



# Direct Assets Review

## RF CorVal Property Fund

ISSUE DATE: 18-05-2023

FUND FINANCIAL POSITION	MARCH 2023
TOTAL ASSETS	\$50.95M
DEBT - DIRECT / (LOOK THRU)	\$25.4M
LOOK-THRU GEARING (LVR) <sup>1</sup>	37.8%
UNIT PRICE <sup>2</sup>	\$1.05
NTA	\$1.11

### Portfolio summary

NO. INVESTMENTS (PROPERTIES)	10 (21 INDIRECT)
PROPERTY TYPE <sup>3</sup>	INDUSTRIAL 61%; OFFICE 23%; AGRI 13%; TOURISM 3%
PROPERTY LOCATION <sup>3</sup>	SA 39%; WA 18%; VIC 13%; QLD 30%
WTD AVG LEASE EXPIRY <sup>4</sup>	8.5 YRS
OCCUPANCY (BY INCOME)	99%

### Fund returns

### Lonsec estimates\*

Year end June	FY23e*	FY24e
DISTRIBUTION PER UNIT	5.27C	5.49C
PRE-TAX YIELD <sup>5</sup>	5.01%	5.21%
TAX DEFERRED	60%	60%

\* FY23 annualised of four months.

### Other Fund details

APIR CODE	CRV9885AU
DISTRIBUTION PAID	QUARTERLY
MINIMUM INVESTMENT	\$10,000 (THEREAFTER \$1,000 LOTS)
INVESTMENT TERM	OPEN-END
WITHDRAWAL	MONTHLY
PERIODIC LIQUIDITY EVENT	EVERY 5 YRS (FIRST JAN 2027)
RESPONSIBLE ENTITY / MANAGER	CORVAL PARTNERS LTD/ CORVAL INVESTMENT PTY LTD
MANAGER FUND HOLDING	NIL

### Manager fees and expenses

ACQ'N / DISPOSAL FEES	1.0% OF GROSS PRICE
ANNUAL FEES & EXPENSES	1.92% P.A. OF NET ASSETS
PERFORMANCE FEE	20% OF EXCESS ABOVE 8% IRR
BUY / SELL SPREAD <sup>6</sup>	0.0% / 0.25%

1: Average look-through gearing of underlying trust investments.

2: As at 31 March 2023 (ex-distribution).

3: By proportion of net rental income.

4: By income of underlying trusts.

5: On Unit price as at 31 March 2022 (ex-distribution).

6: Sell spread covers Disposal Fee and other costs on sale of assets.

### What this Rating Means

The 'Recommended' rating indicates that Lonsec has strong conviction the financial product can generate risk adjusted returns in line with relevant objectives. The financial product is considered an appropriate entry point to this asset class or strategy.

### Strengths

- The CorVal investment team is very experienced in property investment and the management of property trusts for wholesale and non-wholesale investors. They have an excellent record of acquiring properties and adding value to achieve above average returns for wholesale investors.
- Funds established for non-wholesale investors have focussed on good quality properties delivering a stable income, with the prospect to benefit from selective capital expenditure and more active leasing management.
- Commitment from the Board to grow and further diversify the Fund.
- The Fund has met its objective of providing regular income and capital growth, albeit over a relatively short timeframe.

### Weaknesses

- Distributions may come under pressure if the Office sector suffers from any softening in capitalisation rates.
- Increasing interest rates have seen a deterioration in the interest cover ratio.
- While Lonsec notes that the RE board currently does not have a majority of external directors, the Investment Committee has an additional two external members and investment decisions must receive unanimous support. From a best practice governance perspective, Lonsec would prefer to see a majority of external directors on the RE board.

**We strongly recommend that potential investors read the product disclosure statement or investment statement.**

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## RF CorVal Property Fund

### What is this Fund?

- The Fund has been established as an open-ended property fund giving investors the opportunity to access a range of CorVal's wholesale property trusts and stabilised direct property assets fully owned by the Fund.
- The Fund currently comprises eight CorVal trusts and two directly owned property assets, providing a diversified portfolio of industrial (61%), office (23%), agriculture (13%) and tourism (3%) property sector assets located across four Australian states. Further investments will mainly be in these sectors that CorVal has built-up expertise in, but other sectors (e.g. retail property) may also be considered should the Manager find appropriate opportunities.
- The objective is to deliver a stable income yield for investors with the prospect of capital growth over the long-term, via a mix of indirect and direct property investments.
- Near-term, the CVPF is estimated to deliver a pre-tax yield of 5.0-5.5% in FY23/24, which is in line with Lonsec's peer group average for unlisted property funds. The after-tax yield (taking into consideration the reasonable level of tax deferred distributions) is slightly below Lonsec's average.
- The current portfolio of properties comprises a mix of well-located A-grade and B-grade office properties, most with high environmental ratings. The industrial properties are a mix of older established and recently built manufacturing/logistics assets.
- The Fund's weighted average lease expiry (WALE) is 8.5 years, slightly higher than the Lonsec average of 8.1 years and with a high overall occupancy of 99%.
- Gearing is 37.8% (look-through LVR) compared to the peer group average (39%) with reasonable headroom to the bank covenant of 52%. Debt is hedged to a reasonable level in the underlying trusts, partially protecting investors from rising interest rates for the next few years.
- CVPF has a **Limited Monthly Withdrawal Facility**. The amount available for withdrawal will be determined on the last business day of the relevant month and is subject to available liquidity. In addition, CVPF unitholders will have the opportunity to withdraw part or all of their holdings at the **five year Periodic Liquidity Event**. All withdrawals are subject to sufficient funds being available and are at the discretion of the RE. Whilst the liquidity terms appear more generous than other direct property funds, Lonsec highlights that liquidity should be viewed on a best endeavours basis and any investment should be considered long-term.

### Overall

Lonsec has upgraded the Fund to **Recommended** following the latest review. Lonsec has confidence in the ability of the highly experienced investment team to deliver on the Fund objectives. The CVPF portfolio currently consists of eight CorVal wholesale property trusts and 2 directly owned properties, providing a diversified Australian property exposure. The portfolio has 99% occupancy, offers a long WALE of 8.6 years and good annual rental increases. Gearing is at a relatively

conservative level of 38% and the majority of debt is hedged over the short to medium term.

### Changes since the last review

Changes in the Fund's key metrics are summarised below:

	PREVIOUS REVIEW	THIS REVIEW
GROSS ASSETS	\$13.7M	\$50.95M (▲)
UNIT PRICE	\$1.01	\$1.05(▲)
NO. OF ASSETS	8	10 (▲)
WALE (INCOME) - YRS	11.4	8.5 (▼)
OCCUPANCY	98%	99% (▲)
NO. OF DIRECT TENANTS	90	104(▲)
PRE-TAX YIELD	7.5%	5.21%(▼)
CAP'N RATE (WTD AVG)	5.77%	5.94% (▲)
GEARING (LOOK-THRU)	42%	37.8% (▼)

### Using this Fund

**This is General Advice only and should be read in conjunction with the Disclaimer, Disclosure and Warning on the final page.**

- Lonsec notes that the Manager has produced a Target Market Determination (TMD) which forms part of the Responsible Entity's Design and Distribution Obligations for the Fund. Lonsec has sighted the TMD that has been provided by the Manager and notes that this should be referred to for further details on the Target Market Summary, Description of Target Market and Review Triggers.
- Forward looking estimates of returns are either sourced from the PDS forecasts or Lonsec estimates based on data supplied by the Manager, external valuation reports or other third-party data sources deemed to be reliable but are not a guarantee of future performance.
- While the returns of the Trust are expected to be less volatile than equities and listed property securities investments, investors should be aware that the Fund **may experience periods of negative returns** and that there is a **risk of incurring capital loss** on the Trust.
- As such, Lonsec considers the Trust suitable for medium to high-risk profile investors with a five+ year investment time horizon. The Trust will generally sit within the **growth component of a balanced portfolio**.

### Risk assessment

- Lonsec rates the key risk factors associated with the CVPF in the following table, which are assessed in the overall context of both competing unlisted property funds and relative to other asset classes.
- **Diversification risk** is assessed as low given the portfolio allocation to a number of property sub-sectors; geographic spread across four states and the diversity of tenants.
- **Leasing risk** is assessed as low with the Fund having exposure to a wide range of tenants across the properties (overall 99% occupancy).
- **Capital gain vs. income risk** is deemed medium given that property funds have a higher element of

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capital risk than some other asset classes (e.g. cash or bonds).

- **Gearing risk** is deemed medium in comparison to other investment classes (including listed property trusts), where the underlying gearing of the CorVal funds in CVPF's portfolio will be in the range 35%-45%.
- **Interest rate risk** is assessed as medium risk, given 58% of debt is hedged.
- **Liquidity risk** - due to the Fund's significant exposure to illiquid assets (property funds and direct property) plus that the monthly withdrawal facility is limited and at the discretion of the RE, the Fund's liquidity risk is deemed as high.
- Overall, Lonsec considers the **risk assessment** for CVPF to be **low/medium**.

LEVEL OF ASSESSED RISK	LOW	MED	HIGH
<b>OPERATIONAL EARNINGS</b>			
BUSINESS RISK	●		
LEASING RISK	●		
CAPITAL GAIN VS. INCOME RISK		●	
DIVERSIFICATION RISK	●		
MARKET VOLATILITY RISK	●		
<b>FINANCIAL</b>			
LEVERAGE (GEARING) RISK		●	
REFINANCING RISK	●		
INTEREST COST / HEDGING RISK		●	
CURRENCY RISK	●		
COUNTERPARTY RISK	●		
DISTRIBUTION SUPPORT LEVEL	●		
<b>MANAGEMENT &amp; OTHERS</b>			
KEY PERSON/EXPERIENCE RISK	●		
INDEPENDENCE RISK		●	
RELATED PARTY TRANSACTION RISK		●	
LIQUIDITY RISK			●

### Product

The Fund is an open-ended unlisted unit trust investing in both direct and indirect property (via investing in units in Property Trusts). Where the Fund acquires a property directly it may acquire the property through a sub-trust, which may be wholly or jointly owned.

### Withdrawals and Liquidity

- CVPF unit-holders will have limited opportunities to withdraw from the Fund.
- The RE intends to provide a **Limited Monthly Withdrawal Facility**. The amount available for withdrawal will be determined on the last business day of the relevant month and is subject to available liquidity and predominantly funded through new investments into the Fund. The RE may use its discretion to increase this amount in any given quarter. If liquidity is insufficient, the RE may reduce, scale-back or suspend withdrawals.
- The RE also intends to offer a **Periodic Liquidity Events** on or around each five year anniversary of the commencement of the Fund. The first is expected to

occur around January 2027 and this and future offers may be funded by:

- the sale of assets;
- raising new equity for the Fund
- via debt (increasing the gearing ratio)
- The RE will attempt to satisfy redemption requests within a twelve month period from the close of the offer or may be paid in instalments.

### Fee Structure

- The Manager is entitled to receive a number of fees and incurs other expenses related to the management of the Fund.
  - Acquisition & Disposal of properties;
  - Annual management fee & expenses;
  - Performance Fee
- Note that property-related expenses (such as stamp duty) are not included in this analysis.
- **Acquisition fee** of 1.0% of the gross purchase price of any Direct Property asset (including indirect Property Investments) acquired by the Fund. No acquisition fee will be charged by the RE in relation to the initial portfolio.
- **Disposal fee** of 1.0% of the gross purchase price of any Direct Property asset (including indirect Property Investments) disposed of by the Fund.
- In both of the above cases, if these fees are paid at the underlying trust level, then they won't be charged at the CVPF level (i.e. the Fund pays its share of fees at the underlying trust level).
- These costs are built into the unit price via Buy (0%) and Sell (0.25%) spreads applying to enter and exit the Fund. These amounts are retained in the Fund to cover these costs and to ensure fairness to exiting and continuing investors.
- **Annual management cost** comprises management fee of 0.60% p.a. of **gross assets** levied at the underlying trust level. There is no additional management fee at the CVPF level. Expenses and Indirect Costs at the CVPF level are 0.34% p.a. and 0.53% p.a. of gross assets respectively.
- **Transaction Costs:** estimated at 0.54% p.a. of the Gross Asset Value.
- **Performance Fee:** The RE/Manager is entitled to a **20% share** of excess total return (Internal Rate of Return) **above 8.0% p.a.** The fee is capped and calculated periodically and reflected in the Unit Price and payable at the end of each five-year period of the Fund. Lonsec's analysis shows that the 20% share is at the higher end of the peer group, and the 8% p.a. hurdle is less difficult to attain compared to some other funds (8%-10% p.a.).
- The RE may reduce the performance IRR hurdle to a minimum of 6% p.a. or raise it to a maximum of 10% prior to the next five-year calculation period. However, it is not the intention of the RE to do so.

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### Comparison of management costs (RG97)

% Net Assets <sup>1</sup>	CVPF
MANAGEMENT FEES & COSTS	1.24%
TRANSACTION COSTS	0.68%
	<b>1.92%</b>
PERF FEE <sup>2</sup>	-
<b>TOTAL ANNUAL</b>	<b>1.92%</b>

1: On average net assets in a 12-month period assuming gearing of 36%.

2: Fund's estimated performance fees including performance fees accrued in the underlying property trusts.

### Other fees and costs

- **Removal/Retirement Fee:** There is no fee payable if the RE is removed by a unit-holder vote or retires.

### Valuation Policy

- The properties in the underlying trusts will be independently valued on an annual basis, or as required under each trust's loan facility. This is in accordance with most funds covered by Lonsec and strikes a reasonable balance between the costs incurred for valuation services and maintaining a portfolio which is reflective of fair value.
- Valuations are usually completed on a staggered basis across the CorVal portfolio using different external valuers.
- Valuations may occur more frequently than annually if it is believed there has been a material change.

# RF CorVal Property Fund

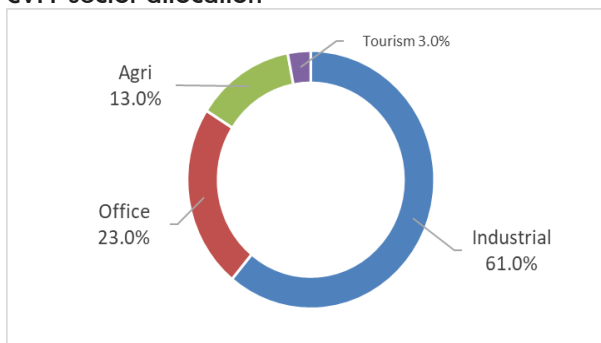
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## 1 Property Portfolio

### 1.1 Portfolio overview

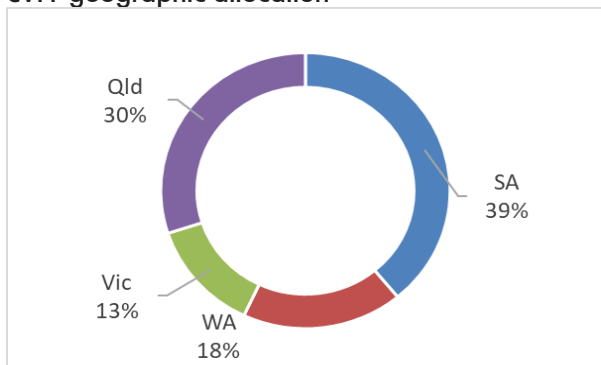
- As at the time of review, the Fund comprised:
  - 10 investments valued at \$50.95m in eight RF CorVal wholesale property funds and two direct property assets.
  - Cash (\$1.8m) and other assets (\$0.521m).
- The following table and charts provide a summary of the Fund's current sector and geographic allocations.

#### CVPF sector allocation\*



Note\*: By income

#### CVPF geographic allocation



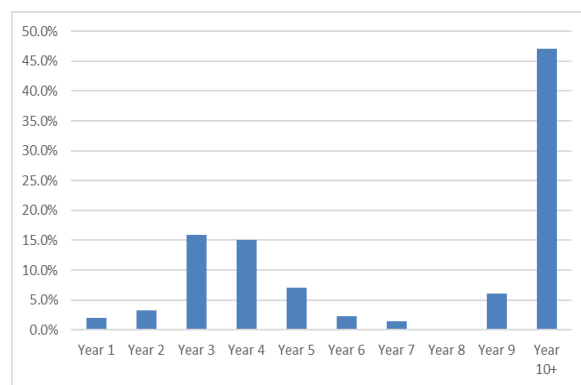
Note: By income

- The Fund's current portfolio gives investors exposure to a diversified portfolio of 21 underlying properties, with the allocation currently mainly to industrial/logistics and office assets, with one tourism/retail asset (the Sky Deck/restaurant and ground floor shop/office at Eureka Tower Melbourne).
- The Manager has developed its expertise mainly in office and industrial properties, but has the ability to evaluate and invest in other property sub-sectors as opportunities arise.

### 1.2 Major Tenants / Leases

- The expiry of lease agreements is well spaced, with a small spike in 3 to 4 years and 32% of expiries over 10 years away. The Fund's WALE of 8.5 years is slightly more than Lonsec's average for property funds of 8.1 years. Major tenants include ASX-listed companies, WA state government and international corporations. There is a spread of smaller tenants, mainly in two of the office buildings.

#### CVPF Lease Expiry Profile

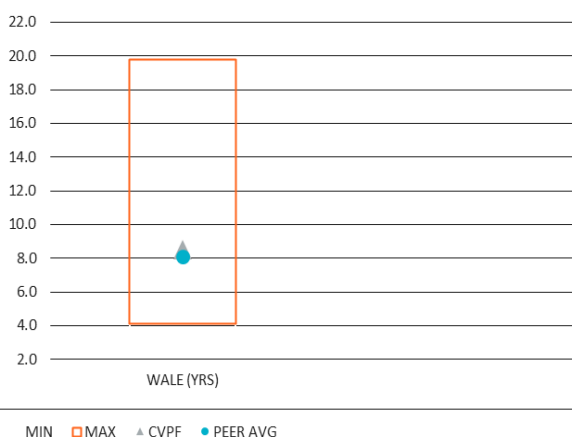


(Source: CorVal)

Tenant	% Income <sup>1</sup>	Lease Expiry
INGHAMS	22%	NOV 2043
PACT GROUP	18%	JUNE 2034/2036
WA GOV'T	13%	APR 2031
JOURNEY BEYOND GROUP	5%	JULY 2041

1: Estimated look-through property portfolio

#### Lease expiry comparison



Note: Lonsec peer group average includes sector specific funds.

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### 1.3 Overview of Fund investments (as at March 2023)

DIRECT PROPERTY	STATE	PROP TYPE (GRADE)	LAST INDEP. VAL'N SM (FUND SHARE)	% PORT (BY INC)	INCOME YIELD	CAP'N RATE (VAL'N)	OCCUP. (EXCL. VENDOR G/TEE)	WALE (BY INC) YRS	MAJOR TENANTS
FLINDERS STREET TRUST	SA	OFFICE -B	2.156	4.50%	6.10%	6.25%	97%	2.6	EMPLOYERS MUTUAL, SEALINK TRAVEL
CORPORATE CENTRE TRUST	QLD	OFFICE -B	2.867	4.20%	4.30%	6.70%	92%	4.4	WYNDHAM DESTINATIONS, CBA, SUNCORP, EY
WORKZONE TRUST	WA	OFFICE -A	3.378	8.20%	7.10%	6.00%	100%	5.4	WA GOVERNMENT
INGHAM MURRAY BRIDGE TRUST	SA	AGRICULTURE	4.645	8.70%	5.50%	5.50%	100%	20.9	INGHAMS
PACT TRUST	VIC/WA	INDUSTRIAL	4.692	7.90%	4.90%	4.95%	100%	12.9	PACT
LONGLAND STREET TRUST	QLD	OFFICE -B	0.973	1.80%	5.50%	6.25%	95%	2.8	CITY FERTILITY
EUREKA TRUST	VIC	TOURISM	1.073	2.40%	6.40%	5.50%	100%	23.5	JOURNEY BEYOND
INDUSTRIAL INFILL TRUST	VIC/QLD/WA/SA	INDUSTRIAL	5.363	7.70%	4.20%	5.47%	100%	5.1	FARM PRIDE
140 MAGNESIUM DRIVE	QLD	INDUSTRIAL	11.1	23.40%	6.20%	6.00%	100%	3.6	DC PLUS ENGINEERING, THOMSON MEATS
50-60 MILLERS ROAD	WA	INDUSTRIAL	14.7	31.20%	6.20%	6.25%	100%	10	TOPCOAT
DIRECT PROP TOTAL / WTD AVG*			<b>50.948</b>		5.86%	5.94%	99%	8.55	

(\* BY INCOME)

# RF CorVal Property Fund

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## 2 Financial Analysis

### 2.1 Income/Expenses analysis

Year end June	Est.	Est.	Est.
	2023	2024	2025
	\$m	\$m	\$m
<b>NET OPERATING INCOME</b>	1.943	2.021	2.098
INCOME SUPPORT	0.000	0.000	0.000
<b>NET DISTRIBUTION PAID</b>	1.943	2.021	2.098
WTD AVG UNITS (MILL)	36.833	36.833	36.833
DISTRIB / UNIT	5.27c	5.49c	5.69c
<b>YIELD (ANNUALISED)</b>	<b>5.010%</b>	<b>5.21%</b>	<b>5.41%</b>

#### Assumptions underlying income

- The above estimates are based on data supplied by the Manager and reflects the income earned by the CVPF via distributions from the underlying property trusts and net income from the two directly owned property assets.
- FY22 represents the annualised income based on the four months to March 2022. FY23 is an estimate assuming no further capital is raised and deployed into the underlying CorVal property trusts.
- The above distribution estimates exclude any special distributions that may be made should asset sales occur within the underlying funds and/or the CVPF itself.

#### Allowances for vacancies and capital expenditure

- At the underlying wholesale property trust/ asset level, cash flow projections include allowances made by the Manager regarding potential vacancies, letting up allowances and capital expenditure.

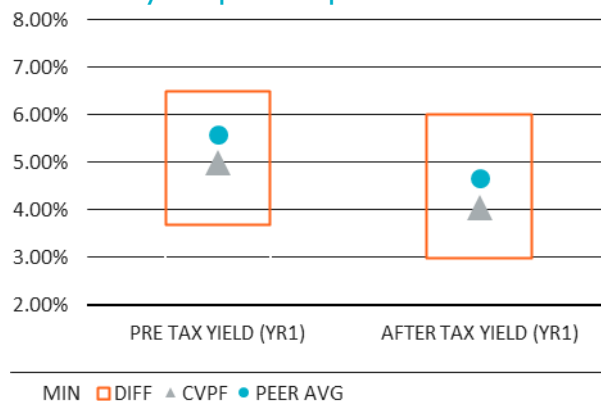
### 2.2 Distribution / taxation

#### CVPF estimated distribution yields

Year end June	FY23E	FY24E
DISTRIBUTION/UNIT <sup>1</sup>	5.27C	5.49C
PRE-TAX YIELD (@\$1.053) <sup>2</sup>	5.01%	5.21%
TAX ADVANTAGED	60%	60%
YIELD AFTER 47% TAX	4.07%	4.23%
GROSSED-UP YIELD	7.67%	7.98%
YIELD AFTER 15% TAX	4.71%	4.90%
GROSSED-UP YIELD	5.54%	5.76%

1: Distribution annualised. 2: Yield based on 31 March 2023 entry price \$1.053 (ex-distribution).

#### Distribution yields peer comparison



- Lonsec has compared the CVPF distribution yields with a sample of unlisted property trusts over the last 12-18 months.
- The estimated CVPF distribution yield is slightly above the Lonsec peer group average on a pre-tax basis.
- Due to the estimated 60% tax deferred portion, the Fund's after-tax distribution yield is slightly below Lonsec's sample average.

### 2.3 Debt position / interest costs

- The debt position of the underlying investments shows an average gearing level of 37.8% (loan to value ratio) compared to an average LVR covenant of 53%.
- On average 58% of debt is hedged for just over two years using interest rate swaps.

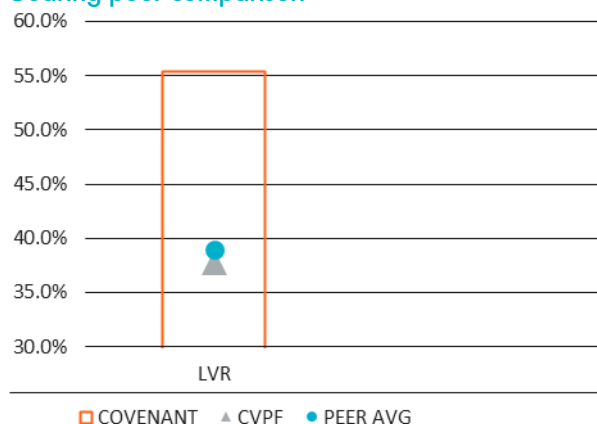
#### CVPF Debt Details (average across trusts)

FACILITIES - LIMIT	\$31.0M
DRAWN-DOWN (MAR 2023)	\$25.4M
EXPIRIES (DATES)	2024 (9%); 2025 (53%); 2026 (38%)
COST OF DEBT (AVG)	4.04%
% DEBT HEDGED	58%
WTD AVG HEDGE TERM	2.2 YRS
LVR (LOOK-THRU)	37.8%
LVR COVENANT (LOOK THRU)	52%
ICR YR 1 (BANK CALC) - AVG	4.9X
ICR COVENANT (BANK)	2.1X

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### Gearing peer comparison



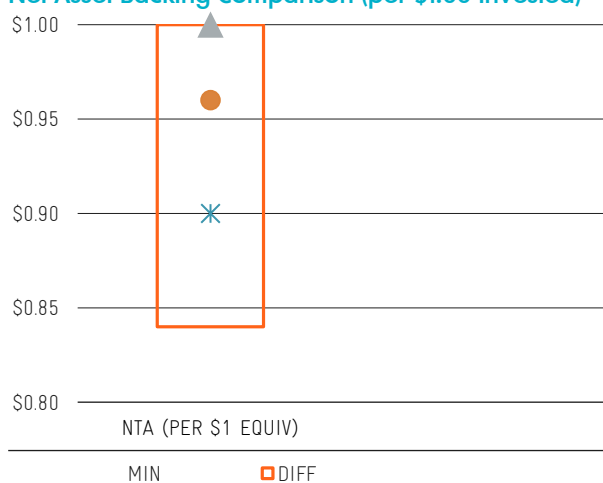
- The Fund's look-through gearing position (LVR 37.8%) is in line with the peer group average (39%) and comfortably below the bank covenant of 53%.

### 2.4 Balance Sheet / Net Asset Backing

As at	Mar-23 \$M
NET ASSETS	\$45.166
NO. OF UNITS ISSUED	40.742
NTA PER UNIT	\$1.11

- On an equivalent \$1.00 invested basis, Lonsec calculates CVPF's adjusted NTA at \$0.975. Lonsec has applied the 2.5% sell spread to the unit price. This compares to the average for open-end funds of \$0.96 and for closed-end funds \$0.90. Lonsec considers CVPF's relatively high NTA to be an attractive feature of the Fund.

### Net Asset Backing Comparison (per \$1.00 invested)





## RF CorVal Property Fund

### 3 Management

An assessment of Management is another key performance measure and is largely qualitative, focusing on the ownership, operating and reporting structure, property investment policy, and selection criteria. Capable and experienced management is vital to the success of the Fund. Previous performance is evaluated but is not necessarily a guide to future returns.

#### 3.1 The Responsible Entity (RE)

- The RE of the Fund is **CorVal Partners Limited** (CVPL), which holds AFSL No. 326118.
- CVPL has appointed **CorVal Investment Pty Ltd** (CorVal) as the Manager of the Fund.
- Both entities are part of the **RF CorVal group** (RF CorVal), which is an Australian private real estate funds management business (\$1.5b in funds under management as at April 2022).
- The Board of CVPL consists of one Non-Executive Chair and two Executive Directors, noting that there is not a majority of independent directors.

#### 3.2 Management Team

##### Board & Key Personnel – CorVal

Name	Position	Joined	Ind (Yrs)
KEVIN NEVILLE	NON-EXEC CHAIR	2009	35
ROB RAYNER	EXEC DIR. & CHIEF EXEC OFFICER	2009	30+
KERR BRAY	EXEC DIR. & CHIEF OPERATING OFFICER	2010	25+
SANJEEV SAHOTA	FUND MANAGER	2019	15
OLIVER PICONE	HEAD OF TRANSACTIONS	2012	15
GARETH DINGLE	TRANSACTIONS MANAGER	2015	15
CON TSIoulos	DIRECTOR COMMERCIAL	2013	25+
BEN VICIC	DIRECTOR COMMERCIAL	2013	25
NOELLA TSANG	FINANCIAL CONTROLLER	2010	20+

- The CorVal property team comprises 20 staff involved in the management of the funds, property portfolios and support staff. There has been only one departure since the group formed in 2009.
- The group's staff have experience in property investment; asset and funds management; and property development.

#### 3.3 Investment Style / Process

##### Investment style

- CorVal's underlying philosophy is to preserve and grow client's investments over the long term. The Manager has a focus on capital preservation, without sacrificing investment performance.

##### Investment management process

- CorVal has built-up extensive industry contacts over many years of its executives being involved in the property investment industry. Many investment

opportunities are brought to CorVal in an off-market situation given their good reputation for completing transactions, backed by access to capital.

- **RF CorVal's balance sheet financial strength** can, if necessary, be utilised to assist the Fund to make acquisitions, while external equity is raised.
- There is a clear delineation between assets suitable for the wholesale funds (more opportunistic) and the CVPF which will target assets that are stabilised.
- The transaction process starts at the formal weekly meeting where the team discuss and assess opportunities. At this stage, financials information (rents, tenants) are examined to map out the asset cash flows using CorVals own assumptions.
- Prospective opportunities are presented via a Discussion Paper to the **Investment Committee (IC)**, with Head of Transactions Oliver Picone attending. There must be unanimous support at the IC to proceed on proposed investments or divestments.
- **Detailed due diligence** is then undertaken utilising external consultants and lining up debt facilities. The proposal then goes back to the IC for approval to proceed to formal exchange.
- Required returns depend upon the asset and the level of work required to bring the asset up to standard. This Fund has a target geared equity IRR of 8%-9%p.a., including an income yield of 5%-6% p.a.

##### Investment Committee – CorVal

Name	Position	Joined	Ind (Yrs)
CHRIS JUDD	EXTERNAL MEMBER	2022	35
JOHN DILLON	EXTERNAL MEMBER	2022	25
ANDREW ROBERTS	PRINCIPAL RF COVAL & RF GROUP	2007	35+
ROB RAYNER	EXEC DIR. & CHIEF EXEC OFFICER	2009	30+
KERR BRAY	EXEC DIR. & CHIEF OPERATING OFFICER	2010	25+

##### On-going property management

- Active management through asset and tenant management initiatives can add value to properties and fund performance. While the CVPF targets exposure to more stabilised assets, CorVal will develop a detailed **asset management plan** for each property that is acquired either in the underlying funds or the CVPF itself.
- Asset management plans include a strategy and budget for each property, incorporating leasing, maintenance, capital expenditure, and potential exit strategies.
- CorVal's asset management team has a focussed and hands-on involvement in the implementation of the plans. They regularly assess and refine the strategy in the light of market conditions, including potential sale opportunities.
- The team can draw upon the internal RF Group, which includes a construction team.

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### Potential conflict of interest / related party issues

- The RE may from time-to-time, engage related parties to provide property services to the Fund.
- However, the Manager has a clearly defined **Conflicts of Interest Policy and guidelines for related-party transactions**.
- The **Compliance Committee** will review and approve, approve with conditions, or reject a proposed related party transaction.
- The CorVal Partners Ltd Board has the ultimate responsibility for ensuring related-party transactions or conflict of interest issues are resolved in accordance with the relevant policies and guidelines.
- At the time of review, CorVal or its staff do not retain an interest in any of the underlying funds / CVPF.

### Compliance Committee – CorVal

Name	Position	Joined	Ind (Yrs)
KEVIN NEVILLE	EXTERNAL MEMBER	2009	35
JAMES MCNALLY	EXTERNAL MEMBER	2022	20+
ROB RAYNER	EXEC DIR. & CHIEF EXEC OFFICER	2009	30+
FIONA DIXON	EXTERNAL COMPLIANCE OFFICER	2014	30+

### 3.4 Previous fund / trust performance

- CorVal has a good track record in managing unlisted property trusts in the Australian market since 2009, although this period has had the tailwinds of easing capitalisation rates/rising property values. The following is a summary of data supplied by CorVal.

	Realised
NO OF FUNDS	14
END VALUATION (RANGE)	\$2,075M (S25M - S839M)
EQUITY IRR - AVG (RANGE)	20.0% P.A. (11%-64% P.A.)

- **Investors are reminded that past performance is not a guarantee of future performance.**

## RF CorVal Property Fund

ISSUE DATE: 18-05-2023

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Lonsec believes that professional financial advisers need informed opinions on the best investment strategies and financial products to provide real value for their clients. To meet this need, Lonsec has in place an experienced research team, which draws on a robust research process to undertake in-depth assessment of managed fund products.

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#### Date prepared

May 2023

#### Analyst

Michael Elsworth

#### Release authorised by

Balraj Sokhi

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