



# MIDLAND MEGAPLEX TRUST

## INFORMATION MEMORANDUM

### Lester Property Investments Pty Ltd

ABN: 50 138 215 960 AFSL: 225781

Issued: 16 May 2019

- Large Format Commercial Centre
- 8 Year Average Lease Term
- 11 Tenants
- Vendor Rental Guarantee
- 8.0% Annual Average Cash Return
- 10 Year Investment Term
- Suit Superannuation Funds
- Lester Group will invest \$1 million





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# 1. IMPORTANT NOTICES

This Information Memorandum (Memorandum) is dated 16 May 2019 and has been prepared by Lester Property Investments Pty Ltd (Trustee) as Trustee for the Midland Megaplex Trust (Trust) and relates to the issue of units (Units) in the Trust.

This Memorandum is not a prospectus or product disclosure document under the Corporations Act. This is a personal invitation that may only be responded to by the person to whom it is made. This Memorandum is specifically provided to you for the purpose of reviewing this investment opportunity from the Trustee.

This Invitation does not require disclosure to investors under Chapter 6D.2 of the Corporations Act. Accordingly, this Memorandum has not been lodged with the Australian Securities and Investments Commission. The contents of, and the Invitation contained in, this Memorandum have been specifically prepared for consideration by only Sophisticated Investors for the purposes of section 761G(7)(c) of the Corporations Act (Sophisticated Investors) and Professional Investors for the purposes of section 761G(7)(d) of the Corporations Act (Professional Investors).

No cooling-off regime applies to the Invitation contained in this Memorandum.

This Memorandum should be read in its entirety. You should consult your professional adviser about its contents.

Any information contained in this Memorandum or subsequently provided to you, whether orally, in writing or in electronic form by or on behalf of the Trustee or its respective directors, employees, agents or consultants is provided to you on the terms and conditions set out in this Memorandum.

No person is authorised to provide any information or to make any representation in connection with the issue of Units in the Trust which is not contained in this Memorandum. Any information or representation not in this Memorandum may not be relied on as having been authorised by the Trustee or any person associated with it in connection with this issue of Units in the Trust.

This Memorandum does not constitute an invitation or offer in any place in which, or to any person to whom, it would not be lawful to make such an invitation or offer and in particular, is not an invitation or an offer in Australia to any person who is not a Sophisticated Investor or a Professional Investor.

By retaining this Memorandum, the recipient acknowledges and represents to the Trustee that it has read, understood and accepted the terms of this Important Notices section. If the recipient does not accept these terms, it must immediately return this Memorandum to the Trustee.

## Confidentiality

This Memorandum has been provided to selected parties. This Memorandum and the information attached to it are confidential. This Memorandum should not be distributed to any other person unless authorised in writing by the Trustee. By receipt of this Memorandum, you agree that you will not transmit, reproduce or make available this Memorandum (or any information attached to it) to anyone other than your professional advisers, without the prior written consent of the Trustee. Any such disclosure to your advisers must be on a confidential basis, and only for the purpose of assessing the information contained in it by your adviser. Upon request, the recipient agrees that:

- (a) it will return promptly this Memorandum, together with any other material received in connection with it, to the Trustee without retaining any copies; and
- (b) it will enter into a separate confidentiality undertaking substantially on these terms with the Trustee.

## Capital and Investment Returns Not Guaranteed

The Trustee, nor any of its officers, employees, agents or advisers, guarantees the performance or success of the Trust, the repayment of capital or any particular rate of capital or income returns.

## Disclaimer

The purpose of this Memorandum is to provide you with information relating to the investment opportunity described in this Memorandum.

This Memorandum is not investment advice and does not take into account the investment objectives, financial situation or particular needs of an investor. It is important that you consider [section 12](#) as it sets out the relevant risks of an investment in the Trust. You should consider these risks in the light of your particular investment objectives, financial circumstances and investment needs including financial and taxation issues and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

This Memorandum has been prepared by the Trustee and does not purport to contain all the information that a prospective investor may require. In all cases, before acting in reliance on any information, you should conduct your own investigation and analysis in relation to the investment opportunity and you should check the accuracy, reliability and completeness of the information and obtain independent and specific advice from appropriate professional advisers. The Trustee encourages you and your professional advisers to review the material contracts and documents at the Trustee's registered office (refer [section 14](#) for more details).

The tax consequences of the investment opportunity will depend on your particular circumstances and you should seek independent taxation advice on what the taxation consequences of this investment opportunity would be for you. The Trustee makes no representation or warranty (express or implied) as to the tax consequences of the investment opportunity.

If you are the trustee of a superannuation fund, you should seek independent legal, financial and tax advice on the possible consequences of this investment opportunity for you. That advice should include any matters that need to be considered under the Superannuation Industry (Supervision) Act 1993, including the rules governing related party transactions, in-house assets and the possible consequences for you given the Trustee will borrow funds from a financier.

Investors should be aware that any forward-looking statements are subject to inherent risks and uncertainties. These risks and uncertainties include factors and risks specific to real estate assets as well as general economic conditions and conditions in financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected. While the Trustee has endeavoured to ensure that forward looking statements in this Memorandum have a reasonable basis, the Trustee does not make any representation or warranty (either express or implied) as to the accuracy of any forward looking statement, or any events or results expressed or implied in any forward looking statement, and investors are cautioned not to place undue reliance on the statements. Any forward looking statements reflect views held only as at the date of this Memorandum.

The Trustee makes no representation or warranty (express or implied) as to the accuracy, reliability or completeness of the information. The Trustee and its respective directors, officers, employees, agents, advisers and consultants shall have no liability (including liability to any person by reason of negligence or negligent mis-statement) for any statements, opinions, information or matters (express or implied) arising out of, contained in or derived from, or for any omissions from this Memorandum, except liability under statute that cannot be excluded.

The information contained in this Memorandum has been prepared as at the date of this Memorandum. It should not be relied on for the transfer of Units at any future date and the Trustee does not warrant that information contained in this Memorandum remains correct at, or at any time after, the date of the Memorandum.

## Australian Financial Services Licence

The Trustee is authorised by Growth Equities Pty Ltd (ABN 20 102 014 835) (Growth Equities) to act under Growth Equities' Australian Financial Services Licence (AFSL), number 225781.

In this regard, the Trustee has entered into an agreement with Growth Equities, under which the Trustee is authorised to make invitations to eligible investors and arrange for the issue of interests in Managed Investment Schemes (Schemes). The Trustee will issue Units in the Scheme in accordance with such invitations if they are accepted.

The information contained in this Memorandum is general advice only and does not take into account your personal objectives, financial situation or needs. You should be aware that:

- a) The Trustee is not licensed to provide financial product advice in relation to the Units.
- b) No cooling-off rights apply in respect of the acquisition of the Units.



## 2. CHAIRMAN'S INVITATION

Dear Fellow Investor,

I am pleased to invite you to co-invest with us in this excellent new large format commercial property in Perth.

It is important to build a diverse portfolio of properties to protect and grow value in all economic environments. This means buying well and taking advantage of opportunities when they arise. Commercial and retail properties should be an important part of all diversified property investment portfolios, particularly given retail sales have shown reliable growth every year for more than 3 decades.

According to ABS, Retail Sales in Australia increased 2.90% in February of 2019 over the same month in the previous year. This is solid growth, particularly given Australia's current economic environment. Australia's Retail Sales growth has averaged 5.76% per annum from 1983 until 2019 (36 years), reaching an all time high of 12.70% per annum in October of 1985 and a record low of 1.90% in October of 2017. Although well off it's high, this ever-increasing retail spending bodes well for the retail property sector in Australia.

Large format commercial, previously referred to as big-box retail, has seen significant growth as a sub-sector of commercial property. This is a direct result of the lower occupancy costs associated with this style of property attracting tenants away from traditional shopping centre and high street strips and expanding the range of likely tenants. It is true that online sales has experiencing strong growth (from a low base) but, according to Australia Post, they are forecast to only make up 10% of total retail sales by 2020, the other 90% is acquired from physical stores.

In addition to its excellent location and built infrastructure, this Property is attractive because of its security and reliability of income. This acquisition represents excellent value and provides strong investment returns, which can be difficult to achieve in this low interest rate environment.

I invite your participation with us in the Midland Megaplex Trust as it offers the security of contracted income from eleven different tenants.

Yours sincerely,

**LESTER GROUP**



**RICHARD D LESTER AM**  
**Executive Chairman**



### 3. INVESTMENT SUMMARY

This is an Invitation to apply for Units in the Midland Megaplex Trust (Trust), which intends to acquire the Property for the primary purpose of deriving rental income.

#### Investment Highlights

- Newly developed large format commercial centre;
- 11 tenants, 8.65% vacancy currently being actively marketed;
- 8 years average lease term (WALE);
- 2 year rent guarantee from vendor;
- 8.0% average annual cash return;
- 10 year investment term;
- Non-recourse debt, up to 55% of the Property's initial valuation;
- Lester Group will invest at least \$1 million;
- Simple unit trust structure suitable for qualifying superannuation funds;
- Lester Group will manage all aspects of the Property and Trust; and
- This Invitation is to Sophisticated Investors and Professional Investors only.

#### The Property

[7 Clayton Road, Bellevue, Western Australia](#)

#### Co-invest with the Lester Group

The Lester Group intends to subscribe for at least \$1 million worth of Units (1 million Units) pursuant to this Memorandum.

The Trust and Property will be managed by Lester Property Investments Pty Ltd (Trustee), a wholly owned subsidiary of the Lester Group. The Lester Group has a profitable history of property investment and development across a range of sectors in Australia.

The Fees payable to the Trustee are:

- Establishment Fee – 3.0% of the purchase price of the Property;
- Asset Management Fee – up to 0.5% per annum of the most recent valuation of the Property;
- Performance Fee - 20% of any excess return over a 9.0% internal rate of return per annum.

#### The Invitation to Invest

All Invitations are made pursuant to this Memorandum and Application Form contained herein. The Memorandum endeavours to raise \$34,275,000 from the issue of 34,275,000 \$1.00 Units.

All Applications must be for a minimum of 250,000 \$1.00 Units and accompanied by Application Monies of \$1.00 for each Unit applied for. The Trustee may accept less than the minimum Application at its absolute discretion. Once the Application has been accepted by the Trustee, the Application Monies will become non-refundable.

The Invitation Closing Date is when the Trustee has received Applications for 34,275,000 Units and it chooses to close the invitation.

## 4. THE PROPERTY

### Location

The Property is located in the established City of Midland, which is situated at the Perth foothills, approximately 17 km north east of the Perth GPO. Midland has a wide variety of residential accommodation, commercial and retail properties, including landmark properties such as Department of Land Information Building, Midland Law Courts, Midland Gate Shopping Centre and high exposure showrooms along Great Eastern Highway. Midland includes an established and growing resident population as well as a significant provision of retail, commercial, recreation and industrial facilities courtesy of its easily accessible location.

The Property is on the north eastern corner of Clayton Street and Cowie Close, approximately 1 km south of the signalled intersection of Great Eastern Highway and Lloyd Street. The properties in the immediate vicinity include large format commercial, commercial showrooms, industrial properties and vacant land (zoned for commercial development). To the immediate west is a modern large format commercial development comprising notable tenants including; Harvey Norman, Forty Winks and Furniture Bazaar. St John of God Hospital is located on the north west corner of Clayton Road and Lloyd Street approximately 1 km from the Property.

The Property has good access to major arterial roads including Great Eastern Highway and Roe Highway. Public transport in the form of rail and bus services are available within the immediate vicinity. An extension of Lloyd Street has recently been undertaken, which provides a link between the Great Eastern Highway commercial district and the Clayton Street large format commercial precinct.

### Retail Trade Area

Source: Location IQ

The Trustee commissioned a Market Potential Assessment of the Property from Location IQ, who have assessed the Retail Trade Area to have the following characteristics:

- Current population of 255,170 and expected to increase to 302,970 by 2031, (1.3% growth pa);
- Total Retail Expenditure is expected to increase by 4.2% pa (2018 – 2031);
- Large Format Retail Expenditure of \$757.8m in 2018 and is expected to increase by 3.6% pa to 2031.

There are currently four large format retail centres within the main trade area of the Property, which are all located around the Clayton Street, Midland precinct. Midland Megaplex (the Property) is the second largest of these centres, which include Midland Home (23,400 sqm), the Harvey Norman Centre (12,900 sqm) and 5 Clayton Street (9,700 sqm). A range of large format retail tenants are part of Midland Gate or in free-standing locations around Midland, predominantly along Great Eastern Highway.

A Bunnings Warehouse (22,550 sqm) is currently under construction across the road from the Property. This is part of a large format retail centre of some 54,986 sqm and includes a range of other complementary brands. It is important to note that this development will not necessarily negatively impact the Property or its tenants, or other nearby large format centres, but rather reinforce the Clayton Street precinct as a major destination for large format retail, complementary retail and non-retail facilities.



## Improvements

The Property comprises four showroom/warehouse buildings opened in late 2017. These buildings are divided into 13 different tenancies, each separately air conditioned and serviced.

A total of 836 ground level car parking spaces are provided at the centre. This equates to 4.0 car spaces per 100 sqm of floorspace, which is higher than the typical level for a large format commercial centre of around 2.5 car spaces per 100 sqm of floorspace.

The Property's features include:

- 5 ha site area;
- 20,913 sqm Net Lettable Area;
- 836 car parking bays;
- 11 tenants, 1,809 sqm (8.65%) vacancy currently being actively marketed; and
- excellent passing traffic exposure and vehicle access.

## Tenancies



Spudshed is a farmer's market offering a large range of fresh produce together with a full meat, dairy and grocery range. Established in 1998, the business has grown into 9 stores with the majority of the produce grown on Galati Family farms.

For further information, go to: <https://www.spudshed.com.au/>

Spudshed's lease contains the following details:

- Area 4,196 sqm;
- Term 20 years to 31 October 2038;
- Bank guarantee to the value of 6 months gross rent plus GST; and
- Rent increases by a fixed 2% annually.



Spotlight is a family owned and operated Australian business with stores throughout Australia, New Zealand and Asia. They employ more than 6,700 team members who are dedicated to providing the best quality, service, price and expertise in fabrics, craft and homewares to millions of customers each year.

For further information, go to: <https://www.spotlightstores.com/>

Spotlight's lease contains the following details:

- Area 4,057 sqm;
- Term 10 years to 14 November 2027;
- Three eight year options to extend; and
- Rent increases by a fixed 2.5% annually.



Fantastic Furniture was established in 1989 and has now grown to over 75 stores nationally. They pride themselves as Australia's best value furniture and bedding store.

For further information, go to: <https://www.fantasticfurniture.com.au/>

Fantastic Furniture's lease contains the following details:

- Area 2,600 sqm;
- Term 5 years to 18 December 2022;
- Three five year options to extend; and
- Rent increases by CPI, capped at 4% per annum.

## ANACONDA

Anaconda was founded in November 2004 by an Australian retailing family who were concerned that Australia's outdoor and adventure culture was in decline. This family, who love the outdoors themselves, realised that Australia really didn't have a one-stop-shop for outdoor and adventure equipment. This is how the vision of Anaconda - Australia's largest camping and adventure superstore - was born.

For further information, go to: <https://www.anacondastores.com/>

Anaconda's lease contains the following details:

- Area 2,059 sqm;
- Term 10 years to 14 November 2027;
- Three eight year options to extend; and
- Rent increases by a fixed 2.5% annually.



Furniture Bazaar was established in 1999 and has now grown to 7 stores across Perth.

For further information, go to: <https://www.furniturebazaar.com.au/>

Furniture Bazaar's lease contains the following details:

- Area 1,500 sqm;
- Term 5 years to 7 November 2023; and
- Rent increases by a fixed 2.5% annually.



Plush is a Victorian based business established in 2000 as a specialist sofa retailer and has now grown to 42 stores across Australia.

For further information, go to: <https://www.plush.com.au/>

Plush's lease contains the following details:

- Area 1,090 sqm;
- Term 5 years to 15 December 2022;
- Three five year options to extend; and
- Rent increases by CPI, capped at 4% per annum.



Ashley Furniture HomeStore is the world's largest furniture manufacturer. First opened in the USA in 1997, the chain comprises over 830 locations worldwide.

For further information, go to: <https://ashleyfurniture.com.au/>

Ashley Furniture HomeStore's lease contains the following details:

- Area 1,014 sqm;
- Term 10 years to 30 June 2028;
- One five year option to extend;
- Bank guarantee to the value of 24 months gross rent plus GST;
- Rent increases by CPI annually.



Living Emporium was established in 2003 as an affordable furniture and homewares retailer. It is Western Australian owned and operated with 14 stores across WA.

For further information, go to: <https://www.livingemporium.com.au/>

Living Emporium's lease contains the following details:

- Area 800 sqm;
- Term 7 years to 14 November 2024;
- One five year option to extend; and
- Rent increases by a fixed 3.0% annually.



Tile Boutique Midland is part of a network of 35 independent licensed dealers across Australia using its buying power to source premium tile products from all over the world.

For further information, go to: <https://www.tileboutique.com.au/>

Tile Boutique Midland's lease contains the following details:

- Area 647 sqm;
- Term 10 years to 30 June 2028;
- Two five year options to extend;
- Bank guarantee to the value of 3 months gross rent; and
- Rent increases by a fixed 3.0% annually.



Perth Furniture Emporium is a family owned and operated furniture and homewares store servicing Western Australians for over 16 years.

For further information, go to: <https://www.perthemporium.com.au/>

Perth Furniture Emporium's lease contains the following details:

- Area 621 sqm;
- Term 5 years to 28 February 2023;
- One five year options to extend;
- Bank guarantee to the value of 6 months gross rent; and
- Rent increases by a fixed 3.0% annually.



Toyworld is part of an owner operator group that make up the largest specialty toy retailer in Australasia.

For further information, go to: <https://www.toyworld.com.au/>

Toyworld Midland's lease contains the following details:

- Area 520 sqm;
- Term 5 years to 30 April 2023;
- One five year option to extend;
- Bank guarantee to the value of 3 months gross rent; and
- Rent increases by a fixed 2.5% annually.

### Vendor Guarantee

The Trustee has secured a 24 month rental guarantee from the vendor of the Property over the current vacancies. This effectively means the property is fully leased for a minimum of two years. Importantly, this is not reflected in the 8 years Weighted Average Lease Expiry (WALE) of the Property. For clarity, if it was reflected the WALE would be longer.



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### Vacancy

Areas totalling 1,809 sqm, representing approximately 8.65% of the Total Net Lettable Area (20,913 sqm) are currently vacant and are being actively marketed by the vendor.

The Trustee has secured a 24 month rental guarantee from the vendor of the Property over the current vacancies. This effectively means the property is fully leased for a minimum of two years. Importantly, this is not reflected in the 8 years Weighted Average Lease Expiry (WALE) of the Property. For clarity, if it was reflected the WALE would be longer.

The Trustee intends to appoint a specialist commercial leasing agency to secure tenants to occupy any remaining areas from the settlement of the Property.

### Pharmacy Tenant

Of the 1,809 sqm vacancy mentioned above, an area of 1,045 sqm is in advanced negotiations with two different potential pharmacy tenants. Successful leasing to a pharmacy tenant requires approval from the City of Swan, Department of Health, Department of Human Services and the Pharmacy Registration Board of WA. The Trustee is advised that these approvals and the lease negotiations are likely to be successful.

In any event, the Trustee has negotiated into the Contract of Sale, a reduction in the purchase price of \$2,500,000 if a pharmacy tenant is not secured in the 12 months following settlement of the Property. If this occurs, we expect there will be no material change to the assumptions and financial outcomes, including investment returns contained in this Memorandum. The Trustee does not intend to issue a revised or supplementary Memorandum if this occurs.

### Electricity Profit

Given the number of tenants and the amount of electricity they collectively draw, the vendor has established a system of purchasing electricity from the utility supplier at a wholesale rate and then selling it to the tenants at a higher, retail rate. This activity is expected to generate additional Trust profit of approximately \$528,000 per annum and will form part of the Trust's distributions.

Given the relatively short period that this activity has been carried on, the historical monthly trading results are limited and may vary from the assumed profit performance. As a result, the Trustee has negotiated into the Contract of Sale a retention amount of \$1,000,000 to be held in trust by the vendor's agent, that the Trustee may draw on if the electricity profit is less than \$528,000 in the first 12 months from settlement. This effectively means the purchase price of the Property is reduced by up to \$1,000,000 if the electricity profit is less than expected.

### Property Outgoings

Property outgoings are expenses associated with the running and maintenance of the Property and include, rates (incl. Water & Sewerage charges), land tax, building insurance, body corporate fees, property management fees, repairs, cleaning, gardening, and maintenance but excluding capital items and development costs.

Outgoings are generally fully recoverable from the tenants of the Property. Some of the leases associated with this Property, cap or limit the amount of outgoings that are recoverable from the tenant. These lease specific differences have been factored into the Trustee's feasibility and the expected returns that Unitholders are forecast to receive.

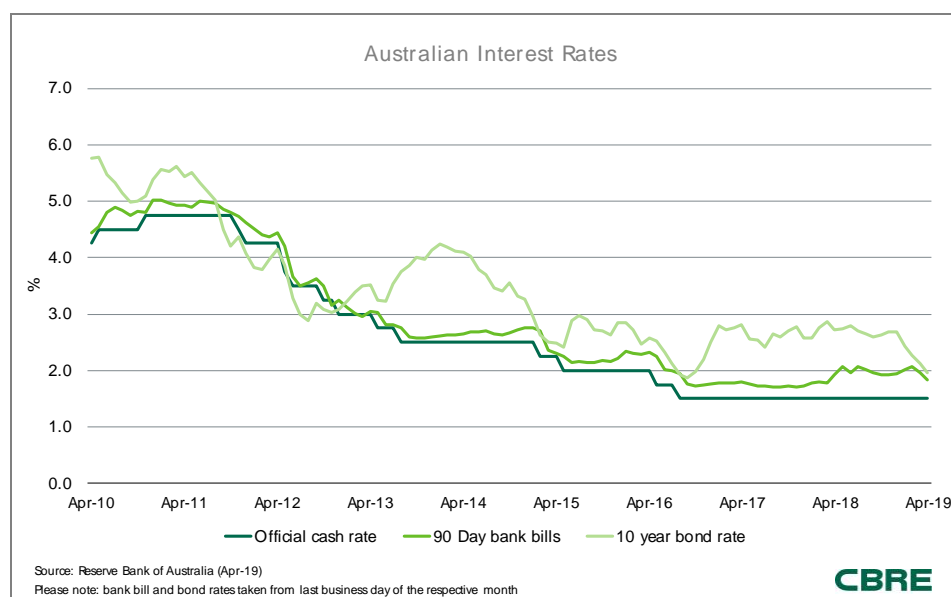
## 5. MARKET COMMENTARY

Source: CBRE Valuations Pty Limited

### 5.1 Economic Overview

Source: Reserve Bank of Australia

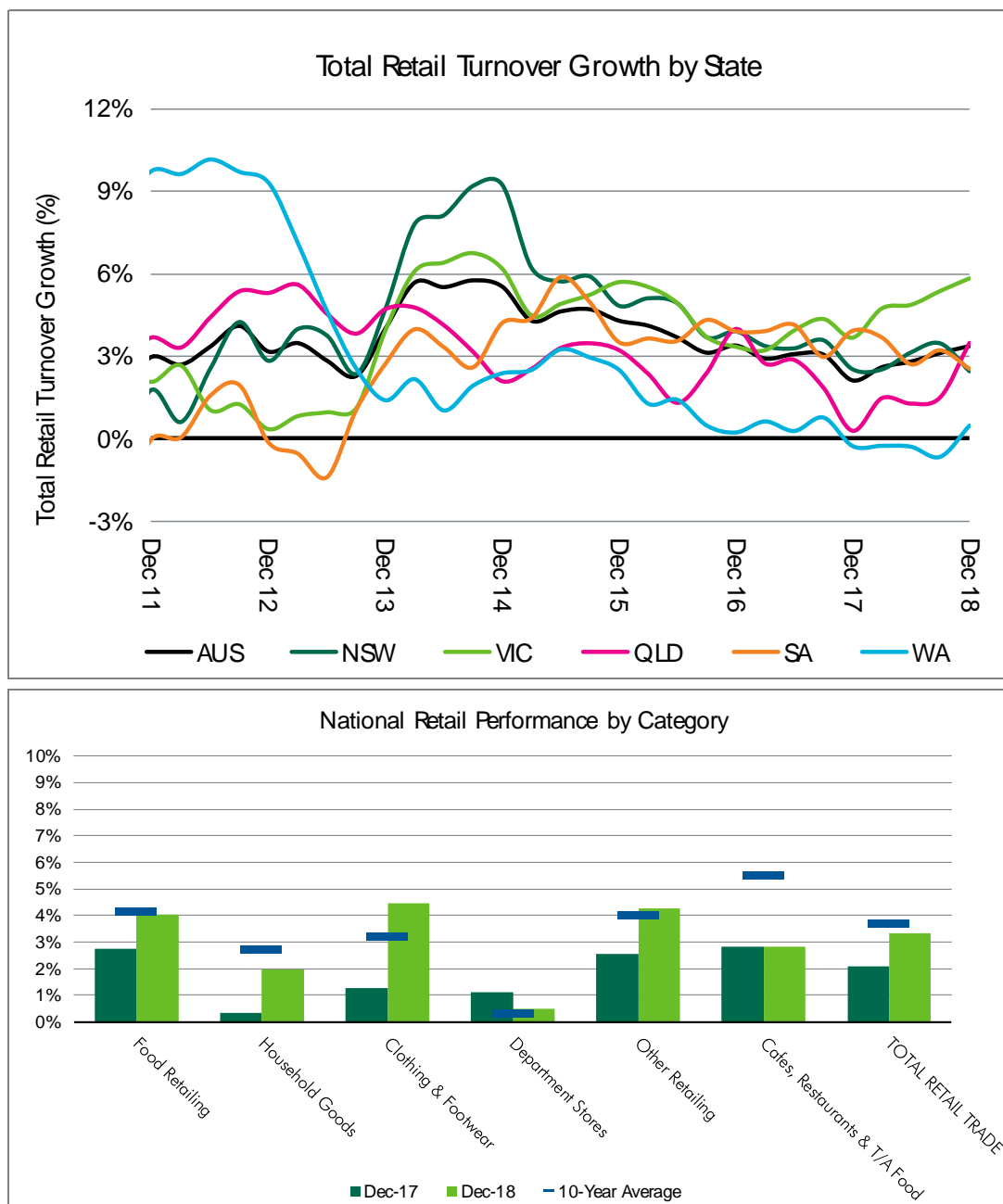
- Australia
- At its April meeting, the Reserve Bank of Australia's (RBA) Board decided to leave the cash rate unchanged at 1.5%.
  - The Australian labour market remains strong. There has been a significant increase in employment and the unemployment rate is at 4.9%. The vacancy rate remains high and there are reports of skills shortages in some areas. The stronger labour market has led to some pick-up in wages growth, which is a welcome development. Continued improvement in the labour market is expected to see some further lift in wages growth over time, although this is still expected to be a gradual process.
  - The GDP data paint a softer picture of the economy than do the labour market data. GDP rose by just 0.2% in the December quarter to be 2.3% higher over 2018. Growth in household consumption is being affected by the protracted period of weakness in real household disposable income and the adjustment in housing markets. The drought in parts of the country has also affected farm output. Offsetting these factors, higher levels of spending on public infrastructure and an upswing in private investment are supporting the growth outlook, as is the steady growth in employment.
  - The adjustment in established housing markets is continuing, after the earlier large run-up in prices in some cities. Conditions remain soft and rent inflation remains low. Credit conditions for some borrowers have tightened a little further over the past year or so. At the same time, the demand for credit by investors in the housing market has slowed noticeably as the dynamics of the housing market have changed. Growth in credit extended to owner-occupiers has eased. Mortgage rates remain low and there is strong competition for borrowers of high credit quality.
  - Inflation remains low and stable. Underlying inflation is expected to pick up gradually over the next couple of years, although this has been taking a little longer than earlier expected. The central scenario is for underlying inflation to be 2% this year and 2.25% in 2020. In the near term, headline inflation is expected to decline because of lower petrol prices earlier in the year, while underlying inflation is expected to remain broadly stable.
  - The low level of interest rates is continuing to support the Australian economy. Further progress in reducing unemployment and having inflation return to target is expected, although this progress is likely to be gradual. Taking account of the available information, the RBA Board judged that it was appropriate to hold the stance of policy unchanged at its April meeting.



## 5.2 Retail Investment Overview

- Introduction** ■ Our overview focuses on two broad elements of the market, firstly the strength of capital markets and the associated impact on investment demand, and secondly the retail trading environment and flow through effects for rental and income growth. Key market observations are discussed below.
- Capital Flows** ■ Foreign capital inflows into Pacific (Australia and New Zealand) real estate in H1 2018 totalled \$3.1 billion, down from the \$4.2 billion recorded in H1 2017. Causes for this decline are two-fold: a smaller total deal volume across the Pacific and an increase in activity from local players, particularly in large deals.
- From 2013 to 2016 the Pacific attracted rising interest from overseas investors that resulted in a substantial rise in sales volumes and sharp yield compression. During this period the Pacific became a genuine destination for foreign capital. We expect that many prime assets purchased (by either domestic or foreign investors) from 2013 to 2016 won't be recycled after such a short hold period, and this could potentially hinder transaction volumes over the near term. Indeed, we are already observing a shortage in prime assets for sale, with buyer pools for quality stock remaining quite deep.
  - The rising prominence of foreign investors since 2012 means they now hold more stock. This higher proportion of ownership has partly contributed to the over 30% increase in asset disposals by foreign owners, totalling \$2.2 billion in H1 2018. Some owners that were earlier investors are crystalizing gains after several years of strong returns.
  - Despite the decline in investment, there remains the strong overseas interest in Pacific assets that has contributed to yield compression over recent years and is bringing Pacific real estate closer in line with global markets, in terms of pricing. But local parties have been more competitive in institutional grade asset purchases and thus are accounting for a larger share of investment. A prime example is ISPT and Mirvac purchasing a half-share of Westpac Place (275 Kent Street) for a \$541 million.
  - US companies sold over \$1 billion of Pacific assets (dominated by the Blackstone sale of an industrial portfolio to a Singapore based fund). US investors have been the most active foreign player in the Pacific market with \$2.6 billion of transactions (\$1.5 billion of acquisitions and \$1.1 billion of disposals). This has been an ongoing trend with net \$2.1 billion invested into the Pacific market since 2007. This year, the largest purchase by a foreign investor was 109 Fanshawe Street in Auckland, sold for \$441 million purchased by Blackstone.
  - Lately there has been a change in the behaviour of Chinese investors. In H1 2018 Chinese investors sold \$400 million of Pacific real estate over five assets. This is a record level and represents the first time that Chinese have been net sellers in the Pacific. Despite these sales, there are no signs of widespread capital flight. Chinese buy-side investors remain active in the Pacific with purchases totalling \$194 million. In comparison to 2016, the office sector was the only asset class to attract more investment activity from foreign buyers, with total transactions (by value) growing by 48%. By contrast, the hotel and industrial sectors recorded declines of 51% and 48%, while foreign investment into retail assets declined by 69%.
- Pacific Investors** ■ H1 2018 saw a large increase in Pacific investors going overseas: volumes have more than tripled since H1 2017. But the 2017 result looks more of a blip and 2018 a return to more normal levels. There were no outbound purchases from New Zealand investors in H1 2018. Australian investors were involved in all 13 assets for a total value of \$1.4 billion. The largest outbound investment was by QSuper purchasing a \$633 million office/condo building in New York.
- Retail Sales Growth** ■ Retail trade in the year to the December Quarter 2018 grew by 3.4% (seasonally adjusted), with state performance detailed as follows:
- Victoria – 5.8%
  - New South Wales – 2.5%
  - South Australia – 2.5%
  - Queensland – 3.5%
  - Western Australia – 0.5%

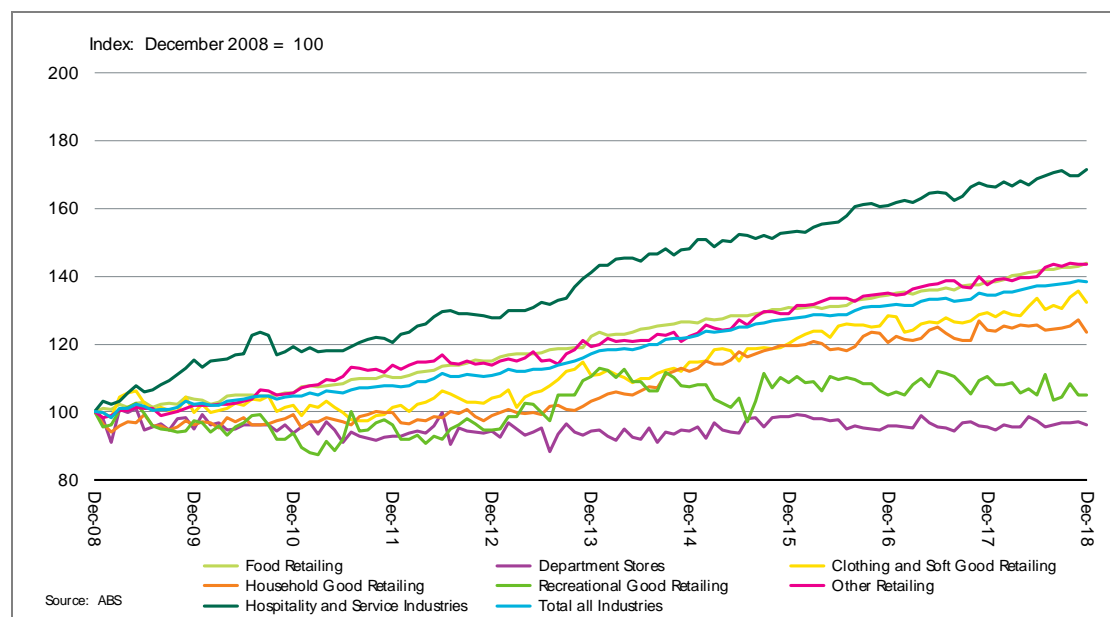
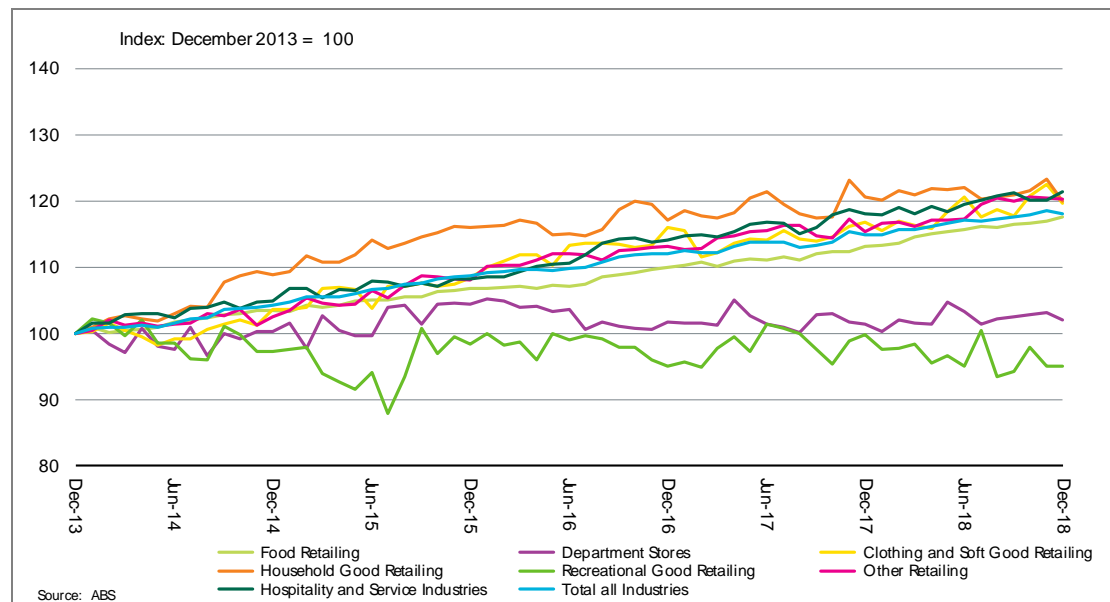
- The following chart summarises national turnover performance by retail category:



- The graphs overleaf summarise the movement in retail turnover by value over the last 5 and 10 year periods respectively. The analysis sourced from ABS data highlights:
  - Food Retailing growth is closely aligned with the Total All Industries Index as shown by the 5 Year and 10 Year Charts.
  - The Clothing and Soft Goods sector has generally recorded growth above the Total All Industries Index over the last 5 years; however, growth has been slightly below the Index over the last 10 years.
  - Recreational Goods Retailing is a relatively volatile category. This category has underperformed the 5 Year Index and the 10 Year Index.
  - The Hospitality and Service Industry has reported strong growth over the last 10 years. Centres are tapping into this growth by including more café, takeaway food and casual dining tenants in their tenancy mix.

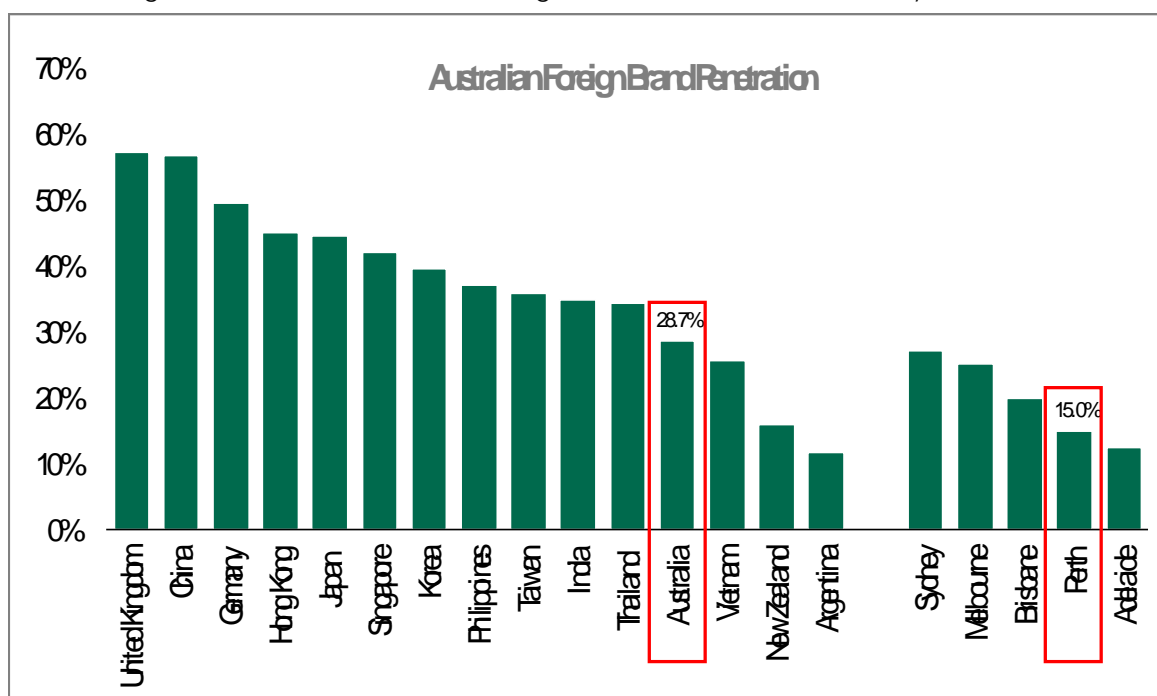


- Department Stores sales have remained essentially flat over the last 5 years and have gone backwards over the last 10 years. This has placed significant business pressure on department stores.
- Household Goods Retailing has outperformed the Index over the last 5 years, however due to a period of underperformance post-GFC, the category lags the 10 Year Index.
- Other Retailing over the last 5 and 10 year periods has been closely aligned with the respective Indexes. Other Retailing is a broad category which captures books, newsagents, other recreational goods, pharmacy and cosmetics, used goods and commission based retailing.



- International Brands ■ While the pace of expansion has slowed since the peak years in 2015 and 2016, international brands continue to actively seek locations in key retail centres. In 2018 luxury brands Dita, Bottega Veneta and Roger Vivier established flagship stores in Chadstone, Westfield Sydney and on Collins Street respectively, while sports fashion retailer JD sports was active in opening 15 stores across CBD centres and suburban malls. With a number of notable shopping centre developments in the pipeline, international brands across the luxury, lifestyle and cosmetic categories are expected to play a key role in driving tenancy mix, foot traffic and turnover in 2019.

- The following chart illustrates the level of Foreign Brand Penetration into the key Australian markets.



- The success of some international brands has been their ability to offer diversity of products at competitive pricing. The entry of fast fashion international retailers has coincided with weaker sales performance of incumbent department stores and discount department stores over the past three years. Over the past decade spending per capita grew a mere 0.6% p.a. and households are not funding consumption with debt to the extent they were prior to the GFC. Also, population growth slowed to 1.4% annually over the last two years compared to 2% between 2004-2013. A combination of these factors has contributed to slower retail sales growth, and with an expected increase in international brands, domestic retailer profit margins are likely to incur further pressure. We have already seen profit margins fall for discount department stores (except Kmart which has reset its strategy), apparel retailers and supermarkets during the past five years.

Gross  
Occupancy  
Cost Ratios

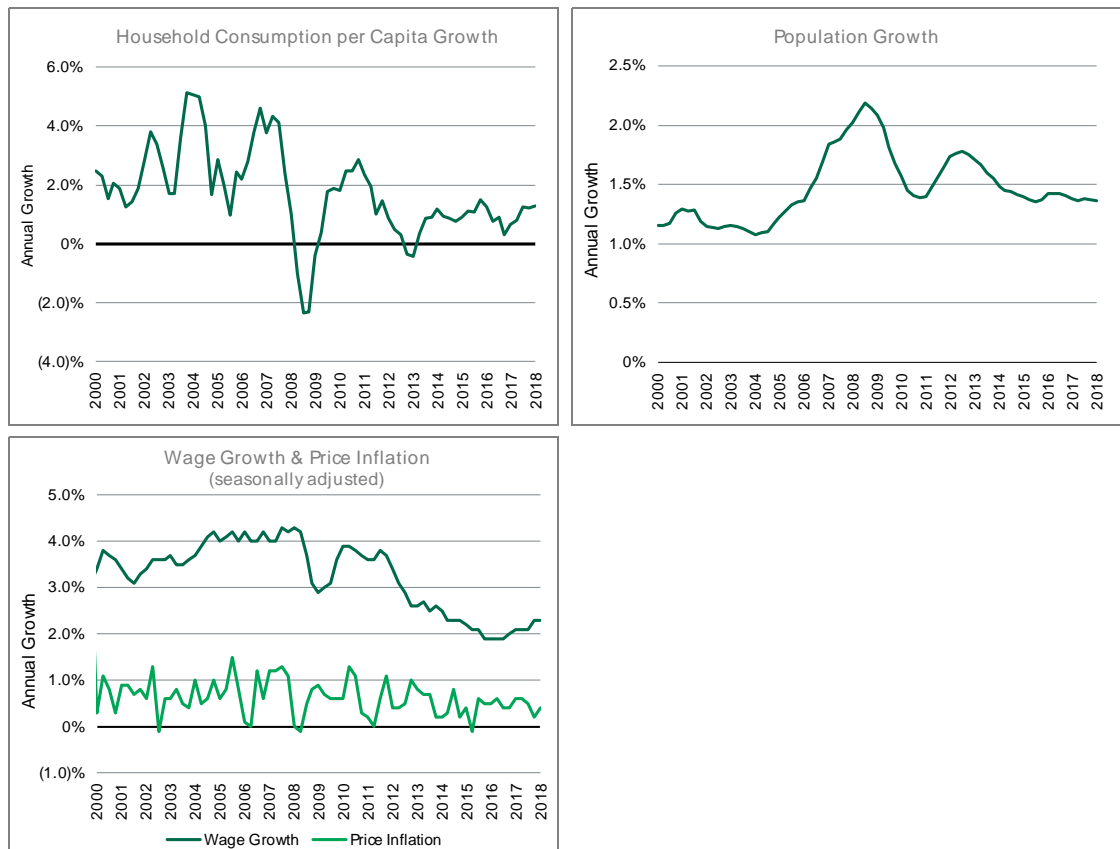
- While most listed entities are reporting negative re-leasing spreads across their portfolios, more positive signs are observed in key CBD locations, such as Melbourne and Sydney, and in areas experiencing strong population growth. However, the continued expansion and increased competition from international retailers, the risk of a slowing housing market, low wages growth and tighter lending conditions continue to represent headwinds for future sales growth.

Online Sales

- Online sales for the 12 months ending December 2018 rose 9% to \$28.6 billion, by comparison, online sales grew by 10.1% for the 12 months ending December 2017.
- On line sales represented around 7% of retail spending in 2015, however online sales have since grown to around 8.9% of retail spending (which totalled almost \$320.1 billion in the year to November 2018).
- On a year on year basis, strong sales growth in online categories such as department stores, grocery and liquor, media (music, books, periodicals), games and toys and takeaway food outperformed the large sales category of homewares and appliances, along with slow growth in fashion and a sales contraction in personal and recreational goods.

(Source: NAB Online Retail Sales Index)

- Challenges to Retail Sales Growth
- In addition to challenges such as growth in Online Sales, increased competition from Foreign Brands and tighter lending conditions, retailers also face challenges from falling household consumption (per capita), moderating population growth and falling wages growth.
  - The following charts highlight these trends.



- Supply
- The supply of retail floor space continues to be strong, with forecast supply concentrated in the Neighbourhood market. Supply is forecast to fall for Regionals before rebounding in 2021. Modest supply is forecast in the Sub Regional market.
  - Western Australia in particular is experiencing a major development cycle with expansion plans proposed for many of Perth's largest centres. The Master Building Association is estimating that approximately \$2.5 billion of construction work is earmarked over the next 5 years, following an extended cycle of under-investment. However, current market conditions point to some of these projects being delayed or reduced in scale.
  - With the many well documented challenges in the retail market, most owners are now focused on remixing existing centres, expanding entertainment and leisure precincts and completing lifecycle and ambience projects. In some instances, these projects have a very defensive tone to them, particularly if new competition is expected in the catchment. In such instances owners are taking measures to retain tenants and market share.
- Large Format Retail Investment Overview
- Following five consecutive years of positive price growth, Australia's residential sector has begun to slow with dwelling approvals also slowing. These factors continue to hamper household goods retailing, which has recorded moderate growth in recent times.
  - While prime sites continue to experience high demand, secondary sites are taking longer to fill, with the slowing housing market and impending federal election causing retailers to proceed with more caution. As a consequence, rental growth is forecast to be subdued in 2019, with the emphasis shifting to landlords to focus on active management in order to secure tenants.
  - In recent times the supply of large format space has been boosted by Home Consortium re-purposing former Masters stores. In Q4 2018 alone, eight re-purposed stores opened accounting for approximately 75% of the 150,000 sqm supplied.

## 5.3 The Future

- The Future
- The weight of capital seeking retail investments has weakened as investors grow wary of the uptake in online retailing, weak retail sales growth, the overall quality of the income streams and the ability to fund non income producing capital expenditure. Naturally investors have therefore become more selective with their investment choices which is affecting in the first instance secondary assets and assets located in non-metropolitan locations. Raising capital for retail investments has become more challenging, with any further yield and IRR compression limited/unlikely.
  - Australia is likely to continue to attract international retail brands. Australia's favourable macroeconomic conditions (relatively strong growth in population and consumption compared to other developed economies) and low international brand penetration (28%) to date enhances the case for entry into Australia.
  - We anticipate retail sales growth to remain moderate and potentially volatile from month to month in the near term with Victoria and New South Wales to be the strongest states. Sales growth in WA is likely to remain relatively modest as the state continues to adjust to reduced mining sector activity. Nationally, falling population growth, a slowing housing construction cycle, tighter lending criteria's and low household income growth will continue to be a headwind for sales growth.
  - Online retailing continues to trend higher as a percentage of total retail sales, and we anticipate that this trend will continue in the foreseeable future. Retailers are clearly embracing this retailing channel with domestic online sales growing at a faster rate than international sales. The emergence of Amazon has been very topical and has caused many commentators and analysts to raise concerns about the added pressure on bricks and mortar retailing.
  - We are still observing negative re-leasing spreads in many centres and portfolios. This issue is likely to persist where fixed rental increases exceed retail sales growth at centre level. With retailers continuing to experience trading headwinds the retail leasing market is expected to remain challenging.
  - Owners will continue to explore development opportunities to position their assets for future growth, accommodate new retailers or retail concepts and respond to competition threats, however the feasibility of new projects is growing more challenging. Development yields have tightened to the point where some projects may be deferred or scaled back, particularly as leasing risks remain a key challenge. However, developments remain an alternative to deploy capital where the opportunity to acquire quality assets is scarce.
  - Despite strong investment conditions, we recognise that property markets are cyclical and that we are close to the top of the current cycle. Property values will rise and fall according to current and future economic and market conditions.





## 6. FINANCIAL DETAILS

### Acquisition Expenditure

Purchase Price .....	\$57,500,000
Stamp Duty & Fees .....	\$2,970,000
Legal/Settlement Costs.....	\$40,000
Borrowing Costs.....	\$110,000
Due Diligence Costs .....	\$60,000
Valuation Fees .....	\$15,000
Establishment Fee .....	\$1,725,000
Working Capital .....	\$710,000
Capital Expenditure & Leasing Incentives (Provision) .....	\$2,770,000
<b>Total Project Cost.....</b>	<b>\$65,900,000</b>

Total Project Cost of \$65,900,000 will be funded as follows:

Subscription Monies.....	\$34,275,000
Initial Debt (LVR 50.2%) .....	\$28,855,000
Initial Undrawn Debt* .....	\$2,770,000
<b>Total .....</b>	<b>\$65,900,000</b>

\*Provision for potential capital expenditure & lease incentives

### Cash Flow Assumptions

A summary of cashflow assumptions follow:

1.	Cashflow Term	Ten (10) years
2.	Initial Annual Rental	\$4,163,247 (as per lease agreements, electricity profit and 2 year vendor rental guarantee)
3.	Rental Escalations	Current leases as per lease agreements and for new leases market rent escalation of approximately 2.6% per annum
4.	Syndicate Management Fee	Refer <a href="#">Section 8</a> of this Memorandum
5.	Working Capital	\$710,000
6.	Capital Expenditure	\$700,000 over the term of the investment
7.	Lease Incentives:	\$2,070,000 payable over the term of the investment
8.	Vacancy	4 months for every lease expiry over the term of investment
9.	Outgoings	Initially \$52 per m <sup>2</sup> escalating at 3% per annum
10.	Selling Fee	1.0% + associated expenses
11.	Disposal Date	End of Year 10
12.	Loan Interest Rate	Years 1 to 3                      3.75%
		Years 4 to 6                     4.25%
		Years 7 to 10                  4.75%

Note: The actual cashflows may vary from the assumptions outlined above.



**Forecast Unitholder Income Return**

Midland Megaplex Trust											
Forecast Income Return											
Period	1	2	3	4	5	6	7	8	9	10	
Year Ending:	Jul-20	Jul-21	Jul-22	Jul-23	Jul-24	Jul-25	Jul-26	Jul-27	Jul-28	Jul-29	
<b>Total Net Rental Income</b>	\$ 4,208,200	\$ 4,298,470	\$ 4,391,236	\$ 4,162,844	\$ 4,474,495	\$ 4,540,886	\$ 4,762,509	\$ 4,867,276	\$ 4,327,354	\$ 4,767,193	
<b>Less Owner's Expense</b>											
Leasing Expenditure	\$ -	\$ -	\$ -	(\$ 16,932)	(\$ 24,732)	(\$ 31,868)	(\$ 31,868)	(\$ 31,868)	(\$ 88,970)	(\$ 276,544)	
Non-Recoverable Outgoings	(\$ 41,677)	(\$ 43,496)	(\$ 61,299)	(\$ 134,977)	(\$ 80,998)	(\$ 98,002)	(\$ 53,697)	(\$ 55,977)	(\$ 286,320)	(\$ 151,278)	
<b>Total Owner's Expense</b>	<b>(\$ 41,677)</b>	<b>(\$ 43,496)</b>	<b>(\$ 61,299)</b>	<b>(\$ 151,910)</b>	<b>(\$ 105,730)</b>	<b>(\$ 129,871)</b>	<b>(\$ 85,566)</b>	<b>(\$ 87,846)</b>	<b>(\$ 375,290)</b>	<b>(\$ 427,822)</b>	
<b>Net Property Cashflow</b>	\$ 4,166,523	\$ 4,254,974	\$ 4,329,937	\$ 4,010,934	\$ 4,368,765	\$ 4,411,015	\$ 4,676,943	\$ 4,779,430	\$ 3,952,064	\$ 4,339,371	
<b>Less:</b>											
Borrowing Expenses	(\$ 1,102,849)	(\$ 1,102,849)	(\$ 1,136,168)	(\$ 1,258,177)	(\$ 1,268,639)	(\$ 1,311,341)	(\$ 1,430,946)	(\$ 1,434,719)	(\$ 1,493,641)	(\$ 1,488,545)	
Management Fee	(\$ 287,500)	(\$ 287,500)	(\$ 287,500)	(\$ 294,500)	(\$ 294,500)	(\$ 294,500)	(\$ 310,000)	(\$ 310,000)	(\$ 310,000)	(\$ 319,500)	
<b>Total Other Expenses</b>	<b>(\$ 1,390,349)</b>	<b>(\$ 1,390,349)</b>	<b>(\$ 1,423,668)</b>	<b>(\$ 1,552,677)</b>	<b>(\$ 1,563,139)</b>	<b>(\$ 1,605,841)</b>	<b>(\$ 1,740,946)</b>	<b>(\$ 1,744,719)</b>	<b>(\$ 1,803,641)</b>	<b>(\$ 1,808,045)</b>	
<b>Net Operating Cashflow</b>	<b>\$ 2,776,174</b>	<b>\$ 2,864,625</b>	<b>\$ 2,906,269</b>	<b>\$ 2,458,257</b>	<b>\$ 2,805,626</b>	<b>\$ 2,805,173</b>	<b>\$ 2,935,997</b>	<b>\$ 3,034,711</b>	<b>\$ 2,148,423</b>	<b>\$ 2,531,326</b>	
<b>Cash Distribution to Investors</b>	<b>\$ 2,776,174</b>	<b>\$ 2,864,625</b>	<b>\$ 2,906,269</b>	<b>\$ 2,458,257</b>	<b>\$ 2,805,626</b>	<b>\$ 2,805,173</b>	<b>\$ 2,935,997</b>	<b>\$ 3,034,711</b>	<b>\$ 2,148,423</b>	<b>\$ 2,531,326</b>	
<b>Annual Return to Investors</b>	<b>8.1%</b>	<b>8.4%</b>	<b>8.5%</b>	<b>7.2%</b>	<b>8.2%</b>	<b>8.2%</b>	<b>8.6%</b>	<b>8.9%</b>	<b>6.3%</b>	<b>7.4%</b>	
<b>Average Annual Return</b>	<b>8.0%</b>										
<b>Closing Bank Debt</b>	\$ 28,855,373	\$ 28,855,373	\$ 28,940,623	\$ 29,335,790	\$ 29,565,933	\$ 29,789,671	\$ 29,882,733	\$ 29,977,972	\$ 30,806,461	\$ 31,625,000	

Note: The forecast income returns assume the Property is acquired on 01/08/2019

## Internal Rate of Return

The following table represents potential internal rates of return based on variations in the terminal yield and leasing rates affecting the sale price of the Property at the end of year 10.

Midland Megaplex Trust						
Internal Rate of Return Sensitivity						
		Terminal Yield				
		6.50%	6.75%	7.00%	7.25%	7.50%
Increase/-Decrease in Projected Year 11 Leasing Rates	-3.0%	9.1%	8.7%	8.2%	7.8%	7.4%
	0.0%	9.5%	9.1%	8.6%	8.2%	7.8%
	3.0%	9.8%	9.4%	9.0%	8.6%	8.2%
	6.0%	10.1%	9.7%	9.3%	9.0%	8.6%
	9.0%	10.4%	10.0%	9.6%	9.3%	8.9%
	12.0%	10.7%	10.3%	9.9%	9.6%	9.2%

The acquisition yield was approximately 6.7%

## Note:

- The Trustee has made reasonable assumptions in completing the feasibility and resulting forecasts. Notwithstanding, real returns may vary from those stated in this Memorandum
- Tax implications of the investment have not been factored into the forecast return. Investors should seek independent tax advice as recommended in [Section 1](#) of this Memorandum.









## 7. INVESTMENT DETAILS

### Distributions and Reports

The Trustee intends to credit Unitholder's Australian bank account on a quarterly basis with distributable Trust income and/or capital. These payments may consist of taxable, tax deferred or tax free components.

In order to assist Unitholders with their Australian tax compliance, written advice will be provided on an annual basis detailing the taxable nature of the distributions.

The Trust is not intended to be audited.

### Tax Deferred Income

Some portion of the income distributed to Unitholders may be tax deferred and therefore non-taxable during the year of receipt. This primarily arises as a result of claiming non-cash expenses such as depreciation of buildings, plant, equipment, fixtures and fittings, as well as amortised lease fees and incentives being claimed as a deduction at the time of payment.

### Debt Funding

The Trustee will do all things necessary to secure appropriate debt funding during the life of the Trust, including establishing fixed rate loans and/or entering into interest rate swap arrangements in order to fix the interest rate of any debt.

The initial target Loan to Valuation Ratio (LVR) is expected to be approximately 50.2%. A bank facility for up to 55% LVR of the initial valuation will be established with the undrawn funds at settlement to be used to pay for capital expenditure, lease incentives and any unforeseen costs.

The facilities will be non-recourse to Unitholders and secured by way of registered first mortgage over the Property and general security interests over the assets of the Trust. The Trust will be required to adhere to a number of ongoing banking covenants, which are considered to be standard commercial banking practice for transactions of this nature.

### Sale of the Property

The primary purpose of this investment is to hold the Property to generate rental income. Upon sale of the Property the Trust will be voluntarily wound-up and all monies returned to Unitholders.

The investment returns detailed in this Memorandum are calculated over a ten (10) year period with the assumption that the Property is sold at the end of year 10. The Trustee will review the term on an ongoing basis and may shorten or extend the life of the Trust to endeavour to maximise the return to Unitholders.

## Transfer of Units

The Units should be considered an illiquid investment as any secondary market for the Units is likely to be small and illiquid.

Subject to the terms of the Deed, Unitholders may sell or transfer their Units.

Investors should only consider this investment if they intend to maintain their Unitholding for the life of the Trust, which is expected to be approximately 10 years.

As this Memorandum is not a Prospectus and the Invitation is only open to Sophisticated Investors and Professional Investors, the on-sale restrictions under section 707 of the Corporations Act will apply to the Units. This means that Unitholders will be restricted from transferring their Units to certain parties within the 12 months following the issue of the Units. Unitholders are advised to consult with their professional advisers and the Trustee prior to transferring any Units.

The Transfer Fee of 1.0% (plus GST) of the gross consideration is payable for the transfer of any Units. This fee is payable to the Trustee by the transferor of the Units and not by other Unitholders.

## No Australian Securities Exchange Listing

The Units should be considered illiquid because they are unlikely to have an established secondary market.

## Referral Fees

The Trustee may pay a referral fee to parties introducing investors to the Trust. These payments should be disclosed by those parties receiving the referral fee. Any payment to third parties is paid by the Trustee, not from the Trust, investor or their investment.



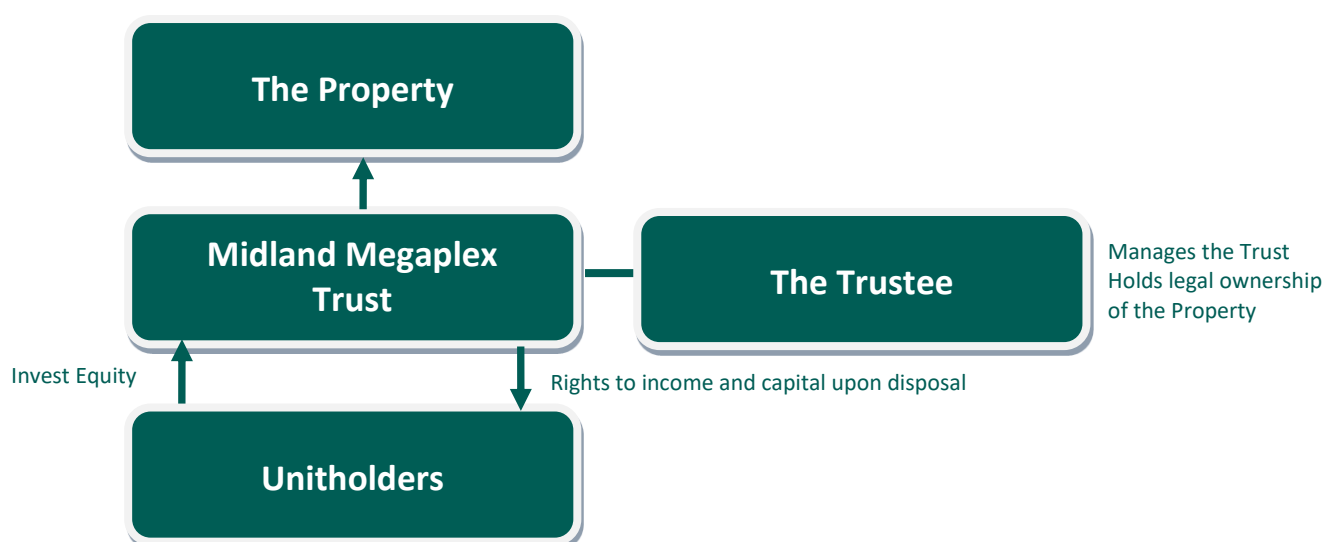
## 8. THE TRUSTEE

The Trustee is Lester Property Investments Pty Ltd, a wholly owned subsidiary of the Lester Group. Details of the Directors may be found under [section 9](#). The Trustee also acts as trustee of:

- The 2 Bagot Road Unit Trust;
- The Eyre Street Unit Trust;
- The 181 Great Eastern Highway Unit Trust;
- The 2015 Diversified Property Trust;
- The Waterloo Trust;
- The Lytton Trust;
- The Ashby Trust; and
- Lester Industrial Fund.

The Trustee may act as trustee for other trusts in the future.

### Structure



### Trust Deed

Unitholders have certain rights by virtue of the Trust Deed (Deed), the Corporations Act and common law. The Deed governs the roles, responsibilities and activities of the parties to it and acts as the constitution of the Trust.

The Deed is a Material Document to this Memorandum and the Directors encourage interested investors and their professional advisers to review the Deed. The Deed is available to be inspected during normal business hours, free of charge, at the offices of the Lester Group. Unitholders will be provided a copy of the Deed.

### Trustee Reimbursement

The Trustee is entitled to be reimbursed for costs and expenses incurred in connection with the Property and the Trust.

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## Trustee Fees

The Deed details that the Trustee is entitled to the following fees to be paid by the Trust:

### Establishment Fee

An establishment fee of 3.0% (plus GST) of the Property's purchase price will be paid upon Settlement of the Property for the following services:

- Identifying the Property and the opportunity;
- Undertaking the Property's due diligence;
- Negotiating the purchase of the Property;
- Paying the deposit;
- Establishing the Trust;
- Sourcing and securing the debt facility;
- Raising the equity; and
- Settling the purchase on behalf of the Trust.

### Asset Management Fee

An annual Asset Management Fee equal to 0.5% of the value of the Property will be paid quarterly for performing the following:

- Financial management, accounting, compliance and administration of the Trust; and
- Managing the Property, property managers and leasing agents.

### Development Management Fee

The Development Management Fee is 4.0% (plus GST) of any improvement works undertaken by the Trustee for managing and administering the development works.

### Success Fee

The Trustee is entitled to a Success Fee if it delivers an Internal Rate of Return (IRR) on equity in excess of 9.0% per annum (excluding GST) to Unitholders. The Success Fee is equal to 20% (plus GST) of any return that exceeds this hurdle. The calculation of the Success Fee will occur upon the sale of the Property or upon the extension of the term of the Trust. In the latter case, a valuation of the Property may be undertaken for this purpose. A Success Fee may be applicable in other circumstances, and details of the Success Fee are set out in Schedule 1 of the Deed.

The ability to deliver an IRR of 9.0% to Unitholders is not a trigger to sell the Property, as the primary purpose of this investment is to hold the Property to generate rental income.

### Transfer Fee

A Transfer Fee of 1.0% (plus GST) of the gross consideration of a transfer of any Units, paid to the Trustee by the transferor (the seller) of the Units at the time of the transfer.



## 9. DIRECTORS OF THE TRUSTEE

### **Richard (Dick) Lester AM - Executive Chairman**

Dick Lester is Chairman of Lester Group. He has been in the real estate development and investment business for many years, following a career in real estate sales, market research and valuations.

Dick was the Founder and Chief Executive Officer of Growth Equities Mutual Limited, a market-leading unlisted property trust fund manager in Australia. Lend Lease Corporation purchased the company in 1994.

Dick was a Non-Executive Director of Wesfarmers Limited for 12 years until 30 June 2008. He was Chairman of the Western Australian Institute for Medical Research (WAIMR), now the Harry Perkins Institute of Medical Research, until his retirement in 2009.

On Australia Day 2010, Dick was appointed a Member (AM) in the General Division of the Order of Australia for service to the community of Western Australia through contributions to education, health and medical research organisations, and to business.

Dick was awarded an Honorary Doctorate of Murdoch University in March 2010 in recognition and appreciation for his work as Inaugural Chairman and Trustee of the Murdoch University Veterinary Trust and for two terms each of three years as a Senator of Murdoch University.



### **Adrian Lester - Executive Director**

Adrian Lester is an Executive Director of the Lester Group of companies including the Trustee. Adrian has over 30 years direct property experience with a background of real estate investment, development, property sales and commercial leasing in Perth and regional areas. He holds a Bachelor of Business (Valuation and Land Administration) from the Western Australian Institute of Technology.



### **Stuart Lester - Executive Director**

Stuart Lester is an Executive Director of the Lester Group of companies including the Trustee. Stuart has over 25 years direct property experience with a background of residential real estate development, property sales and commercial leasing in Perth and regional areas. He is a licensed real estate agent and holds a Bachelor of Commerce – Property from Curtin University and is a Member of the Real Estate Institute of Western Australia and the Urban Development Institute of Australia.



### **Russell Lester - Executive Director**

Russell Lester is an Executive Director of the Lester Group of companies including the Trustee, and Managing Director and Founder of Growth Equities Pty Ltd, an equity funds management business and Licensee of the Trustee. He is a Fellow of the Guildford Grammar School Council, immediate past president of the Guildford Grammar School Foundation Inc and a board member of the Lester Prize for Portraiture.

Russell has over 25 years experience in the Australian investment industry and global financial markets, building a broad range of investment management skills.

Russell holds a Bachelor of Economics degree from the University of Western Australia; a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australasia (formerly Securities Institute of Australia); is a Graduate Member of the Australian Institute of Company Directors, a Fellow of the Financial Services Institute of Australasia and a Member of the Real Estate Institute of Western Australia.





## 10. LESTER GROUP

The Lester Group is a family owned and operated property investment and development business with extensive experience in managing its own and others' money in property. It invites like-minded investors to partner with it, and in most cases, is the largest investor in the partnership, managing all aspects of the property and investment.

The Group has 25 years property investment and development experience across the commercial, industrial and residential sectors and has built an extensive portfolio. The Group's success is underpinned by a highly skilled and motivated team with diverse expertise across the property sectors and corporate management.

The Lester Group identifies and secures suitable properties and then facilitates co-investment by independent third parties with the Group. It actively manages the properties, endeavouring to maximise the financial returns by ensuring, as best as possible, that the properties are fully tenanted, well maintained and developed to their highest and best use.

### Lester Group Executive

#### Dan Donovan – Independent Non-Executive Director

Dan has over 40 years experience in Corporate and Commercial Banking in Australia and overseas with a specific focus on property investment and development, oil and gas services, mining services, import and export finance and wholesale industries. Previous full time roles included Head of Property at National Australia Bank in WA and Regional Executive for WA at Bank of New Zealand Australia. Dan was previously a Non-Executive Director and Chairman of the Audit & Risk Committee of LandCorp.



#### Andrew Hull – Chief Financial Officer

Andrew has over 30 years experience in financial management, including roles as CEO, CFO and company director. Andrew has worked in various industries including mining, timber and property industries, and has extensive experience in the financial services industry as an AFSL responsible manager. He is currently the CFO of the Lester Group, a responsible manager for HMT Group Pty Ltd and Growth Equities Pty Ltd. Andrew holds a Bachelor of Business Degree from Curtin University of Technology, Western Australia.



#### Brad Spargo – General Manager (Commercial & Industrial Property)

Brad has over 25 years direct property experience across commercial, residential and industrial investment and development around Australia. He is a qualified valuer and licensed real estate agent, an Associate of the Australian Property Institute and holds a Bachelor of Commerce (Property) from Curtin University of Technology, Western Australia.



**Current Office Properties (these are not assets of the Trust)**



**12 Waterloo Road, Macquarie Park  
New South Wales**

- Commercial Office Building
- Acquired late 2015 for \$14.56 million
- 3,887 sqm NLA
- 93 car bays
- Substantially refurbished 2016



**2 Bagot Road, Subiaco  
Western Australia**

- Commercial Office Building
- Acquired mid 2010 for \$8.5 million
- 2,141 sqm NLA
- 57 car bays
- Refurbished and repositioned in 2012 and 2017



**181 Great Eastern Highway, Belmont  
Western Australia**

- Commercial Office Building
- Acquired late 2012 for \$19.1 million
- 4,036 sqm NLA
- 235 car bays
- Substantially refurbished in 2012



**45 Stirling Highway, Nedlands  
Western Australia**

- Commercial Office Building
- 2,069 sqm NLA
- 61 car bays
- Substantially refurbished and repositioned in 2006/2007



**47 Stirling Highway, Nedlands  
Western Australia**

- Commercial Office Building
- 2,167 sqm NLA
- 53 car bays
- Refurbished 2004 and 2017



**45 Richardson Street, West Perth  
Western Australia**

- Office Building
- 1,088 sqm NLA
- 21 car bays
- Refurbished and repositions 2018



**Current Industrial Properties (these are not assets of the Trust)**

**1 Eyre Street, Belmont  
Western Australia**

- Commercial Office/Industrial Warehouse
- Acquired late 2011 for \$5.8 million
- 2,330 sqm Warehouse
- 2,465 sqm Office
- 132 car bays


**159 – 163 Newton Road, Wetherill Park  
New South Wales**

- Industrial Warehouse
- Acquired late 2015 for \$15.5 million
- 20,300 sqm Land
- 10,900 sqm Warehouse
- 1,755 sqm Office


**108 Freight Street, Lytton  
Queensland**

- Cold store warehouse built in 2009
- Acquired mid-2017 for \$11.15 million
- 8,820 sqm Land
- 2,483 sqm cold store/freezer
- 220 sqm Office



**7 Ashby Close, Forrestfield  
Western Australia**

- Industrial Warehouse
- Acquired May 2018 for \$20.5 million
- 32,100 sqm Land
- 8,595 sqm Warehouse
- 2,000 sqm all weather canopies
- 150 sqm heavy vehicle wash bay
- 11,000 sqm hardstand
- 671 sqm Office



**883 Abernethy Road, Forrestfield  
Western Australia**

- Industrial Warehouse
- To be settled in June 2019 for \$12.3 million
- 18,087 sqm Land
- 5,225 sqm Warehouse
- 150 sqm heavy vehicle wash bay
- 5,613 sqm hardstand
- 813 sqm Office



**2 Discovery Drive, Bibra Lake  
Western Australia**

- Cold store warehouse built in 2012
- To be settled in June 2019 for \$6.85 million
- 6,425 sqm site area
- 1,681 sqm high truss coldstore/food prep
- 2,400 sqm concrete , secure hardstand
- 532 sqm Office



**Properties Sold (these are not assets of the Trust)**



**20 Williamson Road, Ingleburn  
New South Wales**

- Industrial Warehouse
- 25,420 sqm Land
- 10,327 sqm Warehouse
- 1,237 sqm Office
- Acquired late 2014 for \$13.2 million
- Sold mid-2018 for \$23.46 million
- **Investor IRR 21.37% pa**



**324 St Kilda Road, Melbourne  
Victoria**

- Office Building
- 7,102 sqm NLA
- 66 car bays
- Refurbished and repositioned in 2012
- Acquired April 2013 for \$22 million
- Sold December 2017 for \$42 million
- **Investor IRR 18.36% pa**



## 11. DETAILS OF THE INVITATION

### Invitation To Apply For Units

Sophisticated and Professional Investors are invited to apply for a total of 34,275,000 \$1.00 Units in the Trust pursuant to this Memorandum.

A Lester Group company intends to subscribe for at least 1 million Units pursuant to this Memorandum and maintain the investment for the life of the Trust.

The Invitation Closing Date is when the Trustee has received Applications for 34,275,000 Units and it chooses to close the invitation.

There is no total minimum subscription for the Invitation. However, the Trustee may, at its sole discretion, decide to withdraw the Invitation at any time and for any reason (including, because Applications have not been received for a total of 34,275,000 million Units) prior to the Invitation Closing Date. In that case, all parties who have applied for Units will be advised accordingly and any Application Monies will be returned in full.

If Applications for less than 34,275,000 Units are received, a Lester Group entity may apply for any shortfall with the intention to sell the Units at a later date to Sophisticated Investors or Professional Investors.

### Application For Units

All Applications are to be for a minimum of 250,000 Units and made on the Application Form attached to and forming part of this Memorandum (either electronic or hard copy version).

All Applications must be accompanied by Application Monies of \$1.00 for each Unit applied for and will become non-refundable once accepted by the Trustee.

The Invitation Closing Date is when the Trustee has received Applications for 34,275,000 Units and it chooses to close the invitation.

Applications must be accompanied by an accountant's certification that the Applicant is a Sophisticated Investor as defined under Section 708 of the Corporations Act. Accountant's certificates are contained in this Memorandum.

This Invitation is only made to eligible investors who satisfy either of the following:

- (a) The Sophisticated Investor requirements under section 761G(7)(c) of the Corporations Act. That is, the Application must include a declaration from a qualified accountant that the Applicant has net assets of at least \$2.5 million or an annual income of at least \$250,000 in the past two financial years; or
- (b) The Professional Investor requirements under section 761G(7)(d) of the Corporations Act. That is, the Applicant is either a person covered by the definition of Professional Investor in section 9 of the Corporations Act or a person who has, or controls gross assets of, at least \$10 million (including any assets held by an associate or under a trust that the person manages).

Applicants are required to disclose whether or not they are related to other investors or if they are acting jointly, in concert with, or with a common purpose with other investors in relation to this Invitation. Where investors are related, acting jointly, in concert with or with a common purpose with other investors their Applications will be aggregated.

Cheques should be made payable to Lester Property Investments Pty Ltd - Application Account and crossed 'Not Negotiable'. All payments must be in Australian dollars.

Direct credit of Application Monies may be made to the following bank account:

Account Name:	Lester Property Investments Pty Ltd - Application Account
Bank:	National Australia Bank Limited
BSB:	086-006
Account Number:	141 299 026
Reference:	Please use the investor's name

Completed Application Forms and accompanying cheques should be sent to the Trustee at:

Lester Property Investments Pty Ltd  
PO Box 1110  
Nedlands WA 6909

The Invitation Closing Date is when the Trustee has received Applications for 34,275,000 Units and it chooses to close the invitation.

### **Allotments**

The Trustee has the right to accept or reject any Application for Units under this Memorandum in whole or in part and/or to nominate the allottees. Where no Allotment is made, the amount tendered will be returned in full. Where the number of Units allotted is less than the number of Units applied for, the surplus Application Monies will be returned to the subscriber as soon as practicable following Allotment. The Trustee will maintain a register of members. No subscribers' funds will be utilised until the Units have been allotted.

### **Right To Subscribe**

The Directors, their families, associated entities, employees and officers of the Trustee and Lester Group reserve the right to subscribe for Units in the Trust pursuant to this Memorandum.

### **No Guarantees**

No guarantees, representations and/or warranties (either directly or indirectly) are made by either the Trustee, Directors, officers or other associated parties, as to the performance of the Property or the Trust.

## Anti-Money Laundering Disclosure

The AML/CTF Act 2006 regulates financial services and transactions in a way that is designed to detect and prevent money laundering and terrorism financing.

The Trustee is a 'reporting entity' under the AML/CTF Act 2006 and, as such, must be 'reasonably satisfied' that an investor exists and is who they claim to be prior to issuing Units to them. This means that all Applicants must provide the identification information as set out in the Application Form. The Trustee will not issue Units to an Applicant unless satisfactory identification documents are provided.

The Trustee will maintain all information collected from Applicants in a secure manner in accordance with the AML/CTF Act 2006 and the Trustee's Privacy Policy.

By making an Application to invest in the Trust, an Applicant agrees that:

- (a) it does not subscribe to the Trust under an assumed name;
- (b) any money used by the Applicant to invest in the Trust is not derived from or related to any criminal activities;
- (c) any proceeds from the Applicant's investment will not be used in relation to any criminal activities;
- (d) if the Trustee requests, the Applicant will provide the Trustee with additional information it reasonably requires for the purposes of satisfying the AML/CTF Act 2006 (including information about a holder of a security, any beneficial interest in the securities, or the source of the funds used to invest);
- (e) the Trustee may obtain information about an Applicant or any beneficial owner of a security from third parties if the Trustee believes this is necessary to comply with the AML/CTF Act 2006; and
- (f) in order to comply with the AML/CTF Act 2006, the Trustee may be required to take action, including:
  - a. delaying or refusing the processing of any Application; or
  - b. disclosing information that the Trustee holds about an Applicant to our related bodies corporate or service providers, or relevant regulators of AML/CTL Act 2006 (whether inside or outside of Australia).

If the Trustee forms a suspicion at any time while dealing with an Applicant (or Unitholder) on a matter that may be related to an offence, tax evasion, or proceeds of crime, the Trustee must submit a suspicious matter report (within 3 Business Days) to Australia's AML/CTF Act 2006 regulator, the Australian Transaction Reports and Analysis Centre (AUSTRAC).

The Trustee will be held harmless and will be fully indemnified by a potential Applicant against any loss arising as a result of a failure to process an Application if such information requested by the Trustee, which is required to satisfy the AML/CTF Act 2006, has not been satisfactorily provided by the Applicant (or Unitholder).

## Privacy Notification

Applicants pursuant to this Memorandum acknowledge and agree that they are required to provide certain private and personal information to:

- Facilitate the assessment of an Application (including the identification verification criteria required by the AML/CTF Act 2006);
- Enable the Trustee to provide appropriate services to the Applicant; and
- Carry out appropriate administration.

The Trustee may be required to disclose such personal information to:

- Third parties who carry out functions on behalf of the Trustee on a confidential basis;
- Third parties where disclosure is required by law;
- AUSTRAC (or any other regulatory body which oversees compliance of the AML/CTF Act 2006); and
- Related corporate bodies which carry out functions on behalf of the Trustee on a confidential basis.

Reporting entities for the purposes of AML/CTF Act 2006 are required to comply with the Privacy Act when handling personal information collected for the purposes of complying with obligations under the AML/CTF Act 2006.

Division 5A of Part 2 of the AML/CTF Act 2006 authorises the use and disclosure of certain personal information held by a credit reporting body to a reporting entity for the purpose of verifying the individual's identity under the AML/CTF Act 2006. As such, the Trustee may disclose an individual's information to a credit reporting body for the purposes of verifying the individual's identity.

Under Division 5A of Part 2 of the AML/CTF Act 2006, the Trustee (as a reporting entity) must not make a verification request to a credit reporting body unless, it has first:

- given the individual whose identity is being verified, information about the proposed verification process, including the reasons for making the request and the personal information about the individual that may be disclosed to the credit reporting body;
- obtained the individual's express consent; and
- made available an alternative means of identity verification.

A breach of a requirement of Division 5A of Part 2 of the AML/CTF Act 2006 by the credit reporting body or the Trustee as a reporting entity constitutes an interference with the privacy of the individual for the purposes of the Privacy Act 1988.

A person registered as a Unitholder may obtain a copy of the Trustee's Privacy Policy by contacting the Trustee. Subject to limited circumstances under the AML/CTF Act 2006, Unitholders have the right to gain access to their personal information held by the Trustee by contacting the Trustee.

## 12. RISKS

Whilst the Directors of the Trustee are business managers and the Lester Group has a proven record in profitable property investment and development, there are a number of risks associated with property investment which may adversely impact the Trust.

Before deciding whether to subscribe for Units, you should consider whether investment in this Trust and Property is suitable for you. If you are in doubt as to whether you should invest, please consult a suitably qualified professional adviser. If you are the trustee of a superannuation fund, you should seek independent legal, financial and tax advice on the possible consequences of this investment opportunity for you.

The following key risks are not exhaustive but rather indicate the type of risks that potential investors should be aware of:

1. Changes in economic and business conditions or government policies in Australia or internationally may impact upon the fundamentals of the Property, their target market, cost structures and profitability. Adverse changes in such things as the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary, state and federal taxation, migration, international affairs, security and regulatory policies), consumer spending and employment rates, amongst other things, are outside the control of the Trustee and may have a material impact on the Trust.
2. Changes in Federal, State or Local Government legislation or policies (including infrastructure contribution schemes and Council rates) or the policies of servicing authorities and utilities may affect the return to Unitholders.
3. Changes in Federal, State or Local Government taxation legislation or policies may affect the return to Unitholders. This Memorandum is not binding on the Australian Taxation Office (ATO) or any other authority, and should not be considered a representation, guarantee or warranty that the ATO or other authority will agree with the content of the Memorandum.
4. Various assumptions including but not limited to forecast rental rates, yields, rental escalations, incentives, cost of funds and other assumptions adopted for the financial feasibility may not be achieved. Should a deviation from forecasts occur, the returns to Unitholders may be less than those forecast.
5. The Property is subject to leasing and lease vacancy risk. Various assumptions relating to vacancy have been adopted but may not be achieved. This may result in lower financial returns to Unitholders than those forecast.
6. The Property and this investment are reliant upon the lessee(s) for income. If the lessee(s) were to default on its lease obligations, the returns from this investment would be materially lower.
7. Environmental events and/or changes (including flood, fire, global warming, cyclone, hail etc) may require corrective action and unexpected expenditure, including increases in insurance premiums. These may impact upon the fundamentals of the Property, their target market, cost structures and profitability.

8. The Units should be considered illiquid because they are unlikely to have an established secondary market.
9. Unforeseen increases in operational cost and/or capital expenditure may affect the returns to Unitholders.
10. Planning, building and/or other approvals, or any applicable consent may be withheld by any government or semi-government department or authority, preventing or delaying any refurbishment or development of the Property.
11. The Working Capital account may not cover all expenses. The Trustee may be required to reduce income distributions to cover any shortfall or seek additional capital contributions from Unitholders.
12. The purchase of Units in the Trust should be viewed as a long-term property investment. Among the factors that may affect the property market are:
  - (a) fluctuations in the value of Property;
  - (b) downturn or upturn in the economy;
  - (c) the level of demand for the class of property developed; or
  - (d) taxation or other legislative changes.

There is no guarantee as to the state of the property market throughout the term of the investment or the Trust.
13. Cost overruns and time delays will have a significant impact on the performance of the Trust and any returns received by Unitholders. Similarly, any cost saving or accelerated works could have a positive impact on the Property and returns received by Unitholders.
14. The creation of similar properties within a similar locality may provide additional competition and reduce the demand for, lease prices and sale price of the Property.
15. If the Property is not properly insured or an event occurs which is not covered by insurance, circumstances may arise which adversely impact the Property and the performance of an investment in the Trust.
16. Approval by the Foreign Investments Review Board (FIRB) may be required in order for persons who are not Australian residents to acquire Units. The Trustee cannot confirm whether any potential investor will be required or able to obtain FIRB approval.
17. At some stage, as yet unforeseen, the Property may not meet the debt providers ongoing lending criteria.
18. The Trustee will utilise debt funding to acquire the Property. If this funding is not renewed, or the Trustee is unable to refinance with another lender, the returns to Unitholders may be less than those forecast.
19. The Trust's debt facilities will be required to adhere to a number of ongoing banking covenants. In the event of a breach of any covenant which is not remedied, or the imposition of additional covenants or conditions, returns to Unitholders may be less than those forecast. In the most serious of cases, the Property may be required to be sold.



## 13. GLOSSARY

<b>Allotment</b>	The allocation and issue of Units to an Applicant.
<b>AML/CTF Act 2006</b>	Anti-Money Laundering And Counter-Terrorism Financing Act 2006.
<b>Applicant</b>	A person who submits an Application Form with the appropriate Application Monies.
<b>Application</b>	The Application Form attached to or accompanying this Memorandum accompanied by Application Monies.
<b>Application Monies</b>	The Application Price multiplied by the number of Units pursuant to the Application.
<b>Application Price</b>	\$1.00 per Unit.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>Authorised Representative</b>	Lester Property Investments Pty Ltd.
<b>Business Day</b>	A day other than Saturday or a Sunday on which banks are open for general business in Perth, Western Australia.
<b>Corporations Act</b>	Corporations Act 2001 (Cth).
<b>Deed</b>	The constitution of the Trust.
<b>Directors or Board</b>	The board of directors of the Trustee.
<b>Eligible Investor</b>	An investor who meets the Sophisticated or Professional Investor requirements under section 761G(7)(c) or 761G(7)(d) of the Corporations Act.
<b>Information Memorandum or Memorandum</b>	This Information Memorandum dated 16 May 2019 as modified or varied by any Supplementary Information Memorandum made by the Trustee from time to time including any electronic copy of this Memorandum and Supplementary Information Memorandum.
<b>Invitation</b>	The invitation to apply for Units in accordance with this Memorandum.
<b>Invitation Closing Date</b>	The day the Trustee has received Applications for 34,275,000 Units and it determines to close the invitation.
<b>NLA</b>	Net Lettable Area.

<b>Property</b>	7 Clayton Road, Bellevue Western Australia
<b>Sqm</b>	Square metres.
<b>Unit</b>	An undivided part or share of the Trust on issue from time to time.
<b>Unitholder</b>	The person registered in the Trust's register as the holder of Units in the Trust.
<b>WALE</b>	Weighted Average Lease Expiry is industry practice, measuring the average time period in which all leases in a property will expire.

## 14. MATERIAL DOCUMENTS

The Trustee considers the following documents material in terms of the Invitation pursuant to this Memorandum and encourages prospective investors and their advisers to review them. These documents are available for inspection during normal business hours free of charge at the Trustee's registered office (Level 2, 47 Stirling Highway, Nedlands, WA):

- Contract of Sale (Contract);
- Trust Deed;
- Valuation; and
- Leases.

## 15. DIRECTORS' AUTHORISATION

The Directors of the Trustee have consented to the issue of this Memorandum.



**Richard Lester AM - Chairman**

**16 May 2019**

## 16. APPLICANT'S CHECKLIST

To invest, please ensure you have provided the following:

- ☐ Application Form (refer [section 17](#));
- ☐ Application Monies (\$1.00 per Unit);
- ☐ Accountant's Certificate (refer [section 18](#));
- ☐ Certified photo identification for each personal applicant, director and/or trustee; and
- ☐ Certified copy of superannuation fund trust deed or family trust deed (if applicable);

Applicant's may deliver these items in person to the offices of the Trustee so the Applicant's identification and trust deed (if applicable) may be copied and certified by the Trustee's staff.

Cheques should be made payable to '*Lester Property Investments Pty Ltd - Application Account*' and crossed '*Not Negotiable*'. All payments must be in Australian dollars.

Direct credit of Application Monies may be made to the following bank account:

Account Name:	Lester Property Investments Pty Ltd - Application Account
Bank:	National Australia Bank Limited
BSB:	086-006
Account Number:	141 299 026
Reference:	Please use the investor's name

Completed Application Forms and accompanying cheques should be sent to the Trustee at:

Lester Property Investments Pty Ltd  
PO Box 1110  
Nedlands WA 6909

# 17. APPLICATION FORM

Lester Property Investments Pty Ltd (ABN 50 138 215 960)

As Trustee for the Midland Megaplex Trust

1. I/we hereby irrevocably apply for \_\_\_\_\_ \$1.00 Units in the Midland Megaplex Trust upon the terms of this Memorandum and agree to be bound by the provisions of the Deed as amended from time to time.

2. I/we have electronically transferred/enclosed a cheque\* for \$ \_\_\_\_\_ representing \$1.00 per Unit in favour of Lester Property Investments Pty Ltd – Application Account. (\*delete as applicable)

**3. APPLICANT 1**

Mr/Mrs/Ms \_\_\_\_\_ Full Name of Applicant 1 or Company Name

**APPLICANT 2**

Mr/Mrs/Ms \_\_\_\_\_ Full Name of Applicant 2 or Company Name

**4. ACCOUNT NAME**

(If Applicable)

< \_\_\_\_\_ >  
Trust or Super Fund Name **(Please provide a certified copy of the trust deed)**

**5. POSTAL ADDRESS**

Street Number & Name or PO Box

Suburb or Town \_\_\_\_\_ State \_\_\_\_\_ Postcode \_\_\_\_\_

**6. RESIDENTIAL ADDRESS**

Street Number & Name (Cannot be a PO Box)

Suburb or Town \_\_\_\_\_ State \_\_\_\_\_ Postcode \_\_\_\_\_

**7. CONTACT DETAILS**

Contact Name & Phone Number

Email Address

**8. TAX FILE NUMBER OR EXEMPTION**

Applicant 1

Applicant 2

Trust or Superannuation Fund

**9. ABN OR ACN**

Applicant 1

Applicant 2

Trust or Superannuation Fund

**10. DATE OF BIRTH**

Applicant 1

Applicant 2

**11. Please provide a certified copy of each Applicant's / Director's photo identification.**

## 12. BANK ACCOUNT FOR DISTRIBUTIONS

Financial Institution	Branch
Account Name	
BSB	Account Number

## 13. DECLARATION BY APPLICANTS

By completing this Application Form the Applicant:

- Acknowledges that subscription is subject to the investment risks including the possible loss of capital invested;
- Declares that they have read and agreed to the matters contained in the Memorandum to which this Application Form is attached;
- Agrees that all information contained in the Memorandum is to be treated as confidential and is not to be disclosed to any other party (apart from professional advisers for the purpose of advising on the Invitation) without the prior written consent of the Trustee;
- Agrees that it will rely entirely upon its own due diligence or professional advice in considering this investment;
- Declares that it is a Sophisticated Investor for the purposes of section 761G(7)(c) of the Corporations Act or a Professional Investor for the purposes of section 761G(7)(d) of the Corporations Act;
- Declares that, in the case of an Applicant that is a regulated superannuation fund (including self-managed superannuation funds): the Applicant complies with the Superannuation Industry (Supervision) Act 1993 (SIS Act); investment by the Applicant complies with the SIS Act and more particularly with the investment strategy, sole purpose test, diversification and liquidity requirements, and in-house asset rules of the SIS Act; the obtaining of financial accommodation by the Trustee of the Midland Megaplex Trust will not result in the Applicant breaching the in-house asset rules of the SIS Act as they relate to the Applicant; and this declaration is made for the benefit of, and may be relied upon by, the Trustee of the Midland Megaplex Trust and its financiers from time to time;
- Declares that they are not related to any other Applicant and that they are not acting jointly, in concert with, or with a common purpose with, any other Applicant in relation to this Application for Units except as set out at 14 below;
- Acknowledges the Trustee is entitled to accept or reject this application in whole or in part;
- Acknowledges the Trustee is entitled to withdraw the Invitation at any time and for any reason;
- Declares that, if an electronic Application Form has been obtained, an electronic copy or a print out of the Memorandum has also been obtained;
- Acknowledges that the privacy notification in this Memorandum has been read, understood and agreed to and that personal information may be used, disclosed and otherwise handled in the manner referred to;
- Agrees to provide all information and identification materials that may be required at any time for the purpose of complying with obligations under the AML/CTF Act 2006;
- Acknowledges that if the required information is not received and identity is therefore unable to be verified, the investment or a transaction relating to the Application may not be able to be processed;
- Consents to the lodgement of a statement or request in respect of this Application Form (and all information supplied with this Application Form) to the Western Australian Office of State Revenue in connection with a request for a declaration as to whether Transfer Duty will apply to the issue of Units; and
- Acknowledges that any applicable transfer duty is the liability of the Applicant.
- Acknowledges that this Memorandum has NOT been lodged with ASIC and the Invitation contained in this Memorandum does not require disclosure to investors under Part 6D.2 of the Corporations Act.

14. If the Applicant is related to any other Applicant or is acting jointly, in concert with or with a common purpose with any other Applicant, full details of the other Applicant(s) must be provided here:

## 15. SIGNATURES OF APPLICANTS

APPLICANT 1 / DIRECTOR  
(delete as applicable)

Name

APPLICANT 2 / DIRECTOR  
(delete as applicable)

Name

**THIS FORM MUST BE ATTACHED TO THE INFORMATION MEMORANDUM WHEN DISTRIBUTED.**



## 18. QUALIFIED ACCOUNTANT'S CERTIFICATE

Certificate under Section 708(8)(c) and Section 761G(7)(c) Corporations Act

Re: (the Applicant) \_\_\_\_\_

I certify that:

1. I am one of the following:

- a) A member of the Australian Society of Certified Practising Accountants who is entitled to use the post-nominals 'CPA' or 'FCPA' and is subject to and complies with the Society's continuing professional development requirements; or
- b) A member of Chartered Accountants Australia and New Zealand who is entitled to use the post nominals 'ACA', 'CA' or 'FCA', and is subject to and complies with the Institute's continuing professional education requirements; or
- c) A member of the National Institute of Accountants who is entitled to use the post-nominals 'MNIA', 'FNIA', 'PNA' or 'FPNA' and is subject to and complies with the Institute's continuing professional education requirements; or
- d) A member of an Eligible Foreign Professional Body.

You will satisfy the criteria for a qualified accountant if you are a member of one of the Eligible Foreign Professional Bodies listed below and you:

- Have at least three years' practical experience in accounting or auditing, and
- Are only providing a certificate for the purpose of section 708(8)(c) and 761G(7)(c) to a person who is a resident in the same country (other than Australia) as yourself.

Eligible Foreign Professional Bodies are:

- The American Institute of Certified Public Accountants;
- Association of Certified Chartered Accountants (United Kingdom);
- Canadian Institute of Chartered Accountants;
- The Institute of Chartered Accountants in England and Wales;
- The Institute of Chartered Accountants in Ireland; and
- The Institute of Chartered Accountants of Scotland.

2. In accordance with the requirements of Section 708(8)(c) and Section 761G(7)(c) of the Corporations Act, the Applicant has either:

- a) Net assets of at least \$2.5 million; or
- b) Gross income for each of the last two (2) financial years of at least \$250,000 a year.

Your Signature \_\_\_\_\_

Date \_\_\_\_\_

Name of Accountant \_\_\_\_\_

Address of Accountant \_\_\_\_\_

Street No and Name \_\_\_\_\_

Suburb \_\_\_\_\_

State \_\_\_\_\_

Postcode \_\_\_\_\_

Lester Property Investments Pty Ltd  
ABN: 50 138 215 960 AFSL: 225781

Level 2, 47 Stirling Highway, Nedlands WA 6009  
PO Box 1110, Nedlands WA 6909

Telephone: 08 9423 5100  
Facsimile: 08 9423 5199  
E-mail: [info@lestergroup.com.au](mailto:info@lestergroup.com.au)



[www.lestergroup.com.au](http://www.lestergroup.com.au)