the boundary. We expect the inspection to take place in the first half of May and therefore to report in June.

The neighbouring property will become vacant in September. Our enquiry with the agent has revealed that the owner has already obtained 3 offers to lease. Whilst the present high demand for industrial property and lack of vacancy in Pinkenba is pleasing, it is not an indication of likely position at future dates, such as the date of the market rent review, which are important to our Trust.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Ailie via email

at ailie@pipeclaylawson.com.au. If you have any questions or comments, please contact Ailie on 0415 126 046 or me on 0407 631 255. We very much welcome your input.

Kind regards,
David

06 May, 2014

The monthly distribution was made on 6 May 2014. It was \$8.36 per unit.

Everything is proceeding satisfactorily.

Last month I wrote to you about the certificate of classification. Since then the hardstand has been certified by a structural engineer; if you would like a copy of the certificate, please advise Ailie and it will be sent to you. However, as I anticipated, the City Council is taking time and the certificate of classification has not yet been issued.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Ailie via email ailie@pipeclaylawson.com.au. If you have any questions or comments, please contact Ailie on 0415 126 046 or me on 0407 631 255. We very much welcome your input.

Kind regards,
David F. Libling

06 June, 2014

The monthly distribution was made on 5 June 2014. It was \$8.36 per unit.

Everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Ailie via email ailie@pipeclaylawson.com.au. If you have any questions or comments, please contact Ailie on 0415 126 046 or me on 0407 631 255. We very much welcome your input.

Kind regards,
David

09 July, 2014

On Friday, July 4, 2014, we made a monthly distribution of \$8.36 per Unit.

In accordance with the Lease, rent has increased by 3.5% since May of this year.

You may recall that when I wrote to you in November 2013, I advised that in order to achieve a slightly better swap interest rate, the Trust agreed to pay interest three monthly in advance rather than monthly in arrears. The increased rent since May has been accumulated by the Trust in order to increase its working capital and reduce the sporadic utilisation of the \$30,000 come-and-go working capital facility.

As anticipated in the IM, distributions will increase, as from next month, by 5.6%, i.e. to \$8.83 per Unit per month.

Since we have purchased the property, the following works have been carried out at the Lessee's cost:

- (a) Eliminated water ponding issues on the roof;
- (b) Sealed pipe penetrations;
- (c) Replaced exhaust fans in toilets;
- (d) Replaced defective lights and signage;
- (e) Installed additional emergency signs;
- (f) Provided restraints & signage for fire extinguishers;
- (g) Repaired a leak to the fire hose reel in the machinery bay;
- (h) Repaired a leak to in the tank behind the wash bay;
- (i) Replaced some sanitary items.

The only outstanding item of which Pipeclay is aware is the need to improve safety provisions for roof access. This matter is under discussion with the tenant.

Pipeclay will next be inspecting the property on August 4.

The Certificate of Classification has not yet issued (I last wrote about this matter in April). The Lessee has done everything that is required in order to obtain the certificate. We hope that bureaucratic delay will soon come to an end.

The Trust's management accounts are up-to-date and I expect will be forwarded to our external accountants (MBP Advisory) next week. I expect that you will be advised concerning the break-up of the distributions you have received in the 2013/2014 financial year between taxable and non-taxable distributions and that financial statements for the Trust will be available in October.

Possibly, a new opportunity

Very occasionally, freehold land, subject to a very long ground lease becomes available for sale. The last time a long term ground lease was sold was, in my recollection, in 1991. Four such properties, accumulated by the late Mr Scheinberg, have come to the market. One of them is leased to Woolworths for effectively 33 years. On the land Woolworths have constructed a circa 50,000 sq.m. distribution facility.

I regard ground leases as affording the best kind of investment in industrial property. I justify my view on the basis that first, industrial land tends to appreciate at a rate that significantly outperforms inflation and secondly, the tenant having built the improvements, notwithstanding any depreciation that may take place over time, the improvements present additional (and significant) value to the landowner on termination of the lease. However, I may simply be prejudiced by my one experience of being involved in the purchase of such land (in 1991), which has been the most profitable industrial investment of my experience. Such investments are fundamentally different from the investment you have made in the Bancroft Road Property Trust. The distribution yield is low as no part of the cash flow represents depreciation, the lease is very long and there is no vacancy risk as the rent payable by the tenant for the land is but a fraction of the market rent for the property (land + improvements). The big attraction is the secure long

term income which tends to grow faster than inflation and the long term capital growth which tends to significantly outperform inflation.

This property is larger than the scale of investments that Pipeclay ordinarily regards as its preferred market segment and has different characteristics from our usual investments. I am interested to know whether such a property is one in which you may consider investing (it is likely that the minimum investment will be no < \$1.5M). I enclose on a **confidential basis** the relevant portion of a memorandum I have written to my fellow directors. The memorandum refers to a spreadsheet; if you are sufficiently interested, please let me know and I will send you a copy. I stress that the information contained in the memorandum might prove inaccurate, Pipeclay is quite far from having done enough work to have decided to bid, let alone winning any bid, and even further away from being able to prepare an IM (which is the only proper basis for an investment decision). All I am conveying at this stage is my excitement at seeing again an asset in the class which I regard as having the best potential to build long-term, almost intergenerational, family income and capital. I should add that any bid would require equity of circa \$34M and it is quite likely that Pipeclay will not bid.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Ailie via email at ailie@pipeclaylawson.com.au.

If you have any questions or comments, please contact Ailie on 0415 126 046, Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Kind regards,
David

PS. One of Pipeclay Lawson's directors, Matthew Libling, has his own website. It has nothing to do with industrial property, but you may find it interesting – www.timedeating.co.uk

06 August, 2014

Today the Trust made a monthly distribution of \$8.85 per Unit. The 5.6% increase in distributions is in accordance with the forecast in the IM.

Since I wrote to you on July 9, we have confirmed the following additional work has been carried out by the vendor in accordance with the purchase agreement:

- (a) Door grilles have been upgraded;
- (b) insulation of roof pipes has been installed;
- (c) fresh air supply to the offices has been upgraded;
- (d) the communication room wiring and boxes have been improved; and
- (e) conduits have been provided for wiring of roof spotlights.

The improvement in the roof safety access has been agreed and will be attended to by the vendor shortly.

We have inspected the property and found it in good condition. The tenant has:

- I. washed down the whole building; and
- II. improved the landscaping (plantings) at the front of the property.

We have agreed with the tenant that the following maintenance is required and will be carried out at the tenant's expense:

- i. the cleaning of the translucent roof panels in the workshop. This work is most conveniently carried out at the same time as the annual cleaning of gutters and downpipes (which is not due till December);
- ii. repair of a downpipe damaged by machinery;
- iii. concrete maintenance;
- iv. The straightening of the fencing posts. Much of the damage seems to have been caused by machinery on the neighbouring property. This is not a concern as the relationship and co-operation with the neighbour is good; and
- v. the external wooden doors will be repainted.

There has been an administrative delay in obtaining CBA's consent to the adjustment in boundary between the two titles the Trust owns. I believe that when I next write to you, the certificate of classification will have issued.

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If you have any questions or comments, please contact Ailie on 0415 126 046, Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Kind regards,
David

05 September, 2014

On 4 September 2014 the Trust made a monthly distribution of \$8.85 per Unit.

There have been no material developments during the month and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Ailie via email at ailie@pipeclaylawson.com.au.

If you have any questions or comments, please contact Ailie on 0415 126 046, Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Kind regards,
David

10 October, 2014

On 7 October 2014 the Trust made a monthly distribution of \$8.85 per Unit.

Following my inspection of the property on 4 August, the tenant has completed most of the agreed repairs and maintenance. The outstanding items have been delayed due to the tenant's operational requirements but will be attended to shortly.

Since the Trust acquired the property there has been a general tightening of yields of circa 50 basis points in the Brisbane industrial market. The Trade Coast, of which Pinkenba is a part, has experienced a tightening of yields of circa 20 bps over and above the general Brisbane market. The consequent increase in the value of the property is in our opinion insufficient to warrant the early termination of the Trust. Pipeclay will continue to monitor the Trade Coast market but, at this stage, we think a change of the long term hold strategy is unlikely.

There have been no other material developments and everything is proceeding satisfactorily.

You should have now received the Annual Tax Statement concerning your investment in the Trust. If there has been any mishap in the post, please let Ailie know and another copy will be sent to you. If you would like a copy of the Financial Statements for the 2013/2014 year, please let Ailie know and she will send it to you.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Ailie via email at ailie@pipeclaylawson.com.au.

If you have any questions or comments, please contact Ailie on 0415 126 046, Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Kind regards,
David

06 November, 2014

On 5 November 2014 the Trust made a monthly distribution of \$8.85 per Unit.

There have been no material developments since I last wrote to you and everything is proceeding satisfactorily.

This is the Trust's 13th monthly distribution, so a year has passed. We are conscious that personal circumstances may alter. It is Pipeclay's policy to, when it can, assist Unitholders who may wish to dispose of some or all of their Units. If you would like to discuss selling your Units, please feel free to contact Emil or me.

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If you have any questions or comments, please contact Ailie on 0415 126 046, Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Kind regards,
David

08 December, 2014

On 2 December 2014 the Trust made a monthly distribution of \$8.85 per Unit.

The CBA is obtaining a fresh valuation of the property. We expect that the value of the property will have increased which will enable us to reduce the LVR and make a capital return. I expect to be writing further in this regard in January.

Otherwise, there have been no material developments since I last wrote to you and everything is proceeding satisfactorily.

On behalf of Sandy, Ailie, Emil and myself, I wish you an enjoyable Festive Season and much success and laughter for 2015!

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Ailie via email at ailie@pipeclaylawson.com.au.

If you have any questions or comments, please contact Ailie on 0415 126 046, Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Kind regards,
David

06 January, 2015

On 6 January 2015 the Trust made a monthly distribution of \$8.85 per Unit.

I have been advised by the CBA that due to the festive Season, there has been a delay in the obtaining of the valuation of the property but a valuation is now expected to be to hand in about 10 days. If you would like a copy of the valuation, please let Ailie know on ailie@pipeclaylawson.com.au and we will send you a copy as soon as we have it.

There have been no material developments since I last wrote to you and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Ailie via email at ailie@pipeclaylawson.com.au.

If you have any questions or comments, please contact Ailie on 0415 126 046, Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Happy New Year!
David

05 February, 2015

On 5 February 2015 the Trust made a monthly distribution of \$8.85 per Unit.

The valuation of the property is now available. The valuer (M3 Property) was instructed by the CBA to carry out the valuation for mortgage purposes and has assessed the value at \$9,520,000. We are confident that the market value of the property is no less than \$9,520,000. If you would like a copy of the valuation, please advise Ailie via email at ailie@pipeclaylawson.com.au.

You will recall that the purchase price was \$8,300,000. Based on the valuation, there has been a 14.7% increase in the value of the property. The current net asset backing per Unit, based on a property value of \$9,520,000, is \$1,196.

The Bank's annual review of the facility was delayed from September/October last year to await the valuation. The current facility of \$5,610,000 represents an LVR of just under 59%. We are considering how to optimise the debt terms, in the light of the valuation and I hope to write to you again on this subject next month.

Except as above, there have been no material developments since I last wrote to you and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Ailie via email at ailie@pipeclaylawson.com.au.

If you have any questions or comments, please contact Ailie on 0415 126 046, Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Best regards,
David

05 March, 2015

On 3 March 2015 the Trust made a monthly distribution of \$8.85 per Unit.

The Bank's annual review of the facility is still unfinished. We are discussing with the Bank an appropriate reduction in line fees to reflect the reduced LVR. We have been promised but are not confident that the review process will be completed in March.

Except as above, there have been no material developments since I last wrote to you and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Ailie via email at ailie@pipeclaylawson.com.au.

If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Best regards,
David

07 April, 2015

On 2 April 2015 the Trust made a monthly distribution of \$8.85 per Unit.

I am sorry to advise you that Ailie has resigned from Pipeclay effective on April 8. Sandy, Emil and I wish her extremely well for the future and are glad of this public opportunity to acknowledge her contribution to the Trust and the company.

As from April 1, Sheila Quarta has started employment with Pipeclay. Sheila will assume the administrative and accounting responsibilities which are presently Ailie's. We are seeking to employ a property manager. Until that role is filled, I have assumed additional responsibility for this function.

There have been no other material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Sheila via email at sheila@pipeclaylawson.com.au.

If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Regards,
David

07 May, 2015

On 5 May 2015 the Trust made a monthly distribution of \$8.85 per Unit.

You will recall that I advised you in February that the property had been valued at \$9,520,000. Pipeclay has elected not to charge its asset fee on the increased valuation since February and until such time as the Unitholders receive benefit from the increased valuation.

We are in discussions with the Banks (including CBA) about refinancing the property having regard to the reduced LVR.

Except as above, there have been no material developments since I last wrote to you and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Sheila via email at sheila@pipeclaylawson.com.au.

If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Regards,
DAVID F. LIBLING

02 June, 2015

On 2 June 2015 the Trust made a monthly distribution of \$8.85 per Unit.

You will recall that I advised you in February that the property had been valued at \$9,520,000 (purchase price was \$8.3M) and that we invited 3 banks, including the existing lender, CBA, to provide us with a refinancing proposal. Each of the Banks provided a proposal which had different aspects that were attractive. This led to some protracted negotiations which, depending on your point of view, could lead you to say that the Banks or Pipeclay were being difficult. In the result we have selected NAB as the new financier and we expect to sign documents in the next two days. Assuming that the documents are executed, NAB will take over the existing interest rate swap and, as from July 3, provide a facility on the following terms:

Amount \$5.63M (\$20K increase on the existing facility)

Establishment Fee \$20K

Term to October 2018 (previously March 2016)

Loan Margin 1.45% p.a. (down from 2.4% under the existing facility)

Interest Payable Quarterly in arrears (as against monthly in advance under the current facility) but at an additional nominal cost of 20 bps p.a. One effect of this change is that the Trust will not require a Working Capital facility and NAB will not be providing it (current limit \$30K; utilisation <\$10K)

Swap termination October 2018 (no change)

As a result:

- (i) As from the July distribution (please remember that distributions are payable monthly in arrears) the monthly distribution will increase to \$10.50 per Unit. The new distribution will represent a yield of 12.6% on the purchase price of the Units (\$1,000) and is above the IM forecast for each of FY 2016 (11.1%) and FY 2017 (11.9%);
- (ii) The Trust's LVR will be 59.24% (down from 67.59% at the time of purchase). The Trustee considered increasing the debt and funding a capital return to the Unitholder but judged that decreasing the LVR to below 60% was the more prudent course. The trustee also had regard to the benefit to the Unitholders from the reduction in the Loan Margin consequent on the decrease in the LVR.

Except as above, there have been no material developments since I last wrote to you and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Sheila via email at sheila@pipeclaylawson.com.au.

If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Regards,
DAVID F. LIBLING

06 July, 2015

On 6 July 2015 the Trust made a monthly distribution of \$8.85 per Unit. This is the last distribution for the FY 2014/2015.

The Trust's accounts are up-to-date and I expect that they will be forwarded to the external accountant (MBP Advisory) by July 17. I expect that you will be advised in October concerning the break-up of the distributions you have received in the 2014/2015 financial year between taxable and non-taxable distributions. I expect that financial statements for the Trust will be available at the same time.

If you would like a copy of the Trust's Bank statements for the financial year 2014/2015, please let Sheila know.

As per my advice on June 2, on July 3, the Trust refinanced its debt with NAB and away from CBA. As from the next distribution, distributions will increase as advised on June 2.

Except as above, there have been no material developments since I last wrote to you and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Sheila via email at sheila@pipeclaylawson.com.au.

If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Regards,
DAVID F. LIBLING

03 September, 2015

On September 3, 2015 the Trust made a monthly distribution of \$10.50 per Unit.

We expect that the Financial Statements for the Trust will be available next week; if you would like a copy please advise Sheila on Sheila@pipeclaylawson.com.au We expect to be sending you, next week, your Tax Statement; if you have any queries, please contact Emil on Emil@pipeclaylawson.com.au or 0427 929 358.

There have been no material developments and everything is proceeding satisfactorily.

Regards,
DAVID F. LIBLING

05 October, 2015

On October 2, 2015, the Trust made a monthly distribution of \$10.50 per Unit.

There have been no material developments and everything is proceeding satisfactorily.

Pipeclay Lawson Ltd has succumbed to modernity and established a website. If you would like to have a look – www.pipeclaylawson.com

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If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Regards,
DAVID F. LIBLING

12 November, 2015

On November 5, 2015 the Trust made a monthly distribution of \$10.50 per Unit.

There have been no material developments and everything is proceeding satisfactorily.

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If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Regards,
DAVID F. LIBLING

09 December, 2015

On December 4, 2015 the Trust made a monthly distribution of \$10.50 per Unit.

There have been no material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Sheila via email at sheila@pipeclaylawson.com.au

If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

With compliments of the Season,
DAVID F. LIBLING

12 January, 2016

On January 11, 2016, the Trust made a monthly distribution of \$10.50 per Unit.

As you would expect, we have security provisions which prevent moneys from being taken out of the Trust bank account. Because of absences early January, we arranged with NAB for a one time relaxing of these restrictions so that distributions could be made on January 5. Unfortunately the Bank did not tell us that the payments could not be set up in advance, awaiting authorisation, but everything had to be done during the 24 hour window. It took us till yesterday to renew arrangements and make the distributions. We hope we have not caused inconvenience. As from February, distributions will resume on or about the 5th of each month and next Christmas we will be wiser.

There have been no material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Sheila via email at sheila@pipeclaylawson.com.au

If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Regards,
DAVID F. LIBLING

04 February, 2016

On February 4, 2016, the Trust made a monthly distribution of \$10.50 per Unit.

There have been no material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Sheila via email at sheila@pipeclaylawson.com.au

If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Regards,
David

03 March, 2016

On Mar 3, 2016, the Trust made a monthly distribution of \$10.50 per Unit.

I will be inspecting the property on March 16.

Everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Sheila via email at sheila@pipeclaylawson.com.au

If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Regards,
David

04 April, 2016

On April 4, 2016, the Trust made a monthly distribution of \$10.50 per Unit.

I inspected the property during March. On the whole it is in good condition and appears to be well maintained. Two matters have emerged:

1. Not surprisingly, given the heavy traffic and the Brisbane sun, some of the expansion joints have perished and where that is the case there is (as yet minor) concrete spalling. The tenant has agreed to effect repairs promptly.
2. None of the conventional hardstands (compacted gravel, bitumen and concrete) are ideal for roadmaking equipment. From time to time, the tenant experiments with new products. A smallish area (circa 200 sq.m) was covered with a new product which has proven wholly unsuitable and Sherrin Industries will have it completely removed. There is a new technique for laying down bitumen which involves a double thickness with the top layer being free of aggregate. It is said that this method provides better plasticity and durability than concrete. I have agreed that Sherrin Industries may at its own cost and risk cover a substantial portion of the hardstand with this "new" product. If it works as promoted, it would be an enhancement to the Property.

Sherrin Industries operates two businesses from the site: road equipment hire and cherry-picker assembly. The latter, which was a small adjunct when the Trust acquired the site, now occupies almost half the improvements. Sherrin Industries needs more space. Mr. Michael Sherrin and I have agreed to work towards a mutually advantageous solution. I expect it will be at least six month and possibly a year before I have anything substantial to report. I see this development as a potential opportunity for the Trust.

Except as above, there have been no material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Sheila via email at sheila@pipeclaylawson.com.au

If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Regards,
David

10 May, 2016

On May 5, 2016, the Trust made a monthly distribution of \$10.50 per Unit.

Last month, I wrote to you about different surfaces for the hardstand. Sherrin Industries has decided not to apply a double layer of asphalt, as previously contemplated. Instead, it has sought the Trust's permission, which we have granted to apply a new plasticised material over circa 2,000 sq.m. of the hardstand. The permission is on the basis that the cost of laying the material is entirely to Sherrin Industries' account and should the material prove unsuitable, its removal will also be at Sherrin Industries' expense. I expect to write to you further on this topic in the final quarter of the year.

Except as above, there have been no material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Sheila via email at sheila@pipeclaylawson.com.au

If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Regards,
David

06 June, 2016

On June 2, 2016, the Trust made a monthly distribution of \$10.50 per Unit.

There have been no material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Sheila via email at sheila@pipeclaylawson.com.au

If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Regards,
David

04 July, 2016

On July 4, 2016, the Trust made a monthly distribution of \$10.50 per Unit.

As of the July distribution (payable in August), the distribution is anticipated to increase to \$11.00 per Unit per month. The forecast distribution rate for the FY 2016/17 is now 13.2% as against the IM forecast of 11.9%.

The tenant has elected to replace an item of kitchen fit-out for circa \$6,000 and has claimed the cost from the Trust. We have responded that the cost is an Outgoing that falls to the tenant's account. The Lease is not as clear as one would like on this item and we may hear further. The Trust has adequate working capital to meet this expense, should it arise.

Except as above, there have been no material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Sheila via email at sheila@pipeclaylawson.com.au

If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Regards,
David

03 August, 2016

On August 2, 2016, the Trust made a monthly distribution of \$11.00 per Unit. As Propitious FDT Pty Ltd ATF The Philips Claridge Family Trust holds 158 Units, \$1,738.00 was deposited into the nominated Bank Account.

The alarm control panel has been replaced at a cost of \$1,548. There is some uncertainty whether this is an item of maintenance/repair (in which case the tenant will bear the cost) or capital (in which case the Trust will). Whilst the amount involved is not material, the principle is and the matter will involve some discussion with the tenant and its advisers but, I hope, will be resolved this month.

Except as above, there have been no material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Sheila via email at sheila@pipeclaylawson.com.au

If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Regards,
David

05 September, 2016

On September 2, 2016, the Trust made a monthly distribution of \$11.00 per Unit.

The two items of expenditure raised by the tenant as not being properly allocated (and canvassed in my prior newsletters) to it have been allocated to outgoings.

Except as above, there have been no material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Sheila via email at sheila@pipeclaylawson.com.au

If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Regards,
David

06 October, 2016

On October 6, 2016, the Trust made a monthly distribution of \$11.00 per Unit.

There have been no material developments and everything is proceeding satisfactorily.

Pipeclay is currently looking to employ a young graduate who aspires to become a property investment professional. If you know of someone who is likely to be hard working, quick to learn, thorough and looking for a job you may want to mention Pipeclay to such a person.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Sheila via email at sheila@pipeclaylawson.com.au

If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Regards,
David

06 November, 2016

On November 7, 2016, the Trust made a monthly distribution of \$11.00 per Unit.

I want to introduce two new team members to you –

- Oliver Schaffer (0425 247 313) is a Property Executive whose focus is on the physical management of the properties. Oliver has a BA (in Psychology) and a Masters in Business Management, both from the University of Sydney. He has experience in project management which he gained with Chartered Accountants Australia & New Zealand;
- Irene Cheung (0414 622 629) is Manager Finance & Compliance. Irene has a Bachelor of Commerce and is a CPA. She has 18 years of experience gained in BT Financial Group, Ironbark Asset Management, Deutsche Asset Management and CitiStreet;

Please do not hesitate to contact any team member if they can assist with any information. All email addresses are firstname@pipeclaylawson.com.au

We have made arrangements for an inspection of the property in November. This is the triennial inspection and more detailed than the semi-annual inspections we have been carried out. I expect to report in December.

Except as above, there have been no material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au

If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Regards,
David

02 December, 2016

On December 2, 2016, the Trust made a monthly distribution of \$11.00 per Unit.

We have carried out the triennial inspection of the property. As expected some issues requiring maintenance, particularly in relation to the roof, have been identified. We are awaiting a written report from Napier & Blakeley which is expected in the next few days. If you would like a copy of the report, please advise Oliver on oliver@pipeclaylawson.com.au who will send it to you. Given the imminence of the Holiday Season, I do not expect much of the work to be done before February and therefore I expect to report further in March.

Except as above, there have been no material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au

If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

Regards,
David

08 January, 2017

On January 9, 2017, the Trust made a monthly distribution of \$11.00 per Unit.

I have spoken to Michael Sherrin and we hope to meet in January to discuss the maintenance requirements identified by Napier & Blakeley.

Oliver has finished his two months assignment with us. We wish him well for the future.

Except as above, there have been no material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au.

If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, or me on 0407 631 255. We very much welcome your input.

I hope you have a successful and happy 2017.

Best Regards,
David

08 February, 2017

On February 6, 2017, the Trust made a monthly distribution of \$11.00 per Unit.

I take this opportunity to introduce Lachlan Philips. Lachlan has started work with us as Property Executive and one of his responsibilities will be to look after repairs and maintenance of our Bancroft Rd property. Lachlan is a graduate of Melbourne University with a double major in History and Philosophy of Science & History. I have known Lachlan for a long time and we are very pleased to have someone of his calibre start with us. You can contact Lachlan by email on Lachlan@pipeclaylawson.com.au or by phone 0431 377 678.

Lachlan will be meeting with Grant Sherrin on Thursday, February 9. The main item that arose from the Napier & Blakeley report relates to roof maintenance. It is not unusual for screws holding roofing sheets to, every few years, become loose, absent or rusted, which is exactly what has happened at Bancroft Rd.

Except as above, there have been no material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au.

Best Regards,
David

06 March, 2017

On March 3, 2017, the Trust made a monthly distribution of \$11.00 per Unit.

One of the duties of the Property Manager is to constantly assess the market and sell the property if market conditions or property specific opportunity is unlikely to be maintained in the future. We believe that currently the Pinkenba market and the market for small value properties in the Brisbane market are very strong. Our Bancroft Rd property fits into both of these markets. It may well be that we would be able to realise a price for the property which tilts the risk/reward equation firmly in favour of selling. We have decided to test the market prior to making a

recommendation to all the Unitholders. In order to test the market, we propose to spend circa \$25,000 of the Trust's money on marketing. However, our chosen agent has agreed that in the event there is no offer on the property at or above \$11M (current bank valuation is \$9.5M and the purchase price was \$8.3M), he will refund to Pipeclay all of the print advertising cost (circa \$20,100). The Property Manager is likely to recommend a sale at or above \$11m.

Lachlan inspected the property on February 9 and is in the process of arranging the required maintenance works. In the meantime, the tenant has installed a new air-conditioning Unit without any prior communication with Pipeclay and is under the impression that it is entitled to a refund of the cost (circa \$10k). We are currently investigating the circumstances that have led to this decision and will then determine our response.

Except as above, there have been no material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au.

Best Regards,
David

05 April, 2017

On April 4, 2017, the Trust made a monthly distribution of \$11.00 per Unit.

I am delighted to advise that Sandy has been unanimously elected as Chairman of Pipeclay Lawson Limited.

Following my email last month, we have appointed Cushman & Wakefield as sales agents. The campaign appears to be going well with a high level of inquiry and inspections being reported by the agent. We have received an early offer to purchase for \$10,950,000. The first round of the Expression of Interest campaign is scheduled to close on April 12. Notice is hereby given that a meeting of Unitholders will be held at 5 p.m. on Thursday, April 20 for the purpose of considering whether to sell the Bancroft Road property and thereafter liquidate the Trust. The meeting will be held at Pipeclay's offices at Level 4, 350 George Street. It would be helpful if you could please let us know whether you will attend and if not whether you will require a proxy form. I will send you a summary of the results of the EOI campaign and the Manager's recommendation prior to the meeting.

Brisbane's Thursday's storm surge caused some minor damage on the property; the suction pit in the service bay flooded, and some sewerage overflow from the mains affected the ground floor amenities area. The flooding was drained on Friday, and repairs to the vacuum valve in the service bay and the sewerage backflow device have been arranged. No other issues were created by the storm.

Lachlan has arranged for a contractor to give a quotation for all required maintenance works. I met with the tenant on April 3. The maintenance issues appear to be resolved for the time being but in the way of these things could well surface again once the cost is known. Last month I wrote to you about an air conditioning unit which we are told failed and needed to be replaced. None of

the service reports from the service contractor, which have been forwarded to us, to-date, make any reference to any problem with any of the units and in the absence of further information the Trust will not be reimbursing the cost of the new unit.

Except as above, there have been no material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au

Best Regards,
David

03 May, 2017

On May 3, 2017, the Trust made a monthly distribution of \$11.00 per Unit.

I was delighted that every Unitholder was either present or represented at our meeting on April 20. In accordance with the Unitholders' resolution to sell the property to Clarence Property ("Clarence") for \$11,105,000, we granted Clarence an exclusive DD period, our agent has received the good faith deposit of \$100K and we appointed DLA Piper as the Trust's solicitors. We have now learned that Clarence's strategy was, as part of its DD, to approach the tenant to offer an incentive and thereby seek to extend the lease. The tenant has declined (I expect for reason we had discussed at the meeting). Clarence is now reconsidering its position. This is most disappointing. Prior to April 20, we followed the usual practice of enquiring from all bidders as to their DD requirements. Clarence specified the usual technical DD, said that it already had valuation support and did not specify speaking to the tenant (which is not infrequently specified by potential purchasers as being part of their DD). Accurate specification of one's DD requirements is part of a professional investor's reputation as remaining DD is one of the material criteria on which bidders are assessed. I will send you a further email as soon the position has clarified and we know whether the sale will proceed.

In the meantime, we are administering the property as normal. The tenant has engaged several contractors to complete the required maintenance works. We have not received any further information concerning the new air-conditioning Unit and propose to do nothing further. The Bank is going through its annual review of the banking facility; we do not expect any developments.

Except as above, there have been no material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au

Best Regards,
David

05 June, 2017

On June 5, 2017, the Trust made a monthly distribution of \$11.00 per Unit.

I wrote to you on 9 May to notify you that Clarence Property had withdrawn from the purchase of the property. No other bidders have improved their proposals at this stage.

We have received more information on the new air-conditioning Unit and are prepared to accept that its installation was a capital expense. However, as there was no prior communication with Pipeclay before its installation, which is a requirement in the lease, we do not accept liability for the cost of its replacement. In the interest of striking a balance between maintaining a positive working relationship and enforcing our rights under the lease, we are expecting that the trust shall pay for a portion, likely half, of the cost of its replacement. I will provide a further update once the matter is resolved.

Information flows from the tenant have otherwise improved, and the tenant is making steady progress on completing all required maintenance works.

Except as above, there have been no material developments and everything is proceeding satisfactorily.

Clause 22 of the Trust's Constitution requires that in the event of a meeting of unitholders, the appointment of a proxy be received between 24 and 48 hours before the meeting. This proved a significant inconvenience to some before the meeting of Unitholders in April. The Trustee has resolved to amend the Constitution so that proxies will be able to be delivered and/or amended at any time after a meeting has been called, but no less than 24 hours before the meeting takes place. If you would like to see a copy of the amending deed, please advise Lachlan Philips at lachlan@pipeclaylawson.com.au.

We are conscious that Unitholders who are superannuation funds will need to adopt a value for the Units they hold in the Trust as at June 30, 2017. In the July email I will advise the Investment Manager's view of Unit values. It is likely that in order to allow Unit value to be calculated (which requires a calculation of interest swap value and of net current assets), the July email is likely to be delayed; the monthly distribution should, however, be made at the usual time.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au

Best Regards,
David

04 July, 2017

On July 4, 2017, the trust made a monthly distribution of \$11.00 per Unit. This was the last distribution for the 2016/2017 Financial Year.

We have worked through a number of matters with Sherrin Rentals over the last few months, nearly all of which have been resolved.

Sherrin has commenced maintenance works including:

- The repair of concrete and bollards
- Pipework/insulation repairs
- Fencing repairs
- Wall cladding repairs

On the financial side, Sherrin has

- Renewed the bank guarantee
- Paid for inspection costs and all other outgoing invoices

Sherrin now also provides all required service reports. These results took significant effort to achieve, and we are happy with the current state of the relationship.

There are no other material developments this month and matters are proceeding satisfactorily.

We are conscious that Unitholders who are superannuation funds will need to adopt a value for the Units they hold in the Trust as at June 30, 2017. I expect that in mid-July we will advise the Investment Manager's view of Unit values.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au.

If you have any questions or comments, please contact Emil on 0427 929 358, Sandy on 0438 505 624, David on 0407 631 255, or me on 0431 377 678. We very much welcome your input.

Best regards,
Lachlan

03 August, 2017

On August 3, 2017, the Trust made a monthly distribution of \$11.00 per Unit. This is the July distribution, that is the first of the 2017/2018 distributions. We expect distributions to continue at this rate for the remaining 11 months of the current financial year. The distribution represents a 13.2% yield on equity invested. The IM forecast for 2017/2018 was a distribution of \$10.65 per Unit p.c.m. or a 12.8% yield. The Trust's cash flow would support a yield 25 bps higher than is being distributed. We have decided to increase the Trust's cash cushion in anticipation of a refinance which is due in October 2018.

The current lease is due to expire in May 2020. If the tenant does not exercise its option to renew the lease, it is likely that distributions will be suspended as from August 2020. It is too early to discuss with Sherrin Industries whether it intends to exercise its option or to forecast how long it would take to find a replacement tenant. I raise this issue as you may want to plan in a conservative manner for the 2020/2021 and 2021/2022 financial years.

There have been no material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au.

We welcome your input; Sandy can be contacted on 0438 505 624 (but please bear in mind that she is in Europe), Emil on 0427 929 358, Lachlan on 0431 377 678 and I on 0407 631 255.

Best Regards,
David

01 September, 2017

On September 1, 2017, the Trust made a monthly distribution of \$11.00 per Unit.

The property's insurance policies have been renewed and the sum insured increased.

Whilst the tenant should have consulted Pipeclay prior to replacing one of the air-conditioning, after investigation, we have decided that the Unit required replacement and the expenditure was a capital item which should be borne by the Trust. The Trust has advised the tenant that \$10,450 will be refunded; the Trust has sufficient working capital to meet the expenditure.

There have been no other material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au.

We welcome your input; David can be contacted on 0407 631 255, Emil on 0427 929 358, and I on 0431 377 678.

Best Regards,
LACHLAN C. PHILIPS

04 October, 2017

On October 4, 2017, the Trust made a monthly distribution of \$11.00 per Unit.

I met with our insurance broker earlier this month. Consequently, our renewed insurance policy has been revised and the sum insured increased. It may be possible to recover the Trust's money spent on replacing the air-conditioning unit about which I wrote to you last month, through an insurance claim. This claim has been lodged, and I will provide an update on its outcome next month.

Through our contacts with Brisbane real estate agents, we believe that the Sherrin Group has signed a long term (10 years) lease in relation to the large vacant block of land it holds in Pinkenba. If that is correct, then the Sherrin Group will only have one vacant block of land which we believe is not big enough to accommodate a relocation of their operation from our Bancroft Rd premises, which if correct would be positive news for the Trust. It will be some months before we can verify the information through public registries.

There have been no other material developments and everything is proceeding satisfactorily.

Earlier this month, we issued the Annual Tax Statement for the Bancroft Road Property Trust for the 2017 financial year. You should have received this in the mail. If you have not received this document, please let me know by replying to this email and I will ensure that it reaches you as soon as possible.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Emil on 0427 929 358, and Sandy on 0438 505624.

Best Regards,
LACHLAN C. PHILIPS

03 November, 2017

On November 3, 2017, the Trust made a monthly distribution of \$11.00 per Unit.

A new cruise ship terminal has been approved this month, to be built at Luggage Point, Pinkenba. This \$158 million private sector project includes a commitment from the Brisbane City Council to prioritise road, community infrastructure and parkland works in the area. A total of \$500 million in private sector investment has been made into the Port of Brisbane in the past seven years, and a further \$600 million is forecast over the next five years. We expect that this will contribute to above-average growth in land values in the area.

There have been no other material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Emil on 0427 929 358, and Sandy on 0438 505624.

Best Regards,
LACHLAN C. PHILIPS

05 December, 2017

On December 4, 2017, the Trust made a monthly distribution of \$11.00 per Unit.

I wrote to you in October that there was a possibility of recouping the Trust's expense on the replacement of the board-room air conditioner through an insurance claim under our machinery breakdown policy. After the deduction of the excess and fees, we were able to recover \$6,826. This is an advantageous outcome, as the full expense was budgeted for in the Trust's working capital. Machinery breakdown insurance usually involves a tension between an insurer taking the view that equipment was at the end of its useful expected life, and landlords asserting that an unexpected breakdown has occurred, so we are pleased with this result.

There have been no other material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Emil on 0427 929 358, and Sandy on 0438 505624.

Best Regards,
LACHLAN C. PHILIPS

09 January, 2018

On January 5, 2018, the Trust made a monthly distribution of \$11.00 per Unit.

There have been no material developments and everything is proceeding satisfactorily. Given the season, it is unlikely that anything substantive to report will arise over the next month.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Emil on 0427 929 358, and Sandy on 0438 505624. Please be aware however, that David, Emil and Sandy are currently overseas and will be returning later in January.

With compliments of the season,

LACHLAN C. PHILIPS

05 February, 2018

On February 5, 2018, the Trust made a monthly distribution of \$11.00 per Unit.

There have been no material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Emil on 0427 929 358, and Sandy on 0438 505624.

Best Regards,
LACHLAN C. PHILIPS

02 March, 2018

On March 2, 2017, the Trust made a monthly distribution of \$11.00 per Unit.

There have been no material developments and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Emil on 0427 929 358, and Sandy on 0438 505624.

Best Regards,
LACHLAN C. PHILIPS

06 April, 2018

On April 4, 2018, the Trust made a monthly distribution of \$11.00 per Unit.

Pipeclay has been approached by three (3) potential tenants for the property. After initial discussions, Pipeclay has seriously engaged with one of them. The property remains leased for at least another two years, though Sherrin Industries may be prepared to vacate early. We do not expect to have substantive news before June.

There were no other material developments this month, and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Emil on 0427 929 358, and Sandy on 0438 505624.

Best Regards,
LACHLAN C. PHILIPS

02 May, 2018

On May 2, 2018, the Trust made a monthly distribution of \$11.00 per Unit.

There were no material developments this month, and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Irene via email at irene@pipeclaylawson.com.au.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Emil on 0427 929 358, and Sandy on 0438 505624.

Best Regards,
LACHLAN C. PHILIPS

05 June, 2018

On June 5, 2018, the Trust made a monthly distribution of \$11.00 per Unit.

The current Lease term expires on 30th April 2020, with an Option for a further term of seven years. If the tenant is to exercise this Option, it must do so between 12 and 15 months before the expiry date.

We have received interest in the property from prospective tenants, who are attracted by the property's low site coverage ratio and/or the service pits in the building. This month we also lodged a submission (which would require partial redevelopment) in response to an invitation from a company seeking a new location. Whilst we intend to continue to have conversations with prospective tenants, we do not anticipate firm developments until the tenant has made a decision.

There have been no other material developments and everything is proceeding satisfactorily.

Irene Cheung will be finishing her employment with Pipeclay on Friday, June 8. Camilla Cable has been appointed General Manager Finance & Company Secretary. Camilla's mobile number is 0412 520 121 and her email address is camilla@pipeclaylawson.com.au

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Emil on 0427 929 358; Sandy is overseas during June.

Best Regards,
LACHLAN C. PHILIPS

04 July, 2018

On July 3, 2018, the Trust made a monthly distribution of \$11.00 per Unit. This is the last distribution for FY17/18.

There have been no material developments this month and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Emil on 0427 929 358; Sandy is away until September.

Best Regards,
LACHLAN C. PHILIPS

07 August, 2018

On August 2, 2018, the Trust made a monthly distribution of \$11.00 per Unit. This is the first distribution for FY18/19.

In June I wrote to you that the current Lease expires on 30th April 2020, and that if the tenant exercises its Option, it must do so between 12 and 15 months before the expiry date. Sherrin has lodged a development application to build themselves a new facility on a piece of land on New Beach Rd which the Sherrin Group owns. We have been told that they are having difficulties with

this application as their proposed design (similar in design to our site) is not council's intended use of the land. We suspect that the outcome of this application will determine whether the Option is exercised.

We are in advanced discussions with the Banks concerning the refinancing of this property's facility to a year beyond the term of the current lease. A part of the likely Bank conditions for the facility is that the Trust builds by May 2020 a cash reserve equal to 18 months of outgoings and bank interest. The condition will be met in the manner set out below.

The Trust has not increased distributions for FY 19 and a contribution is being made every month to the cash reserves. Should Sherrin exercise their option or a new tenant be secured, distributions will likely increase. If the Option is not exercised and we do not have another tenant secured by May next year, distributions will likely cease until a tenant is secured.

As part of the refinancing, the Banks have required a fresh valuation of the property. If you would like a copy of the valuation, please let me know. Knight Frank has valued the property for "mortgagee purposes" at \$11.1M. This is an increase from the last valuation in January 2015 of \$9,520,000 (the purchase price was \$8.3M).

The Trust's bank debt is \$5,610,000, resulting in a current LVR of 50.5%. This affords a capital management opportunity which we will consider once either Sherrin has exercised its option or a new tenant has committed to the property.

The tenant has recently commissioned extensive roof repairs. These include replacing all translucent roof panels and replacing all roof screws, at a cost of just over \$25,000. We expect the new panels to outlive the Trust.

There have been no other material developments this month and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Emil on 0427 929 358; Sandy is away until September.

Best Regards,
LACHLAN C. PHILIPS

06 September, 2018

On September 5, 2018, the Trust made a monthly distribution of \$11.00 per Unit.

Last month I wrote to you that the tenant had commissioned extensive roof repairs on the property. I am pleased to report that these repairs have now been completed. I do not anticipate further major roof repairs being required for the remainder of the Trust's lifespan.

The existing survey of the site was outdated so a new survey was commissioned this month at a cost of \$3,250 + GST to the Trust. If you would like a copy, please let me know.

There have been no other material developments this month and everything is proceeding satisfactorily.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Emil on 0427 929 358, and Sandy on 0438 505 624.

Best Regards,
LACHLAN C. PHILIPS

04 October, 2018

On October 2, 2018, the Trust made a monthly distribution of \$11.00 per Unit.

The Trust's bank facility falls to be refinanced. The trust has had discussions with its current financier, NAB, CBA and WBC. The Manager intends to accept a proposal from CBA. In summary, CBA has offered –

- A facility of \$5,630,000 until 30/6/2021. Importantly, the proposed facility continues beyond the term of the current lease which terminates in May 2020;
- An interest cost of base rate (90 day BBSY or the swap rate) + 2% p.a. + \$150 per quarter;
- An ICR of 1.85:1; current ICR is circa 2.5; the ICR test is suspended during a period vacancy which may arise from May 1, 2020
- An LVR of no more than 60%. The Trust has obtained a valuation of the property from a Bank approved valuer for the purpose of obtaining this facility. The property has been valued at \$11.1M which is a current LVR of 50.7%. For the 60% LVR covenant to be breached property value would need to be \$9.38M
- If Sherrin rentals fails to, by May 1, 2019, exercise its option for a new lease, distributions to Unitholders and payment of fees to the Manager is to be suspended as from 30.6.19. This will allow surplus cash to be collected in a retention account. The retention account will be available for payment of bank interest and outgoings during the period of vacancy should it arise from May 1, 2020; and
- An amount no less than \$135,000 is to be deposited in the retention account by 30/9/2019. The Manager's current projections show \$150,000 of surplus cash having been accumulated by the Trust by 30/6/2019.

The Manager is preparing for the possibility that Sherrin Rentals may not exercise its option. We have received a proposed marketing plan for the leasing of the property from the dominant agent in the Pinkenba area. We expect to receive a marketing plan from Brisbane's largest industrial agent by the end of this month. It would be premature to initiate conversations with Sherrin Rentals or go to the market prior to February/March 2019.

Apart from the foregoing, there have been no material developments this month.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Lachlan.

We welcome your input. My details are below; Lachlan can be contacted on 0431 377 678, Emil on 0427 929 358, and Sandy on 0438 505 624.

Best Regards,
DAVID F. LIBLING

02 November, 2018

On November 2, 2018, the Trust made a monthly distribution of \$11.00 per Unit.

Following a review and the marketing of the Property to several insurers, the Property's existing insurance policies have been renewed and the sums insured increased.

We have also been approached by a telecommunications company this month, seeking to construct a communications tower on the site with a long-term Lease. We are currently determining if a sufficiently large location can be identified which will not interfere with other operations on the site. I will provide an update if the matter progresses.

Apart from the above, there have been no material developments this month.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to Lachlan.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Emil on 0427 929 358, and Sandy on 0438 505 624.

Best Regards,
LACHLAN C. PHILIPS

05 December, 2018

On December 4, 2018, the Trust made a monthly distribution of \$11.00 per Unit.

In August's distribution email, I wrote to you and advised:

...the current Lease expires on 30th April 2020, and... if the tenant exercises its Option, it must do so between 12 and 15 months before the expiry date. Sherrin has lodged a development application to build themselves a new facility on a piece of land on New Beach Rd which the Sherrin Group owns. We have been told that they are having difficulties with this application as their proposed design (similar in design to our site) is not council's intended use of the land. We suspect that the outcome of this application will determine whether the Option is exercised.

We are following the progress of the application through the Brisbane City Council's website. The original DA was not granted because of concerns that the spray-paint booth proposed as part of the development would adversely affect the air quality of a neighbouring property and park. That led the Sherrin Group to submit an expert report in support of the application. The Council has determined that the report does not adequately address its concerns about the neighbouring park's air quality. Until it appears on the website, we will not know the Sherrin Group's response.

If you would like to see the latest publicly available Council correspondence on the matter, you can go to their website or let me know and I will send you a copy of the Council's letter.

The Trust's position has not altered since the October distribution email:

The Manager is preparing for the possibility that Sherrin Rentals may not exercise its option. We have received a proposed marketing plan for the leasing of the property from the dominant agent in the Pinkenba area. We expect to receive a marketing plan from Brisbane's largest industrial agent by the end of this month. It would be premature to initiate conversations with Sherrin Rentals or go to the market prior to February/March 2019.

Apart from the above, there have been no material developments this month.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Emil on 0427 929 358, and Sandy on 0438 505 624.

Best Regards,
LACHLAN C. PHILIPS

04 January, 2019

On January 4, 2019, the Trust made a monthly distribution of \$11.00 per Unit.

In December we received an unsolicited approach to buy the property. We provided the prospective purchaser with the information which they require to undertake their preliminary due diligence and have provided them with site access to undertake a valuation of the property.

They are a government entity, and we do not expect a swift result, but I will provide updates as the matter progresses.

Apart from the above, there have been no material developments this month.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. My details are below; David can be contacted on 0407 631 255, Emil on 0427 929 358, and Sandy on 0438 505 624.

Best Regards,
LACHLAN C. PHILIPS

06 February, 2019

On February 6, 2019, the Trust made a monthly distribution of \$11.00 per Unit.

Michael Sherrin has received Development Approval on his Main Beach Rd property. Consequently, we believe that it is more likely than not that Sherrin Industries will not exercise its option to extend its lease on the Bancroft Rd property owned by the Trust. Emil and David expect

to meet with Michael Sherrin on Tuesday (12/2/19). We have been talking to the Queensland Property and Facilities Management/Asset & Procurement Services (“PSBA”) for over a year. All of our conversations have been through Cushman & Wakefield. PSBA tells us that our site is ideal for the Fire & Emergency Response team to service the airport and the Defence precinct. A few months ago, PSBA offered the Trust \$8M for the property; an offer that was too silly to report. This week they have verbally, through Cushman & Wakefield, offered \$10M provided that they could have vacant possession. We have responded by saying that the Trust would consider selling for \$12M. We were advised on Wednesday (6/2/19) that, we will receive an improved offer from the PSBA early next week. We shall see. In the meantime, the Trust has engaged Cushman & Wakefield to prepare a marketing (for lease) campaign.

There have been no other material developments this month.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

Best Regards,
LACHLAN C. PHILIPS

05 March, 2019

On March 4, 2019, the Trust made a monthly distribution of \$11.00 per Unit.

The current offer from the Emergency Services Department is \$10.5M payable on settlement on the expiration of the current lease. The agent is having further conversations with the Department; dealing with the Department is exceedingly slow. Sherrin Rentals (the current tenant) has also expressed interest in buying the property. The Trust has countered by seeking to engage Sherrin in a discussion about extending the lease. Our view is that it is unlikely that a satisfactory offer to purchase will be received from Sherrin or that they will continue to rent the property.

There have been no other material developments this month.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

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Best Regards,
LACHLAN C. PHILIPS

03 April, 2019

On April 2, 2019, the Trust made a monthly distribution of \$11.00 per Unit.

The Trust has received an offer to sell the property for \$10.5M to the Fire & Emergency Services. The Trust has rejected the offer as being outside of the reasonable valuation range (which we

were advised by Knight Frank valuation is \$11M – 12.1M). We believe this brings to an end the circa 18 months of conversations with the department.

Last month I advised that it is unlikely that we will receive a satisfactory offer to purchase from Sherrin (the current tenant), or that they will continue to rent the property. Sherrin has now confirmed that they intend to vacate the premises on Lease expiry (30/4/2020). It follows that distributions will be suspended as from the May distribution (which would have been paid in June) until a new tenant has been secured.

We have commenced to market the property for lease. If you would like to see the leasing IM please let me know and I will email a copy to you. You may recall that shortly after acquiring the property, the Trust reconfigured the titles so that all of the improvements are on one title with circa 38% site coverage (“the front block”) and the second title consists of only hardstand (“the back block”). This provides us with considerable marketing flexibility.

We have also commenced discussions with Sherrin about arranging for their end of Lease obligations to be met, which include repainting of the buildings and removing all evidence of their occupation of the premises.

The Queensland government has required that owners of certain types of buildings, including industrial, be registered on the Safer Buildings website, to help identify all buildings in the state which may contain combustible cladding. The property has been registered. We believe that there is no combustible cladding present in the building.

There have been no other material developments this month.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

Best Regards,
LACHLAN C. PHILIPS

03 May, 2019

On April 2, 2019, the Trust made a monthly distribution of \$11.00 per Unit.

The Trust has received an offer to sell the property for \$10.5M to the Fire & Emergency Services. The Trust has rejected the offer as being outside of the reasonable valuation range (which we were advised by Knight Frank valuation is \$11M – 12.1M). We believe this brings to an end the circa 18 months of conversations with the department.

Last month I advised that it is unlikely that we will receive a satisfactory offer to purchase from Sherrin (the current tenant), or that they will continue to rent the property. Sherrin has now confirmed that they intend to vacate the premises on Lease expiry (30/4/2020). It follows that distributions will be suspended as from the May distribution (which would have been paid in June) until a new tenant has been secured.

We have commenced to market the property for lease. If you would like to see the leasing IM please let me know and I will email a copy to you. You may recall that shortly after acquiring the property, the Trust reconfigured the titles so that all of the improvements are on one title with circa 38% site coverage ("the front block") and the second title consists of only hardstand ("the back block"). This provides us with considerable marketing flexibility.

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There have been no other material developments this month.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

Best Regards,
LACHLAN C. PHILIPS

11 June, 2019

On June 5, 2019, the Trust made a monthly distribution of \$11.00 per Unit.

The marketing campaign is experiencing the usual vicissitudes. On the positive side, following a meeting by David with Expeditors' regional manager, Expeditors has arranged for its operations team to inspect and consider the land in detail this week. The agent tells us that our land is the only one being inspected by Expeditors. On the negative side, 2 of the 3 companies considering the whole of the property are no longer interested. We should hear from the third in the next 2 weeks.

The refinance with CBA (away from NAB) has been completed. Pipeclay is considering whether to swap the interest on the debt in order to take advantage of the inverted yield curve. As an enabling step an application has been made to CBA to amend the facility to allow the swap. We expect a positive response this month at no cost to the Trust.

There have been no other material developments this month.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

Best Regards,

LACHLAN C. PHILIPS

03 July, 2019

On June 28, 2019, the Trust made a monthly distribution of \$11.00 per Unit. This is the June distribution paid a few days early.

In October I first wrote to you about the terms of the refinancing of the Trust's bank facility, which were reaffirmed in May's distribution email. You will recall that one of these terms was that should the lease not be renewed, distributions to Unitholders and payment of fees to the Manager are to be suspended from 30.6.19 to enable surplus cash to be collected in a retention account. This is to allow for the payment of bank interest and outgoings during a period of vacancy should it arise from May 1, 2020. Consequently, there will be no more distributions paid until the marketing campaign bears results. I will continue to write monthly updates.

There have been no major developments in the marketing campaign. Expeditors remains interested in the rear lot and have continued to make information requests which we have been attending to throughout the month. The Operations Manager will be visiting Brisbane from the US in July and we are scheduled to have a meeting with him in mid-July. Two agencies are actively continuing to market the property, and I can provide updates from these agencies if desired on request.

There have been no other material developments this month.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

Best Regards,
LACHLAN C. PHILIPS

05 August, 2019

Distributions currently remain suspended until the marketing campaign bears results.

A copy of the new marketing report from the agent is available upon request.

We will shortly commence the management of the tenant's make-good obligations before they vacate the premises at the end of April next year. As the Trust purchased the property from the current tenant, we negotiated the terms of the current leaseback. The consequent terms of the make-good are highly favourable, requiring among other items that the hardstand be restored to new condition. These works will be extensive, requiring close management.

In order to advise the Unitholders as to Pipeclay's perception of Unit values, a dual process is undertaken. First, from the latest valuation for mortgagee purposes the following are deducted: interest swap break-costs as advised by the Bank as at June 30, the current bank debt and the outperformance fee that would be payable if the Trust was terminated (working capital and selling costs are ignored). The resultant number is then divided by the number of Units on issue. Secondly, Pipeclay considers what it would regard as an appropriate yield for the Units and the consequently

implied Unit value. The lower of these two numbers is then adopted by Pipeclay as its perception of Unit values. Pipeclay's perception is that the current value of Units in the Trust is \$1,490 per Unit.

Where the latest valuation is so significantly out of date to lead to a misleading result, we discuss value with a valuer generally accepted by the banks and/or agents experienced in the area. Pipeclay is then guided by their advice in determining the property value.

There have been no material developments this month.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

Best Regards,
LACHLAN C. PHILIPS

04 September, 2019

Distributions currently remain suspended until the marketing campaign bears results.

A new marketing report is available this month. If you would like a copy, please let me know and I will send it to you. In summary, several parties have shortlisted the property, including interest being shown in both the front and rear sections individually, and the entire property in its current configuration. Whilst no major developments have occurred, the increased level of enquiry is encouraging.

Negotiations concerning the tenant's extensive make-good obligations are commencing this month. I will report further.

There have been no other material developments this month.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

Best Regards,
LACHLAN C. PHILIPS

03 October, 2019

Distributions currently remain suspended until the marketing campaign bears results.

There have been no major developments in the marketing campaign this month. We are intending to commence the formal side of the campaign this month by introducing street signage and

several website listings. If you would like a copy of this month's marketing update, please let me know.

Last month I wrote to you that we were commencing negotiations with the tenant concerning their make-good obligations. Following an initial meeting, Sherrin is aware of its make-good obligations and intends to carry out all required works itself. We are arranging a dilapidation report which will formally quantify what works are required and facilitate an agreement.

The Property's insurances have been renewed this month following a review, and the sums insured increased.

There have been no other material developments this month.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

Best Regards,
LACHLAN C. PHILIPS

05 November, 2019

Distributions currently remain suspended until the marketing campaign bears results. The rent received net of trust expenses continues being deposited into the reserve account. If you would like a copy of the bank statement for the account, please advise Camilla.

There have been no major developments in the marketing campaign this month, although we have had interest from two new parties who are in the early stages of seeking new premises. There is some positive progress in relation to previously identified interested parties. On the other hand, the party interested in a development on the back block is likely to prefer a competing location. If you would like a copy of the monthly marketing report received from Cushman's please let me know.

A dilapidation report in relation to Sherrin's end of lease make-good obligations has been finalised by Napier & Blakely. If you would like a copy, please let me know. The report identified circa \$900,000 of works that are required by Sherrin. Sherrin have indicated that they will undertake most of the work themselves. We will closely supervise and have contracted a local property manager to assist us in doing so.

An air conditioning unit broke down this month, however our machinery breakdown insurance covered most of the cost, less a \$500 excess which will be incurred by the Trust.

There have been no other material developments this month.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

Best Regards,
LACHLAN C. PHILIPS

04 December 2019

Distributions currently remain suspended until the marketing campaign bears results.

Leasing effort is on-going; if you would like a copy of the marketing report, please let me know.

There have been no other material developments this month.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

Best Regards,
LACHLAN C. PHILIPS

09 January, 2020

Distributions currently remain suspended until the marketing campaign bears results.

Hills Tankers, a bulk liquids carrier, has expressed strong interest in taking a 7-year lease (with a 5-year option) from May 2020. The transaction would involve granting Hills an option to buy the property for \$11.75M at any time prior to May 1, 2022. As the proposed transaction potentially involves an early termination of the Trust, it would require approval at a meeting of Unitholders. Hills' desire to enter into the transaction is conditional on an extension of its contract with Caltex. We are advised that Hills have been told that the extension will take place but documentation is not due till February. If matters proceed well, we plan to organize a Unitholders' meeting for February.

Changes to the Property Management Team

Sadly, for Pipeclay, Lachlan has resigned in order to pursue further studies. He was already studying (actually aceing) part-time the Property Economics/Management degree at UTS but he has decided to switch to a full-time Masters in Economics. We are appreciative of his intelligent contribution over the last three years and wish him very well for the future.

We have made three very exciting part-time appointments: -

Daniel Shafferman has a wealth of experience in industrial property management. He has managed his family's property portfolio and provided management services to major agencies and private owners in Queensland. He will be our man on the ground in Queensland.

Daryl Knighton is a mechanical engineer by training. He has decades of project management experience including in industrial property. We think he will bring particular value in organizing tenders and supervising works, particularly in Sydney.

Hannah Butt will take on the additional role of Property Management Co-ordinator. A year ago, Luke automated a reminder system of all lease obligations for each property. After 10 months of testing, we are confident that the system will, in Hannah's hands, ensure that all recurrent obligations, rent reviews and end of lease activities will be timely and well directed. The next month's newsletter will come from Hannah. Hannah's email is Hannah@pipeclaylawson.com.au and her mobile is 0414 932 034.

There have been no other material developments this month.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

Best Regards,
David

05 February, 2020

Distributions currently remain suspended until the marketing campaign bears results.

Leasing Update

There has been no change in relation to Hills Tankers who are awaiting confirmation of their contract extension with Caltex, which is due this month. In the meantime, marketing has continued and has identified another serious prospect. As usual with leasing/selling campaigns, there is a lot of noise but there is no real news till a transaction is agreed. If you would like a copy of the monthly marketing update from the agent, please let me know.

Property Management Update

Initial site inspection has been conducted with the tenant. Napier and Blakeley were subsequently engaged to complete a full dilapidation report to assist with the make good scope and negotiation.

The report has been reviewed and now issued to the tenant. Over the coming month ongoing discussion will be had with the tenant to negotiate the final scope and begin the discussion on a payout or how the agreed works will be undertaken.

There have been no other material developments this month.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

Best Regards,
Hannah

05 March, 2020

Distributions currently remain suspended until the marketing campaign bears results.

Property Management Update

We are in the final stages of agreeing the scope of the make good with Sherrin Group. The tenant has been accepting of their responsibilities and negotiations have been amicable.

We will gain some assets that will improve the value of the site including a fully operational and registered wash bay. The office facilities were always of a high standard and will be brought back to original condition. Final discussions centre around the external hardstand - the tenant has laid a two part surface which has held extremely well - they are coming up with a plan to extend this to the whole yard as part of the make good which will be a great improvement on the existing loose blue rock.

Michael Callow from Cushman Wakefield has had several inspection with prospective tenants - although we have not had any viable offers to assess we are confident that once the make good is complete and the site presents vacant that we will get far more interest from prospective tenants.

There have been no other material developments this month.

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We welcome your input. Each member of the team can be contacted by email. Our email addresses are formatted firstname@pipeclaylawson.com.au as per my own details below.

Best regards,
Hannah

02 April, 2020

Distributions currently remain suspended until the marketing campaign bears results.

Make good works continue on site. Sherrin Rentals have requested a one-month extension to its tenancy to facilitate the completion of the works, which we have granted. The lease expiry is now 31 May.

Leasing and sales activity for properties such as ours is almost non-existent. In his general note of April 1, David commented that current leasing demand is largely limited to the logistics industry. Our Bancroft Rd facility has a small building with service pits and a large hardstand. That kind of facility is ideal for the storage and servicing of machinery (cranes, buses, road grading equipment etc) but is not suitable for storage or distribution of goods. We do not know when activity will revive.

The Trust has cash reserves of circa \$650K; reserves are expected to peak at the end of May at circa \$725K. At the current rate of expenditure (that is accumulating a debt for the asset fee) that is sufficient until the end of calendar 2021, though one would expect the Bank to become impatient prior to that.

There have been no other material developments this month.

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Best regards,
Hannah

05 May, 2020

Distributions currently remain suspended until the marketing campaign bears results.

Make good is progressing well, Sherrin Rentals have fully vacated the site to allow free and clear access for their tradesman. Daniel is scheduled to revisit progress on the 15th May (tenant has advised that all works will be complete by that date allowing us 2 weeks for any items that need to be addressed). We are confident that the result will be above and beyond base level lease requirements

Discussions with agents regarding re-leasing opportunities are ongoing. There is evidence some market activity with tenants slowly starting to get back in the market for new tenancies, which is an improvement from last month where activity was non-existent. Please find attached marketing activity report from Michael Callow.

There has been enquiry from a potential purchaser for the front lot of the property. We will provide further update on any progress with this enquiry.

We have made a request to CBA to pay a one-off distribution to investors to cover the income tax liability resulting from the taxable profit for the year ended 30 June 2020. We will advise of their decision in due course.

There have been no other material developments this month.

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Best regards,
Hannah

02 June, 2020

On June 1st, 2020, the Trust made a distribution of \$19 per Unit. The distribution represents a one-off payment to cover the expected income tax bill payable by Unitholders for the 30 June 2020 financial year.

Regular distributions will remain suspended until the marketing campaign bears results.

Make good has now been completed. Daniel performed a final inspection with Sherrin Rentals on the 29th May and all make good obligations have been satisfied. Photos of the property will be uploaded on the Pipeclay website or please contact me if you would like a link to view photos via secure dropbox.

The property is now presenting well for a leasing campaign. Agency agreement for joint agency with Michael Callow of Cushman Wakefield and Anthony White of Colliers has been signed. The updated advertising material showing the newly refurbished vacant building should draw new interest to the property. Inspections by the Fire Service and a hire equipment company are expected in the coming week.

There have been no other material developments this month.

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Best regards,
Hannah

01 July, 2020

Distributions remain suspended until the marketing campaign bears results.

The event of the global pandemic and subsequent reaction to it has led to significant economic disruption and uncertainty in the market. Fewer enquiries are being presented as there is a reluctance on the part of potential users to make long-term and/or expensive commitments. The Brisbane property market has been particularly impacted as the investor base and corporate decision makers typically based in Sydney/ Melbourne are unable to travel into the QLD state.

Though there have been several inspections through the property during the month since Sherrin Rentals departed, unfortunately this activity has not led to anything conclusive to report.

There have been no other material developments.

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Best regards,
Hannah

06 August, 2020

Distributions remain suspended until the marketing campaign bears results.

The site continues to be maintained and is presenting well for inspections.

Agents Michael Callow and Anthony White have reported positive enquires however nothing concrete to report at this stage.

If you would like a copy of the Marketing Report, please let me know.

To assist Unitholders which are Superannuation Trusts, the Trustee annually assesses Unit value by applying the Valuation Policy. As at 1 July 2020 the Unit Value was assessed at \$1,490.

There have been no other material developments.

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Best regards,
Hannah

03 September, 2020

Distributions remain suspended until the marketing campaign bears results.

Again, there has been several inspections conducted on the property this month, a sign that activity in the Brisbane market is gaining some momentum. However, we are still yet to see pen to paper with an offer from any of the interested parties.

We are investigating the feasibility of relocating the boundary between the two lots. Moving the boundary will allow the Trust to consider tenancies over part of the property with the option of offering the rear vacant yard for sale. There is an active market for yard sales to owner occupiers in the local area.

There have been no other material developments.

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Best regards,
Hannah

02 October, 2020

Distributions remain suspended until the marketing campaign bears results.

The property consists of 2 lots. All the improvements are constructed on Lot 1 which is at the Bancroft Road end of the property. Lot 2 consists entirely of hardstand. This week we received a Letter of Offer to lease Lot 1 by Veolia Environmental Services. Key terms of the offer are;

- Term: 5 Years
- Option: 1 of 5 years
- Leased Area: Lot 1 but to be enlarged by approximately 900 sq.m. of hardstand
- Commencement: 1 January 2021
- Commencing Rental: \$572,827 + Outgoings + GST
- Rent Review: Annual Fixed 3%
- Incentive: Equivalent to 10%

If you would like to see a copy of the Letter of Offer and/or our response, please let me know.

Veolia advise that they would use the site for waste consolidation (rags and oils) and Truck marshalling, washing and servicing. David and Emil attended a site in Sydney which is used for truck marshalling, washing and servicing. On Tuesday, Emil will attend a site in Newcastle which is used for oil waste consolidation. The use which Veolia is proposing for our site does not generate odours and given bunding and other security measures as well as the Veolia indemnity is an acceptable environmental risk. Our inspections are part of our DD that the proposed use will be acceptable and not detrimental to the value or future development of Lot 2.

In relation to Lot 2 which would be reduced to ~8,587sq.m. we are in discussions with a potential user but these are not far advanced. The Trustee has been advised that the value of Lot 2, if offered for sale, would be circa \$2.575M.

There have been no other material developments.

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Best regards,
Hannah

03 November, 2020

Distributions remain suspended until a lease is signed with Veolia and bank refinancing is put in place.

The Letter of Offer received by Veolia Environmental Services last month was converted into a signed Heads of Agreement (HOA). Key terms of the HOA are;

- Term: 10 Years
- Option: 1 of 5 years (Veolia has since asked for 2 options of 5 years each and the Trust has agreed)
- Lease Commencement: 1 December 2020
- Leased Area: Whole of Building including approx. 11,200sqm of land
- Commencing Rental: \$572,827 + Outgoings + GST
- Rent Review: Annual increase at higher of 3% and CPI with market review on Option exercise.
- Incentive: Contribution to Lessee's moving costs of \$572,872. With payment to be made 30 days of the later of lease execution and payment of first month's rent.
- Permitted Use:
 - o Hydrocarbon consolidation facility
 - o Oil stained rags sorting and consolidation facility
 - o Truck marshalling, maintenance and washing facility
 - o And associated office functions

If you would like to see a copy of the HOA, please let me know.

The offer is subject to Veolia obtaining all necessary approvals for the Lessee's proposed use, including EPA and Council, all of which are the responsibility and at the cost of the Lessee.

Daniel and David Colenso (Pipeclay's solicitor) met with Daryl Gordan – Veolia South Queensland Area Manager – on site last week and agreed placement of the boundary for the Veolia premises. The change to the boundary to accommodate Veolia will require a new survey plan to be registered with the titles office.

An Agreement to Lease has now been drafted and will be circulated to Veolia in the coming days.

Knight Frank has been engaged to value the property for refinancing purposes. The valuation will be on the basis of Lot 1 being under lease to Veolia as per terms of HOA and Lot 2 as residual land with boundary realigned to consider the revised area of Lot 1 per the HOA.

There have been no other material developments.

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Best regards,
Hannah

04 December, 2020

Distributions remain suspended until a lease is signed with Veolia and bank refinancing is put in place.

Veolia are working through obtaining internal approvals for the lease. With international delegations to Paris, this process is taking time.

There have been no other material developments this month.

If you do not wish to receive the monthly email, and/or new Information Memorandums issued by Pipeclay Lawson Ltd, please advise us at any time by writing to me.

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Best regards,
Hannah

06 January, 2021

The Trust has been advised that Veolia's management has failed to obtain the requisite internal approvals and that consequently Veolia will not be progressing with the proposed lease.

The Trust intends to launch a sale marketing campaign of the property as soon as Queensland borders are open and we have some degree of confidence will remain open to people from NSW and Victoria. The Brisbane investment market is, in our opinion, thin in the absence of interstate buyers.

Hannah is on holidays.

I wish you and all yours a happy and successful 2021!
David

04 February, 2021

CG Property have taken several parties through the site in the past week, no notable discussion has progressed from these enquires.

Now that the Queensland boarder has re-opened, David will be visiting the property during February to re-engage with local agents and commence an active marketing campaign once again.

There have been no other material developments this month.

Regards,

Hannah

04 March, 2021

During the month, an offer to purchase the property was received from Arrow Capital. The offer of \$11,367,000 was subject to 12 month rental guarantee for \$800,000 pa + outgoings (circa \$167,000); net effective price of \$10.2M. The Trustee does not think that the price proposed is in the interests of Unitholders and has not accepted the proposal.

Centennial Industrial and Logistic (CIL), who recently settled on the purchase of another Pipeclay Lawson property, have indicated interest and we expect a further conversations this week.

Borger Cranes (a private company) inspected, with a preference to purchase rather than rent. They are currently talking with funders, we await the outcome of those discussions.

The market in Pinkenba is showing little rental demand for service buildings with low site coverage

Absent positive resolution by mid-month, now that borders are open and look likely to stay open, the Trustee intends to commence a full marketing sales campaign

There have been no other material developments this month.

Pipeclay has carried out an analysis of its investment performance to date. A Unitholder who invested in a 100 Units (or any other consistent number) in every Pipeclay Trust would as at 30/6/2020 have an IRR of 23.09% based on the Directors estimate of unit values as at that date. A Unitholder who took up a consistent percentage of the equity in each Pipeclay Unit Trust would have done slightly better (23.68%) over the same period. If you would like to see or discuss the analysis, please contact Luke (0433 446 643).

Pipeclay will recalculate the IRR as at 1/7/21 and will advise the updated outcomes when it advises Unit values as at July 1.

Regards,
Hannah

06 April, 2021

On the 4th March, Centennial Industrial and Logistic (CIL) submitted a Letter of Offer for the purchase of Bancroft Road property for \$10,420,000.

A Call Option Deed was negotiated and executed by both parties on the 25th of March. The contract is subject to Unit Holder approval and buyer Due Diligence.

If you would like a copy of the Letter of Offer or Call Option Deed, please let me know.

The Unit Holder meeting for the approval of the sale is on the 16th of April.

There have been no other material developments this month.

Regards,

Hannah

05 May, 2021

On 16 April 2021, Unitholders voted in favour of selling the property to Centennial Industrial & Logistics. Centennial have subsequently intensified their acquisition due diligence, which we expect will be completed by 17 May 2021. If satisfactory, settlement of the sale is scheduled for 1 July 2021.

The work required to rectify the damaged fire equipment is scheduled for later this week.

There have been no other material developments this month.

Regards,
Emil

04 June, 2021

The Purchaser has completed its acquisition due diligence to its satisfaction as of 18 May 2021. Consequently, the Call Option Deed is now unconditional and binding. A 5% deposit has been lodged with the Trusts solicitors Settlement is scheduled for 1 July 2021.

The works required to repair the damaged fire hydrant is scheduled to be completed this week.
The

Trust intends to claim the cost of the repairs under its existing insurance policy.

There have been no other material developments this month.

Regards,
John

01 July, 2021

The sale of the Bancroft Road property settled yesterday.

An interim distribution of \$1,300 per Unit was paid to Unitholders. Once MBP complete their review, we will send you a statement breaking up this distribution into its income and capital components.

We expect that a final capital distribution (circa \$35 per unit) will be made within 4 months. As the property has been sold, there will be no further distributions or emails until then.
I hope you have enjoyed the investment experience in the Bancroft Road Property Trust.

Best regards,
David

22 October, 2021

On 22nd October, the Trust made a final distribution of \$36.09 per unit. This is the last distribution from the Trust.

The final IRR for Unitholders, after all fees and expenses, is 13.33%.

The final accounts will be reviewed by the Trustee's accountants, MBP Advisory, following the conclusion of the FY2022 financial year. These accounts should be available around August 2022. Should you wish to have a copy of these accounts when they are available, please let Camilla know.

Annual Tax Statements will be prepared following completion of the accounts and will be sent to you separately. Immediately after the statements are sent, the Trust will cease to exist.

I hope you found investing in the Trust a positive experience.

Best regards,
David