

The Arrow logo, featuring the word "Arrow" in a white serif font with a stylized arrowhead integrated into the letter 'o'.

Arrow

The title "Product Disclosure Statement" in a white serif font, positioned over a grayscale photograph of an industrial facility with large storage silos.

Product Disclosure Statement

A red rectangular box containing white text that provides details about a public offer.

Public Offer
to raise up to
\$40 million
June 2014

DIRECTORY

Arrow Primary Infrastructure Fund

ARSN 110813851

Responsible Entity

Arrow Funds Management Limited

ACN 146 671 276

Level 25, 360 Collins Street
Melbourne VIC 3000

Phone: 03 9691 5447

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www.arrowfunds.com.au

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Arrow Primary Infrastructure Fund ARSN 110 813 851 Supplementary Product Disclosure Statement

Issued by Arrow Funds Management Limited
ABN 72 146 671 276 AFSL 439095
Date: 30 September 2014

This Supplementary Product Disclosure Statement (**Supplementary PDS**) supplements the Arrow Primary Infrastructure Fund Project Product Disclosure Statement dated 10 June 2014 (the **PDS**) and is to be read together with the PDS.

Purpose of this Supplementary PDS

The purpose of this Supplementary PDS is to update information in the PDS about the Application Price, the Fund's investments, the offer date along with some consequential changes to the Glossary. The terms of the PDS continue in full force and effect except to the extent those terms are modified in this Supplementary PDS. No other part of the PDS is affected by these changes.

The information contained in this Supplementary PDS is not financial product advice. This Supplementary PDS has been prepared without reference to your investment objectives, financial situation and particular needs. It is therefore important that you read the PDS (including this Supplementary PDS) in its entirety before making a decision whether to invest in the Fund and taking into consideration your investment objectives, financial situation and particular needs. If you are in any doubt, you should consult your broker or financial or other professional adviser.

Terms defined in the PDS have the same meaning in this Supplementary PDS. Page references are to pages in the PDS.

Updated Information

1. THE APPLICATION PRICE:

The Application Price is calculated under the Constitution by determining the Fund's NAV, divided by the number of Units on issue, adjusting for income, transaction costs and the contribution fee. The PDS referred to an Application Price of 59.2 cents per Unit. However, the Application Price is calculated quarterly and is expected to change on 1 October 2014.

Investors can obtain the Application Price online at www.arrowfunds.com.au.

Amendments to the PDS:

Key Features table (page 7) and **Glossary** (page 79), the text in column 2 relating to "Application Price" is deleted and replaced with:

The Application Price will be calculated in accordance with the Constitution and made available on www.arrowfunds.com.au."

2. UPDATE ON THE FUND'S INVESTMENTS:

The PDS referred to Arrow's investment strategy, which over time, may include the acquisition of further properties that meet Arrow's investment criteria for the Fund. Arrow continues to consider potential direct property acquisitions for the Fund and any updates will be made available online at www.arrowfunds.com.au.

As disclosed on 31 July 2014, the Fund completed the acquisition of the 5 New Properties and leaseback commenced on 31 July 2014.

Amendments to the PDS:

Key Features table (page 7), the text in column two relating to “Conditions of the Offer” is deleted and replaced with:

“The Proposed Transaction completed on 31 July 2014, and there are no conditions to the Offer proceeding.”

and the following additional text relating to “Purpose of the Offer” is included as a fourth bullet point in column two:

“where appropriate and within Arrow’s investment strategy for the Fund, acquire further properties (see section 2.8 for further information)”

3. OFFER DATE

Arrow has extended the Offer until 31 December 2014, unless closed earlier at its absolute discretion. Any change to the Offer close date will be available online at www.arrowfunds.com.au. The purpose of extending the offer date is to allow interested persons sufficient time to invest before the Offer closes.

4. CHANGES TO OTHER DEFINED TERMS

As the transaction has completed, the following consequential changes are made to the Glossary, in order to update the defined terms used throughout the PDS.

Completion Date	31 July 2014
New Debt Facility	The new debt facilities entered into on or about 31 July 2014, substantially in accordance with the terms outlined in sections 2.9 and 10.3, also referred to as New Debt Facilities in this PDS.
New Properties	The 5 properties acquired from Baiada on 31 July 2014, as summarised in section 3 of this PDS.
[Proposed] Lease Extension Transaction	The extension of 6 existing leases, and the release of Baiada from the Myers lease, all completed on 31 July 2014, substantially in accordance with the proposal outlined in section 2.6 of this PDS.
PDS	Means this product disclosure statement dated 10 June 2014 as amended by any supplementary product disclosure statement(s).
[Proposed] Sale and Leaseback Transaction	The acquisition and leaseback of 5 properties to Baiada, completed on 31 July 2014, substantially in accordance with the proposal outlined in section 2.5 of this PDS.
[Proposed] Transaction	The Lease Extension Transaction and the Sale and Leaseback Transaction, completed on 31 July 2014.

Myers Farm, Stewarton VIC



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Important Information

PRODUCT DISCLOSURE STATEMENT

This product disclosure statement (PDS) relates to an offer to invest in the Arrow Primary Infrastructure Fund ARSN 110813851 (Fund). The Fund is a registered managed investment scheme under the Corporations Act. This PDS is dated 10 June 2014. ASIC takes no responsibility for the contents of this PDS and expresses no view regarding the merits of the investment set out in this PDS.

This is an important document that needs your attention. You should read this PDS in full before deciding whether to invest in the Fund. If you are in doubt as to how to interpret or deal with this document, you should consider consulting your financial adviser, stockbroker or other professional advisers.

RESPONSIBLE ENTITY AND ISSUER OF THIS PDS

Arrow Funds Management Limited (ABN 72 146 671 276, AFSL 439095) in its capacity as responsible entity of the Fund (Responsible Entity, the RE or Arrow) is the issuer of this PDS and the Units offered pursuant to this PDS. Arrow's contact address is Level 25, 360 Collins Street Melbourne VIC 3000.

MANAGER

The Responsible Entity has appointed Agri Management Pty Ltd (ACN 162 669 650) (Agri) to act as manager of the Fund (Manager).

CUSTODIAN AND CUSTODIAN DISCLAIMER

Sandhurst Trustees Limited (ABN 16 004 030 737, AFSL 237906) has been appointed as the custodian of the Fund (Custodian). The Custodian's role is limited to holding the assets of the Fund as agent of the Responsible Entity. The Custodian has no supervisory role in relation to the operation of the Fund and is not responsible for protecting your interests. The Custodian has no liability or responsibility to you for any act done or omission made in accordance with the terms of the Custodial Services Deed. The Custodian makes no statement in this PDS and has not authorised or caused the issue of it.

ELIGIBILITY

The offer made in this PDS is available only to those persons receiving this PDS (electronically or otherwise) within Australia. No action has been taken to register Units or otherwise permit a public offering of Units in any jurisdiction outside Australia. This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this PDS in jurisdictions outside Australia may be restricted by law and persons who come into possession of this PDS who are not in Australia should seek advice on and observe any such restrictions in relation to the distribution or possession of this PDS. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Other than as permitted by law, investments in the Fund will only be accepted on receipt of an Application Form.

COOLING OFF PERIOD

As the Fund is illiquid, no cooling off period applies.

MASTER TRUST OR WRAP ACCOUNTS

The Responsible Entity authorises the use of this PDS as disclosure to Indirect Investors who access the Fund through an IDPS or IDPS-like scheme (known commonly as a master trust or wrap account) or nominee or custody service and those investors may rely on this PDS. People who invest in the Fund through a master trust or wrap account do not become Direct Investors. The operator or custodian of the master trust or wrap account (IDPS Operator) will be recorded as the Investor in the Investor register and will be the person who exercises the rights and receives the benefits as an Investor. Reports and documentation relating to the Fund will be sent to the IDPS Operator.

Investors using these services should be aware that they may be subject to different conditions from those set out in this PDS, particularly in relation to:

- ▶ arrangements for the application and transfer of Units;
- ▶ fees and expenses; and
- ▶ distribution calculation and timing.

Indirect Investors in master trusts or wrap accounts should contact their adviser or IDPS Operator with any queries relating to an investment in the Fund using these services.

NO INVESTMENT ADVICE

The information contained in this PDS is not financial product advice. The information contained in this PDS is general information only and does not take into account your investment objectives, financial situation and particular needs. It is therefore important that you read this PDS in full before deciding whether to invest in the Fund and take into consideration your investment objectives, financial situation and particular needs. If you are in any doubt, you should consider consulting your financial adviser, stockbroker or other professional advisers.

DISCLAIMER

An investment in Units in the Fund is not an investment in, or a deposit with or other liability of, the Responsible Entity and is subject to investment and other risks, including possible delay in repayment and loss of income and capital invested. None of the Responsible Entity, the Manager, the Custodian or any of their respective directors, officers or associates gives any guarantee or assurance as to the performance of the Fund or the underlying assets of the Fund or the repayment of capital from the Fund or any particular rate of capital or income return from the Fund.

NO REPRESENTATIONS OTHER THAN CONTAINED IN THIS PDS

You should only rely on the information in this PDS when deciding whether to invest in the Fund. No person is authorised to give any information or to make any representation in connection with the Fund that is not contained in this PDS. Any information or representation not contained in this PDS may not be relied upon as having been authorised by the Responsible Entity in connection with the Fund.

ILLIQUID INVESTMENT

Applicants should understand that the Fund is a long term and illiquid investment. As a result, a return of capital will only be possible where assets of the Fund are sold or an alternative liquidity strategy is implemented by the Responsible Entity. A Conditional Withdrawal Offer will be provided to existing unit holders in conjunction with the offers made in this PDS. This Conditional Withdrawal Offer is provided separately from this PDS.

INVESTMENT RISKS

You should read this PDS in full before deciding whether to invest in the Fund and if you are in any doubt, you should consider consulting your financial adviser, stockbroker or other professional advisers. Each Applicant shall be considered to have read and understood Section 6 of this PDS.

PDS AVAILABILITY

This PDS may be viewed online on the Fund's website at www.arrowfunds.com.au. If you access the electronic version of this PDS, you should ensure that you download and read this PDS in full. A paper copy of this PDS is available free of charge to any person in Australia by calling Arrow on + 61 3 9691 5447.

UPDATED INFORMATION

Information in this PDS may change from time to time. Information that has changed in relation to the Fund that is not materially adverse but which the Responsible Entity wishes to provide to Investors, will be made available on the Fund's website at www.arrowfunds.com.au. A printed copy of any updated information will be available from the Responsible Entity free of charge upon request by calling Arrow on + 61 3 9691 5447. The Responsible Entity may issue a supplementary PDS to supplement any relevant information not contained in this PDS, in accordance with its obligations under the Corporations Act. Any supplementary PDS and updated information should be read together with this PDS. A copy of any supplementary PDS and other information regarding the Fund will be made available on the Fund's website at www.arrowfunds.com.au and a printed copy will be available from the Responsible Entity free of charge upon request.

CONTINUOUS DISCLOSURE

In accordance with ASIC Regulatory Guide 198 'Unlisted disclosing entities: Continuous disclosure obligations', the Responsible Entity advises that it will fulfill its continuous disclosure requirements by way of website disclosure which complies with ASIC's good practice guidance. Investors may access material information regarding the Fund from the Fund's website at www.arrowfunds.com.au.

DATE OF INFORMATION

Unless otherwise specified, all financial and operational information contained in this PDS is stated as at the date of this PDS.

PICTURES OF PROPERTIES IN THIS PDS

Unless otherwise specified, all pictures of properties in this PDS are actual pictures of buildings on property which is an asset of the Fund or an asset to be acquired under the Proposed Transaction.

FORWARD LOOKING STATEMENTS AND PAST PERFORMANCE

This PDS contains forward looking statements which are subject to known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Fund to be materially different from those expressed or implied in such forward looking statements. Past performance is not a reliable indicator of future performance.

DEFINED TERMS

Definitions of certain terms used in this PDS appear in the Glossary at Section 11. References to currency are to Australian currency unless otherwise specified, and references to times are to Australian Eastern Daylight Time (AEDT) unless otherwise specified. Unless otherwise specified, the occupancy levels and lease expiry profiles of the Property are weighted and/or determined by their contribution to income.

Board Letter

LETTER FROM THE BOARD

Dear Investor,

On behalf of the Directors of Arrow Funds Management Limited (**Arrow**), we are pleased to present this product disclosure statement for an Offer, with priority to Eligible Unitholders, of New Units (**Offer**) in the Arrow Primary Infrastructure Fund (**APIF, the Fund**) to raise up to \$40.0 million.

This PDS also contains detailed information about the Offer, the Fund's Portfolio, operations, financial performance, prospects and risks. It sets out the conditions which need to be satisfied for the Offer to complete, including completion of the sale and leaseback transaction and new debt facility.

About the Offer

Under the Offer, Eligible Unitholders will be given priority to apply for 1.115 New Units for every 1 Unit held in the Fund at the Record Date. The Application Price of the Offer is \$0.592 per New Unit. Eligible Unitholders may apply for additional New Units above their Priority Offer Allocation. However, these additional New Units may be subject to scale back, at Arrow's absolute discretion. New Investors will be able to apply for Surplus Units not taken up by Eligible Unitholders applying for their Priority Offer Allocation.

Use of Equity Proceeds

The proceeds of the Offer will be used to partially fund the proposed purchase of the acquisition of the "sale and leaseback properties" and related transaction costs. Subject to available funds, a separate Conditional Withdrawal Offer is being made to Eligible Unitholders wishing to exit the Fund. Eligible Unitholders should refer to the separate Conditional Withdrawal Offer and Request Form enclosed with this PDS.

About the Fund

APIF is an established, unlisted public Unit trust that commenced in 2004. The Fund currently owns 11 properties, comprising land and infrastructure used for poultry, almond and mango primary production, which is leased to four major tenants. Arrow, on behalf of APIF, is proposing to acquire 5 additional poultry production properties as part of a sale and leaseback transaction with Baiada Poultry Group. Linked to this acquisition is a 5 year extension of 6 existing leases with Baiada Poultry Pty Ltd. Post the sale and leaseback transaction, the Fund will own an agricultural infrastructure portfolio of 16 established, high quality assets located across Australia which have been independently valued at \$135.1 million and have a WALE of 15.2 years.

The agricultural infrastructure properties owned, and to be acquired, by the Fund provide investors with a unique investment proposition – an investment in agriculture without exposure to the seasonal volatility normally associated with this sector.

Impact of Proposed Transaction

The Directors believe that the benefits of the Proposed Transaction and capital raising will include:

- ▶ a forecast annualised Earnings yield of 13.9% for the period ending 30 June 2015 (note 1);
- ▶ a forecast annualised Distribution yield of 12.0% for the period ending 30 June 2015 (note 1);
- ▶ a weighted average lease expiry (**WALE**) (by income) of 15.2 years with no lease renewals until 2022;
- ▶ improved terms on the Fund's existing debt facility including improved pricing, more headroom in covenants and additional debt capacity for future capital expenditure;
- ▶ a portfolio that has 100% occupancy;
- ▶ the potential for growth in distributions and capital value through contracted fixed or CPI linked rental increases from all property leases;
- ▶ 90% of lease income derived from two of Australia's leading agri operators – subsidiaries of the Baiada Group (71% by income) and Select Harvests (19% by income); and
- ▶ assets in two of Australia's fastest growing agri sectors – poultry and almonds.

NOTE 1: based on the Application Price of \$0.592 cents per Unit

The Offer

Participating in the Offer:

Eligible Unitholders

Unitholders recorded on the unit register at the Record Date are Eligible Unitholders. Eligible Unitholders will receive a personalised Application Form showing the Number of New Units to which they will have priority for under the Priority Offer.

As an Eligible Unitholder you may:

1. Take up some or all of your Priority Offer Allocation; or
2. Take up all of your Priority Offer Allocation and apply for Surplus Units; or
3. Take no action.

Eligible Unitholders who do not take up their Priority Offer Allocation before 5pm on 4 July 2014 will not receive any value for their Priority Offer Allocation which will lapse and accordingly their proportionate interest in the Fund will be diluted.

New Investors

New Investors who are not Eligible Unitholders may apply for Surplus Units.

For New Investors, please follow the instructions on the Application Form.

You should read this PDS carefully and in its entirety including Section 10.10 "How to Invest" and Sections 6 and 9, which sets out risks and fees and other costs associated with investing in the Fund. In addition, you should consider seeking relevant professional advice before making a decision to apply for Units.

Thank you for your consideration of the opportunity to invest in APIF.

Yours faithfully,



Murray Jones



Andrew Ashbolt



Matthew Reid

1. Key Features of the Offer

Important Dates ¹	Date
Record Date	31 May 2014
Offer Opens	10 June 2014
Priority Offer Close	4 July 2014
First Closing Date	14 July 2014
First Allotment	15 July 2014
Final Closing Date	31 July 2014 unless extended, by the Responsible Entity
Final Allotment	Within 5 days after Final Closing Date

¹ These dates and all other dates in the PDS are indicative only and may be changed by Arrow at its discretion



Bidgee Complex, Coleambally NSW

Key Features	
The Offer	The Offer is an offer to raise up to \$40 million. Eligible Unitholders are being given priority to apply for 1.115 New Units for every 1 Unit held on the Record Date at the Application Price. Eligible Unitholders and New Investors may apply for Surplus Units.
Conditions of the Offer	The Offer will only proceed if the following occur: <ul style="list-style-type: none"> • Minimum equity of \$25.4 million is raised; • New Debt Facility is approved; and • Satisfactory completion of property due diligence and execution of binding transaction documents.
First Close Amount (Minimum)	\$25.4 million
Total Offer Amount (Maximum)	Up to \$40.0 million
Application Price	59.2 cents per Unit
Purpose of the Offer	The Fund proposes to use the proceeds from the Offer to: <ul style="list-style-type: none"> • acquire 5 new properties; • pay transaction and Offer costs; and • fund limited redemptions under a Conditional Withdrawal Offer.
Ranking of New Units	The New Units will rank equally in all respects with existing Units.
Cooling Off	No cooling off period applies to this offer.
Underwriting	The Offer is not underwritten.

Key Features of the Fund	
Fund Commenced	September 2004
APIR Code	SAI0004AU
Investment Objective	The Fund aims to provide investors with consistent and sustainable income through investment in primary production infrastructure leased to leading operators in primary production industries.
Responsible Entity	Arrow is the Responsible Entity
Manager	Arrow has outsourced a number of its operational functions to the Manager, Agri. In addition, Arrow has appointed Agri as property manager.
Net Asset Value	Net Asset Value is \$0.608 per Unit as at Completion Date ²
Key Highlights	The Directors believe that the benefits of the Proposed Transaction and Offer will include: <ul style="list-style-type: none"> • a forecast annualised Earnings yield of 13.9% for the period ending 30 June 2015 based on the Application Price; • a forecast annualised Distribution yield of 12.0% for the period ending 30 June 2015 based on the Application Price; • a weighted average lease expiry (WALE) (by income) of 15.2 years; • improved terms and pricing compared to the Fund's existing debt facility; • a portfolio that has 100% occupancy; and • the potential for growth in distributions and capital value through contracted fixed or CPI linked rental increases from all property leases.
Key Risks	There are various risks in relation to the Offer, investing in agricultural property, investing in the Fund and general investment risks. These are described in detail in Section 6 and you should read that section carefully. Risks include: <ul style="list-style-type: none"> • distributions to Unitholders are not guaranteed; • borrowing risks including enforcement of a lender's security over the assets of the Fund if the Fund breaches loan covenants;
Key risks are set out at Section 6.	<ul style="list-style-type: none"> • you may not be able to sell or redeem your investment promptly or at all; and • fluctuation in the value of the assets of the Fund and the amount of income they generate.

² Value of water entitlements (which are classified as intangible assets under accounting principles) is included in the calculation of asset value of the scheme. Therefore, the value provided is technically on a net asset value basis rather than a 'net tangible asset' basis. However, Arrow believes that the value of water entitlements is an asset of the fund and making an adjustment to include the value of water entitlements provides a more appropriate measure of the value of the Fund's assets.

Key Features of the Fund	
Fees and other costs	<p>Certain ongoing fees are payable in relation to an investment in the Fund. These include:</p> <ul style="list-style-type: none"> • Management Fee – 1% p.a. of gross assets payable by the Fund to the RE. • Funds Administration Expense – estimated at 0.20% p.a. of gross assets payable by the Fund. • Property Management Expense – estimated at 0.20% p.a. of gross assets payable by the Fund. • Contribution Fee – the RE is entitled to charge a contribution fee of up to 5.125% on all applications for New Units which will be deducted from application money. • In addition, expenses relating to this PDS, including property acquisition and capital raising costs, will be expensed to the Fund. These expenses are once off and are not recurrent. <p>Fees and other costs are set out at Section 9.</p> <p>There are no performance fees, acquisition fees or disposal fees payable by the Fund to the RE.</p>
Investment type	The Fund is an unlisted unit trust. It presently owns a geographically diverse portfolio of primary infrastructure properties including chicken breeder and broiler farms, almond and mango orchards and a packing facility. The Fund has no direct exposure to primary production or agribusiness operations, which are the businesses of the tenants.
Withdrawal rights	Eligible Unitholders have the opportunity to indicate whether they would like to redeem all or part of their holdings. Further information about the Withdrawal Offer is set out in the Withdrawal Offer and Request Form which has been sent to all Eligible Unitholders. The Withdrawal Offer is conditional on the RE being satisfied that there is sufficient funding for the acquisition having regard to the RE's gearing policy.
Liquidity	An investment in the Fund is illiquid.
Distributions	Paid quarterly, pro rata based on number of days that units were held in that quarter.
Distribution timing	The Fund presently pays distributions approximately 30 days after each quarter end.
Distribution reinvestment	Unitholders can nominate to have their Quarterly Distributions converted into units at the NAV at the end of the respective quarter.
Debt finance	For the benefit of the Fund, a major Australian bank has provided Arrow with an indicative terms sheet for a new debt facility.
Target Gearing	45% to 55% where Gearing is defined as net debt divided by property assets.
Target Interest Rate Hedging	25% to 75% hedged at least across the term of the debt.
RG46 Disclosure	Summary of the benchmarks and disclosure principles required under RG46 is set out at Section 10.7.

The Properties	Post Proposed Transaction
Valuation	\$135.1 million
Number of assets	16
Locations	Vic, NSW, SA and NT
Occupancy and WALE	100% occupied with a WALE of 15.2 years at 30 June 2014
Tenants	<ul style="list-style-type: none"> • Subsidiaries of Baiada Pty Ltd (Baiada Poultry Pty Limited and Bartter Enterprises Pty Limited) – 71% of lease income • Select Harvests Limited – 19% of lease income • Turi Foods Farm Division Pty Ltd – 5% of lease income • Seven Fields Operations Pty Ltd – 5% of lease income
Lease type	Triple net leases where tenant pays all property operating costs, repairs and maintenance and property holding costs such as rates and taxes, water levies, insurance etc.
Rent increases	<ul style="list-style-type: none"> • Fixed increases – 56% of the leases (by income) are fixed at an average of 2.5% • CPI increases – 44% (by income) of the leases are linked to CPI with caps at 2.5% • Under the terms of the leases, rental payments may not decrease.

The Offer

1.2 About the Offer

Arrow will issue up to 67.58 million New Units in the Fund. Eligible Unitholders will be given a Priority Offer Allocation based on their percentage unitholdings in the Fund at the Record Date. The Application Price of \$0.592 per New Unit is payable in full on application. New Investors may apply for Surplus Units at the Application Price of \$0.592 per New Unit.

1.3 Dilution

The Offer has been structured to enable all Eligible Unitholders to participate on equal terms if they choose to do so. Those Unitholders who are unable, or do not wish to take up their full priority allocation under the Offer will have their percentage Unit holding in the Fund diluted.

1.4 Frequently Asked Questions

FAQ's	Answer
The Offer	
Who is eligible to participate in the Priority Offer?	The Priority Offer is open to Eligible Unitholders on the register of the Fund on the Record Date.
What is my allocation under the Priority Offer?	If you are an Eligible Unitholder, you will be given priority to apply for 1.115 New Units for every 1 Unit that you hold on the Record Date.
Can I apply for more than my Priority Offer Allocation?	Yes, as an Eligible Unitholder, you may apply for as many New Units as you would like. If the Priority Offer is not fully subscribed and you have applied for additional New Units over and above your Priority Offer Allocation, then you will be allocated additional New Units according to the Arrow's allocation policy (see Section 1.10).
Can I transfer my Priority Offer Allocation?	No.
What are my options?	As an Eligible Unitholder, you can: <ul style="list-style-type: none"> • apply for your full Priority Offer Allocation; • apply for part of your Priority Offer Allocation; • apply for additional New Units in excess of your Priority Offer Allocation, that may become available; or • do nothing and allow your Priority Offer Allocation to lapse.
New Investors	New Investors are able to apply for Surplus Units. Refer to Public Application Form and "How to Invest" in Section 10.10.

Bowlers Lane, Tamworth NSW



1.5 Arrow's Unitholding in the Fund

Currently, Arrow and its associates own 13.25% of the Units in the Fund.

1.6 Priority Offer Allocation will lapse if not taken up

Eligible Unitholders who do not take up their Priority Offer Allocation by 5.00pm on 4 July 2014 will not receive any value for their Priority Offer Allocation. You will continue to own the same number of Units, however your percentage unitholding in the Fund will be diluted.

1.7 Nominees

The Priority Offer is being made to all Eligible Unitholders (as defined in the Important Information Section of this PDS). Unless required by anti-money money laundering and counter terrorism financing (AML/CTF) Legislation, Arrow will not determine whether or not any registered Unitholder is acting as a nominee or the identity or residence of any beneficial owners of Units. Where any holder is acting as a nominee for a foreign person, that holder in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws. Arrow is not able to advise on foreign laws.

1.8 Multiple Holdings

Your Priority Offer Allocation is shown on the accompanying personalised Application Form. If you have more than one holding of Units, you will be sent more than one personalised Application Form and you will have a separate Priority Offer Allocation for each separate holding.

1.9 What do you need to do?

Eligible Unitholders and New Investors should refer to the Section 10.10 - How to invest, and follow the instructions on the relevant Application Form.


1.10 Allocation Policy for the Offer

New Units not taken up by Eligible Unitholders in accordance with their Priority Offer Allocation are Surplus Units.

Arrow reserves the right to allot any Surplus Units to Eligible Unitholders and New Investors at its absolute discretion.

Accordingly, Applicants may be allocated a lesser number of Surplus Units applied for, or you may be allocated no Surplus Units, in which case excess Application Money will be refunded without interest.

Arrow intends to enter into a conditional subscription agreement with an unrelated third party investor to subscribe for \$10 million Surplus Units at the Application Price under the Offer. The subscription agreement will be conditional on there being at least \$10 million of Surplus Units, as well as other customary conditions precedent for an agreement of this nature. In the event that there are at least \$10 million in Surplus Units and Arrow has entered the conditional subscription agreement, Arrow intends to allot these units to the third party investor in priority to applications for Surplus Units by Eligible Unitholders and New Investors. Arrow believes that by entering into a conditional subscription agreement, this will significantly enhance the prospects of the Fund successfully completing the Offer and therefore the Transaction. In addition, Arrow believes that this will help to facilitate any funds required for the Withdrawal Offer.



2. Arrow, the Fund and the Effect of the Proposed Transaction

2.1 Background on Arrow

Arrow is a specialist agricultural fund manager, based in Melbourne. Its directors and management team have specialist skills in horticultural and agricultural property management, acquisition and disposal of properties, capital management and debt funding, all facets of listed and unlisted property trust operations.

In February 2010, the Arrow management team was contracted by Orchard Funds Management Limited (Orchard), the previous Responsible Entity of the Fund, to act as fund manager and conduct a strategic review of the Fund's operations. At the time of the appointment, entities associated with Arrow were granted the right to be appointed Responsible Entity. This review resulted in restructured leases and the sale of 8 properties totalling some \$22 million, the pay down of bank debt and a significant improvement in the operations and asset value (NAV) of the Fund.

Due to a number of corporate actions taking place within the Orchard during 2012, the change of Responsible Entity did not occur until 2013.

Arrow was re-appointed as fund manager in March 2013 and became Responsible Entity on 2 September 2013 following a meeting of the Fund's Unitholders. Arrow changed the name of the Fund to Arrow Primary Infrastructure Fund on 10 September 2013.

2.2 Arrow's Strategy

Arrow's objective is to provide investors with stable cash returns and the potential for income and capital growth by investing in agriculture focussed property and infrastructure. This objective is based on Arrow's 'property for income' philosophy with a focus on minimising the risks normally associated with agricultural investments.

2.3 Arrow's Board and Management Team



Andrew Ashbolt (Managing Director) has extensive agricultural experience having specialised in the agriculture sector most of his working life. A qualified Chartered Accountant, he was previously a General Manager and Executive Director with Tasmanian listed agricultural company, Webster Limited from 1982 – 2004. Has had direct exposure to management of a number of horticultural operations including almonds, walnuts, citrus, table grapes, glass house tomatoes and olives and managed agricultural property funds for the last 10 years.



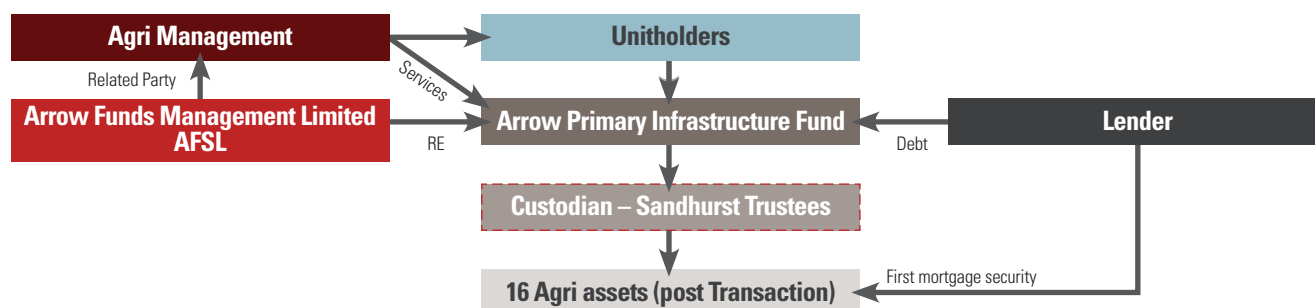
Matt Reid (Executive Director) has 20 years professional experience covering a broad range of corporate finance roles across a number of industries, both as an advisor and as part of a company. He has held senior leadership positions at PwC, Austock Corporate Finance, Becton Property Group prior to setting up his own business, Reid Advisory. Matt has significant experience in the management of Managed Investment Schemes.



Murray Jones (Independent Director) is a compliance management professional. He acts as a responsible manager for a number of investment managers spanning equities and property schemes which are both listed and unlisted. He is a director of an extended public offer superannuation trustee. He held a variety of compliance management positions within the National Mutual/AXA Group. He has also worked for the ASIC in corporate regulation and policy development and as an independent compliance consultant under enforceable undertakings agreed with ASIC.

2.4 Overview of the Fund

The Fund was established in 2004. It is an open ended, unlisted property fund. Sandhurst Trustees is the custodian. A high level overview of the Fund and its key relationships is depicted below:



2.5 The Proposed Transaction

Arrow has entered into a Terms Sheet with Baiada Poultry Pty Limited, giving Arrow exclusive rights to negotiate and complete the Proposed Transaction by 31 July 2014. The Terms Sheet provides for the Proposed Sale and Leaseback Transaction outlined in this Section and the Proposed Lease Extension Transaction outlined in Section 2.6.

Upon negotiation and completion of the Proposed Sale and Leaseback Transaction, Baiada Group and Arrow shall execute the binding documentation required for the Proposed Lease Extension Transaction. Further, Arrow shall execute the binding documentation required to release Baiada Poultry Pty Limited from a previous lease obligation, as outlined in Section 2.6.

The Terms Sheet is non-binding, save for giving Arrow an exclusive right to negotiate until 31 July 2014. The Proposed Transaction is subject to execution of binding documentation, satisfactory completion of due diligence and successful raising of debt and equity capital.

At the date of this PDS, Baiada Group have commenced preparing the binding documentation and the Board reasonably expects the Proposed Transaction to complete. However, the Proposed Transaction is subject to the negotiation and execution of sale and lease-back agreements with Baiada Group, the undertaking of satisfactory due diligence in relation to assets to be purchased, the confirmation of a debt facility, the raising of equity and any other applicable regulatory requirements. These matters have not been finalised as of the date of this PDS.

Arrow will provide an update on the Fund's website when the binding documentation is executed. Please see the paragraph titled "Updated Information", in the Important Information section at the front of this PDS.

Proposed Sale And Leaseback Transaction

The Terms Sheet provides for the acquisition of 5 poultry farm properties at independent valuation. These properties were subsequently valued by Colliers at \$54.25 million in total. These properties will be leased back to Baiada Lessees at a 10% p.a. rental yield for an initial term of 20 years with CPI linked rent increases capped at 2.5 percentage points. The Sale and Leaseback Transaction is conditional upon execution of binding documentation and will be subject to the satisfactory completion of due diligence and successful raising of debt and equity capital. (refer Table 1)

2.6 Proposed Lease Extension Transaction

As part of and conditional to the Proposed Sale and Leaseback Transaction completing, Arrow has negotiated a 5 year lease extension to the existing Baiada leases held by the Fund. This lease extension will improve the WALE on the 6 existing leases from 7.7 years to 13.0 years. The proposed lease extensions are conditional upon completion of the Proposed Sale and Leaseback Transaction and execution of binding documentation. Please refer to Section 3 for more information about the Fund's property Portfolio. (refer Table 2)

Separately, Turi Foods Farming Division Pty Ltd took over the lease of the Fund's "Myers" property from Baiada Poultry Pty Limited on 1 July 2013. At the date of this PDS, Baiada Poultry Pty Limited remains a guarantor under that lease arrangement and will be released from the guarantee if the Proposed Transaction completes.

2.7 Effect of Transaction on the Fund

Completion of the Proposed Transaction will significantly enhance the investor metrics of the Fund, as follows:

- ▶ **WALE:** extended WALE to 15.2 years
- ▶ **EPU:** forecast growth of 4% in FY15
- ▶ **DPU:** forecast to increase by 18% to 7.1cpu in FY15
- ▶ **Scale benefits:**
 - Enables cheaper debt to be procured and on more flexible terms;
 - Strengthen ability to attract investor interest; and
 - Cost savings in the day to day management of the Fund.
- ▶ **Strong tenant covenant:** Baiada Poultry Pty Ltd and Bartter Enterprises Pty Ltd are proven operators with a very strong market position in Australia.
- ▶ **World demand for food increasing:** chicken meat is Australia's and the world's fastest growing meat sector with consumption predicted to increase by 50% by 2030. As one of Australia's key breeding property owners, the Fund is well placed to benefit from this demand. (refer Table 3)

TABLE 1: Proposed Sale and Leaseback Properties

Property	Tenant	Independent Value \$M	Annual Rent \$M	WALE (Years)
Bidgee Complex NSW	Bartter Enterprises Pty Ltd	\$21.85	\$2.19	20.0
Avenues Complex NSW	Bartter Enterprises Pty Ltd	\$15.10	\$1.51	20.0
Bowlers Lane Farms NSW	Baiada Poultry Pty Ltd	\$10.00	\$1.00	20.0
Tangarratta Farm NSW	Baiada Poultry Pty Ltd	\$2.95	\$0.30	20.0
Glenara Park NSW	Baiada Poultry Pty Ltd	\$4.35	\$0.44	20.0
Total or Weighted Average		\$54.25	\$5.43	20.00

TABLE 2: Proposed Lease Extension Properties

Property	Current Rent - \$M	Current Lease Expiry - Date	Current Lease Expiry - Years*	Agreed Extension Expiry - Date	Agreed Extension Expiry - Years*
Boronia 173-221 Lees Road NSW	\$0.49	27-Sep-20	6.2	27-Sep-24	10.3
Lynwood 42-110 Lynwood Rd NSW	\$0.91	27-Sep-20	6.2	27-Sep-26	12.3
Woodleigh 702 Watermark Rd NSW	\$1.09	27-Sep-22	8.2	27-Sep-28	14.3
Bearii Farm 601 Bearii East Rd Vic	\$0.50	27-Sep-22	8.2	27-Sep-27	13.3
Racecourse Road Nagambie Vic	\$0.56	10-Dec-21	7.5	10-Dec-24	10.5
Rhynie Farm, Rhynie SA	\$0.83	1-Nov-23	9.3	1-Nov-29	15.4
Total / Weighted Average	\$4.38		7.7		13.0

* Measured from 30 June 2014

TABLE 3: Effect of Transaction

Measure	Post Transaction	Pre Transaction		
	Equity - \$25.4m		Change	
WALE - years	15.2	9.4	Up	62%
EPU (forecast) - cents *	8.2	7.9	Up	4%
DPU (forecast) - cents	7.1	6.0	Up	18%
Payout Ratio	86%	76%	Up	14%
No. of Properties	16	11	Up	45%
Gross Rent - \$m	\$13.9	\$8.4	Up	66%
Property Assets - \$m	\$135.1	\$73.6	Up	84%
NAV Unit **	60.8	57.8	Up	5%
Gearing (Net debt/ property) ***	53.6%	53.4%	Up	1%
Bank LVR (debt / property) ***	54.9%	54.9%	Same	0%

* Pre Transaction EPU is based on FY14 full year forecast.

** Pre Transaction based on 31 March 2014 NAV per unit

*** Pre Transaction based on 31 December 2013 half year accounts

2.8 Arrow's Investment Philosophy

Arrow's objective for the Fund is to provide investors with stable cash returns and the potential for income and capital growth by investing in agri infrastructure and property.

The strategy for the Fund is to create a stable and attractive investment vehicle with liquidity options. In particular:

- ▶ **Assets and leases** – focus on improving the value of existing assets, leases and tenant tenure via capex development and lease extensions and being a pro-active landlord;
- ▶ **Profitability and value enhancing** – focus on expansion activities on existing assets and new asset acquisitions that are value accretive;
- ▶ **Scale** – create an investment vehicle that enables the Fund to attract and access cheaper capital (debt and equity);
- ▶ **Income for investors** – seek to optimise the distribution yield for investors, whilst maintaining a sensible balance sheet and excess amount of cash flow to take advantage of opportunities should they arise;
- ▶ **Stable returns** – provide Investors with an attractive, consistent, quarterly yield on their investment so that units in the Fund will be sought by other investors; and
- ▶ **Cultivate multiple liquidity options for investors** –
 - create a stable and attractive investment vehicle that investors desire;
 - promote the Fund to a wide range of investors, including institutions; and
 - create multiple liquidity options for investors.

Acquisitions

Arrow may acquire additional properties for the Fund in the future that satisfy its investment objectives.

Arrow's current investment policy is to own agri property infrastructure assets which:

- ▶ are leased to high quality tenants;
- ▶ are linked to strong agri sectors;
- ▶ preserve or enhance the Fund's geographic diversity; and
- ▶ are capable of being acquired on terms that ensure the Fund's risk and return objectives can be achieved.

Arrow may undertake future acquisitions and other growth initiatives on behalf of the Fund via an equity raising or borrowings, in which case:

- ▶ if the acquisition is funded by a future equity raising, the ownership interests of Unitholders may be diluted depending on their participation in the equity raising; and
- ▶ if the acquisition is funded by debt, the Fund's Gearing may increase.

Arrow will review this investment policy from time to time and may vary the criteria, or acquire a property that does not meet some or all of the criteria, where it considers it in the best interests of Unitholders to do so.

The extent to which the Fund acquires properties in the future will depend on the particular circumstances at the relevant time including the proposed terms of purchase and the availability of debt and equity funding.

Divestments

Arrow will consider the sale of a property where it no longer meets its objective or strategy for the Fund, or where the funds can be better employed as capex on existing sites. There is, however no present intention to reduce the size of the Portfolio.

Development and Capital Expenditure (Capex)

Arrow is not a developer and its policy for the Fund is to acquire properties which are either completed, or where development or delivery risk to the Fund has been substantially mitigated. Any development activity conducted will be with the intention to hold and ultimately derive new or increased rent from the property.

Capex paid by the Fund does not include expenditure on plant and equipment, unless it is an integral part of the building, water/irrigation infrastructure or utility and backup services on the property. The Lessee owns and is responsible for operational plant and equipment including, but not limited to feeding and egg collection systems, tractors, harvesting equipment and/or similar plant and equipment.

Capex which is identified at the commencement of a lease is documented either in the relevant property lease or in a separate development agreement.

Capex will only be undertaken and paid for by the Fund if the expenditure will result in an increase in the valuation of the respective property.

Any Capex paid for by the Fund will result in an immediate increase in the rent received for that property, at the yield specified in that property's lease agreement.

2.9 Borrowing Policy

Arrow will utilise a mix of debt and equity to finance the Fund's activities.

Gearing Ratio (Benchmark 1 and Disclosure Principle 1)

The Fund has adopted a target Gearing range of between 45% and 55% where Gearing is calculated as debt divided by the value of the Portfolio. On the Completion Date, based on the First Close Amount, the Fund's Gearing is forecast to be 54.9%. If gross Fund assets are included in this ratio calculation, gearing is 53.6% on the Completion Date, based on the First Close Amount.

Gearing will magnify the effect of any movement (both gains and losses) in the value of the properties or any changes in the interest rate. Higher gearing may also adversely affect the ability of the Fund to comply with its debt covenants. If the Gearing Ratio exceeds 60%, the Fund will not be allowed to pay distributions and if the Gearing Ratio exceeds 65% the Fund will be in breach of its debt facilities and may be required to repay the debt. Refer to Section 6 – Risks and Section 10.6 - Summary of the Proposed Debt Facilities, for more information about the potential risk and consequences of gearing.

Interest Cover Ratio (Benchmark 2 and Disclosure Principle 2)

The Fund has adopted and complies with a policy which requires the Interest Cover Ratio (ICR) to be 2.5 times or more.

The ICR based on the First Close Amount is forecast to be approximately 3.4 times for the full year ending 30 June 2015.

The ICR is defined as Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) divided by bank interest expense. It provides a measure of how well the Fund is able to pay the interest expense from its earnings. The higher the ICR, the more easily the Fund is able to pay its interest costs, as well as pay distributions and expenses after interest. Conversely, the lower the ICR, the less easily the Fund is able to pay its interest costs and accordingly distributions and expenses. If the ICR falls below 2.0, the Fund will be in breach of its debt facilities and may be required to repay the debt. Refer to Section 6 - Risks, for more information about the potential risk consequences of the ICR.

Debt Facilities

A major Australian bank has provided indicative terms and conditions for debt facilities of up to \$80.2 million, subject to conditions including due diligence, credit approval and execution of binding documentation. Satisfaction of all conditions precedent in relation to the New Debt Facility along with the execution of binding documentation will be a condition precedent to the Offer.

The New Debt Facility is expected to be three years. The interest rate of the New Debt Facility will be approximately 4.50% per annum, depending on the final interest rate hedging arrangements. Interest expense of the Fund will not be capitalised. The New Debt Facility will be used to assist with refinancing the existing debt of the Fund, as well as to fund the Proposed Sale and Leaseback Transaction and associated transaction costs.

The New Debt Facility is expected to contain the following covenants:

- ▶ **LVR covenant** – maximum loan to value ratio (LVR) of 65%, calculated as the ratio of total debt owing under the New Debt Facility to the most recent valuation of the Properties. The LVR as at Completion Date and based on the First Close Amount is forecast to be approximately 54.9%;
- ▶ **ICR covenant** – minimum interest coverage ratio (ICR) of 2.0 times, calculated as the ratio of EBITDA to interest expense incurred in respect of the Properties. The ICR based on the First Close Amount is forecast to be approximately 3.4 times for the full year ending 30 June 2015;
- ▶ **Lease expiry** – not more than 30% of leases (by proportion of rental income) with a residual lease term less than the remaining term of the debt facilities. As at Completion Date, 0% of leases are expected to have a residual lease term less than three years; and
- ▶ **Distribution lockup** – distribution lockup (i.e. distributions to be suspended) if the loan to value ratio (LVR) exceeds 60%, calculated as the ratio of total debt owing under the New Debt Facility to the most recent valuation of the Properties.

Scheme Borrowing

- ▶ **LVR covenant** – property values would need to drop by \$20.9 million or 15.4% before this covenant is breached.
- ▶ **ICR covenant** – EBITDA would need to fall by \$4.9m or 40% before this covenant is breached.
- ▶ **Distribution lockup** – property values would need to drop by \$11.4 million or 8.4% before this covenant is breached.
- ▶ **Interest rate of the facility** – the all in interest rate on the facility inclusive of interest rate hedging arrangements is approximately 4.50% p.a.
- ▶ **Change of control of the RE** – if there is a change of control of the RE, the lender has the right to withdraw the debt facility.
- ▶ **First ranking security** – the lender holds the first ranking security and will rank ahead of unitholders in a liquidation.

2.10 Interest Rate Hedging Policy

It is Arrow's policy for the Fund to use derivative financial instruments to hedge its risk associated with interest rate fluctuations. It will manage this exposure by:

- ▶ targeting a range for fixed interest rate exposure of between 25% and 75% of drawn borrowings;
- ▶ the use of derivative contracts and/or other agreements to fix interest payment obligations; and
- ▶ managing the hedge exposure expiry profile by seeking different maturity dates for the fixed rate hedging agreements.

It is Arrow's intention to hedge approximately 50% of initial borrowings relating to the Debt Facility and it is expected that all hedging arrangements will be in place within 20 Business Days of the when the Proposed Transaction completes.

2.11 Valuation Policy

The fair value of the Properties will be reviewed by the Board every six months. The Board's assessment of fair value will be periodically confirmed by engaging an independent expert valuer to assess the fair value of individual Properties.

Arrow may determine the valuation methods and policies it will apply from time to time in determining the net asset value of the Fund. Arrow has adopted a property valuation policy which sets out its current policy on valuation methods.

Arrow may determine the requirement for a valuation at any time but has adopted a valuation program that provides for each Property to be independently valued by a suitably qualified valuer at least once every three years. Changes in market conditions may necessitate more frequent independent valuations of Properties.

Arrow's valuation policy requires an independent valuation to be obtained before a property is purchased. New development properties will be valued on an 'as is' and 'as if complete' basis. Other new properties will be valued on an 'as is' basis. Independent valuations will also be obtained within two months after the directors of Arrow form a view that there is a likelihood that there has been a material change in the value of the property.

Independent valuations are performed by a qualified valuer who is registered with an appropriate professional body and has a minimum of five years' relevant experience. All independent valuations will comply with relevant industry standards and codes. If Arrow becomes aware of any potential conflicts of interests concerning a valuation, then the conflict will be managed per its Conflicts of Interests policy. If a valuer is perceived to be conflicted, then Board will replace the valuer with another who does not possess a conflict.

2.12 Distribution Policy

Arrow intends that distributions will be paid in line with the Fund's cash flow from operations (excluding borrowings) available for distribution. To this end, Arrow intends over time, to distribute the whole of the Fund's distributable income calculated in accordance with the Constitution. In doing so, a portion of distributable income may be withheld in one period to smooth out earnings and/or provide additional working capital for future periods.

Arrow intends to pay a quarterly distribution to Unitholders, in approximately October, January, April and July (subject to the availability of distributable income). The first distribution to be paid on New Units issued in relation to the Offer will be made in October 2014.

This distribution and actual distributions thereafter are subject to a number of risks which are summarised in Section 6. All distributions are paid by direct credit into investors' nominated bank accounts. If you have not provided a TFN or exemption category, or if your application shows a non-Australian country of residence, Arrow will deduct the relevant amount of tax from your distributions.

2.13 Distribution Reinvestment

You can choose to receive your distributions directly to your bank account or reinvested as additional Units in the Fund at NAV. You can tell us at any time by advising us in writing.

2.14 Financial Reporting

The Fund operates on a 30 June financial year end basis for tax and financial reporting purposes.

Formal financial reporting will be provided to Unitholders as at 31 December (interim) and as at 30 June (full year) each year.

To keep you informed about your investment and its performance, we will lodge regular reports, Fund updates and financial statements on Arrow's Website, www.arrowfunds.com.au

In addition, we will confirm transactions and any offers in writing within the following timeframes.

Report type	When you will receive it
Transaction confirmations	Within 5 Business Days
Distribution statements	Payments will usually be made 30 days after the end of each Quarter. Statements will be issued within 5 days of payment.
Half year report	March
Annual report	September
Annual taxation statement	Within three months of the end of the financial year

As the Fund currently has more than 100 Investors, it is classified as a disclosing entity under the Corporations Act, and is subject to regular reporting and disclosure obligations. These require the Fund to lodge annual and half yearly reports and notice of other important events with ASIC. This information will be posted on Arrow's website or it may also be obtained from or inspected at any ASIC office. You may also request copies of this information free of charge by contacting or writing to us at the address listed in this PDS.

2.15 Changing your Details

We require changes to payment or banking details to be made in writing and signed by you. If you have invested in joint names, we require both your signatures.

2.16 Removal of the Responsible Entity

We can be removed as responsible entity of the Fund and replaced with another appropriately licensed company if Investors pass extraordinary resolutions to that effect at a properly convened meeting of investors. An extraordinary resolution requires votes in favour of the resolutions from 50% of all investors who are entitled to vote.

Eumaralla Mango Orchards, NT



2.17 The Custodian

Sandhurst Trustees Limited is the custodian of the Fund (Custodian). Sandhurst is a long-established and respected trustee company that was incorporated in Victoria in 1888 and is a wholly-owned subsidiary of Bendigo and Adelaide Bank Ltd. It provides a wide range of services to financial institutions and is dedicated to giving efficient service to assist fund managers in obtaining the best possible returns for investors.

The Custodian's role is to have custody of the assets of the Fund. The Custodian can only deal with the assets as instructed by the Responsible Entity in accordance with the provisions of the Compliance Plan and Constitution, the Corporations Act and the agreement between the Responsible Entity and Sandhurst. The Custodian is not a trustee appointed to protect your interests.

The Custodian is not the issuer of this PDS and has not prepared this PDS. The Custodian makes no representation in and takes no responsibility for the accuracy or truth of any statement in or any omission from any part of this PDS. The Custodian and its directors or associates do not guarantee the performance or success of the Fund, the repayment of capital, or any particular rate of return of either capital or income.

2.18 Labour Standards and Environmental, Social and Ethical Considerations

While Arrow intends to conduct itself in an ethical and sound manner, our investment criteria do not give additional weight to labour standards or environmental, social or ethical considerations when making or realising an investment of the Fund.

Nagambie Broiler Farm, VIC



2.19 Related Party Transactions

Related party transactions can carry a risk that they could be assessed and monitored less rigorously than arm's length transactions with unrelated parties. Arrow's current related party transactions are set out below. Arrow is conscious of this risk and has established a policy and procedure for managing this risk.

Murray Jones, independent director, has been appointed as an external member of the Compliance Committee formed under the Corporations Act for the purposes of monitoring the Responsible Entity and the Fund. He receives an annual fee of \$10,000 for this work. This fee is charged as an expense to the Fund.

An entity associated with Matthew Reid (Executive Director of Arrow), Reid Advisory Pty Ltd, currently provides lead advisory services in relation to the Proposed Transaction. These services are not related to the normal business activities of the Fund. The services are not yet subject to signed terms of engagement. The proposed terms of engagement are being rigorously scrutinised by Arrow's independent director with the assistance of Arrow's external advisers. It is presently anticipated that the amount payable to Reid Advisory Pty Ltd will be approximately \$180,000. This payment will only be charged as expense to the Fund if the amount can be properly established as being on an arm's length commercial terms or better, and with regard to Arrow's duties as RE. Based on this, Arrow has not sought member approval. Arrow will provide updates on these arrangements in accordance with its continuous disclosure obligations.

An entity associated with Andrew Ashbolt (Managing Director of Arrow), Agri Management Pty Ltd ("Agri"), has been appointed by Arrow to undertake management services on its behalf. These services are paid for out of the Management Fee received by Arrow and are not an additional cost to the Fund. Arrow proposes to engage Agri to act as property manager for the properties held in the Fund. The fees for this engagement are charged to the Fund

as expenses on an arm's length, commercial basis. It is anticipated that Agri will receive payments of \$16,500 per property per annum for these property management services, only if the payments are properly established as being on arms-length commercial terms or better, and in compliance with Arrow's duties as RE. The services are expected to commence on 1 July 2014. Based on this, Arrow will not seek member approval for Agri's appointment. Arrow will provide updates on these arrangements in accordance with its continuous disclosure obligations.

Agri currently provides additional services such as sourcing, negotiating and due diligence on the assets to be acquired under the Proposed Transaction. These services are not related to the normal business activities of the Fund. The proposed terms of engagement are being rigorously scrutinised by Arrow's independent director with the assistance of Arrow's external advisers. It is presently anticipated that the amount payable to Agri will be approximately \$100,000. This payment will only be charged as expense to the Fund if Agri's services can be properly established as being on an arm's length commercial terms or better, and with regard to Arrow's duties as RE. Based on this, Arrow has not sought member approval. Arrow will provide updates on these arrangements in accordance with its continuous disclosure obligations.

These fees and expenses have been incorporated into the financial forecast included within this PDS.

Arrow and its associates currently own 13.25% of the issued Units in the Fund and may make further investments in the Fund from time to time.

The constitution for the Fund provides that the Responsible Entity (and people or entities associated with it) may enter into a transaction with the Fund or with a person dealing with the Fund, or have an interest in any such transaction.

Arrow has in place a policy for dealing with Conflicts of Interests, which encompasses a procedure for managing related party transactions. These procedures require all related party transactions to be considered by the Board and to meet the requirements of the Corporations Act in relation to related party transactions. In particular, the Board will only approve related party transactions where a transaction is considered to be in the best interests of the Unitholders and it made is on arm's length, commercial terms or better.

3. The Properties

3.1 Portfolio Overview

The Fund's Portfolio currently comprises 11 properties (which will increase to 16 properties following the Proposed Transaction). The existing properties are located in NSW, Victoria, NT and South Australia and include a mix of new and mature primary infrastructure.

The Properties are leased under long-term leases to four tenants, being some of Australia's leading primary industry operators. The weighted average lease expiry (WALE) of the current properties (by income) at 30 June 2014 is 9.41 years and following completion of the Proposed Transaction, will increase to 15.2 years.

All leases are triple net leases, which means that, in addition to rent, tenants pay all property operating costs, repairs and maintenance and property holding costs such as rates and taxes and insurance.

At the date of this PDS, the independent market value of the Portfolio including New Properties is \$135.1 million, which reflects a Passing Yield of 10.3%.

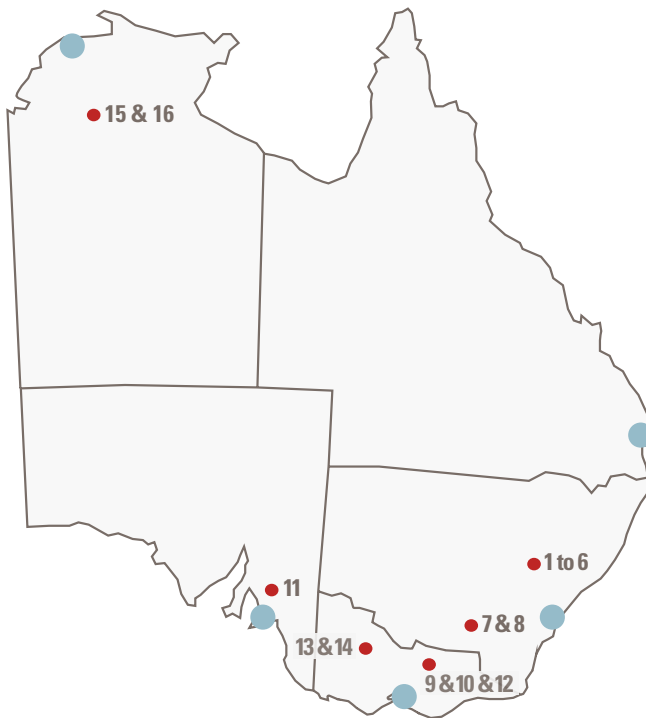
TABLE 4: Fund Portfolio Summary Including New Properties

Property	Type	Tenant	Valuer & Valuation Date	Value \$M	Annual Rent \$M	Passing Yield **	WALE (Years)
Boronia Farm, Lees Road, Duri	Chicken Breeder	Baiada Poultry P/L	All properties were independently valued in June 2014	\$4.15	\$0.49	11.9%	10.3
Lynwood Farm, Loomberah	Chicken Breeder	Baiada Poultry P/L		\$8.65	\$0.91	10.5%	12.3
Woodleigh Farm, Curlewis	Chicken Breeder	Baiada Poultry P/L		\$10.50	\$1.09	10.3%	14.2
Bowlers Lane Farms *	Broiler / Breeder	Baiada Poultry P/L		\$10.00	\$1.00	10.0%	20.0
Tangarratta Farm *	Chicken Breeder	Baiada Poultry P/L		\$2.95	\$0.30	10.0%	20.0
Glenara Park *	Chicken Breeder	Baiada Poultry P/L		\$4.35	\$0.44	10.0%	20.0
Bidgee Complex *	Chicken Breeder	Bartter Enterprises P/L		\$21.85	\$2.19	10.0%	20.0
Avenues Complex *	Chicken Breeder	Bartter Enterprises P/L		\$15.10	\$1.51	10.0%	20.0
Bearii Farm, Strathmerton	Chicken Breeder	Baiada Poultry P/L		\$4.19	\$0.50	11.9%	13.3
Myers Farm, Stewarton	Chicken Breeder	Turi Foods FD P/L		\$6.35	\$0.70	11.0%	8.6
Rhynie Farm, Rhynie	Chicken Breeder	Baiada Poultry P/L		\$7.94	\$0.83	10.4%	15.4
Nagambie Broiler Farm, Nagambie	Chicken Broiler	Baiada Poultry P/L		\$5.04	\$0.56	11.1%	10.5
Lake Powell Lot 2 Orchard	Almonds	Select Harvests Ltd		\$8.72	\$0.95	10.9%	10.0
Lake Powell Lots 5 & 6 Orchard	Almonds	Select Harvests Ltd		\$16.20	\$1.77	10.9%	13.0
Eumaralla and Goldings Farms	Mango	Seven Fields Op P/L		\$7.50	\$0.57	7.6%	10.8
Katherine Packing Shed	Other	Seven Fields Op P/L		\$1.65	\$0.14	8.3%	10.8
Total or Weighted Average				\$135.14	\$13.92	10.3%	15.2

* denotes the New Properties, to be acquired if the Proposed Transaction completes.

** passing yield is the measure adopted in the valuations rather than the capitalisation rate.

CHART 1: PIF Portfolio Asset Map



Ref.	Property	Type	
1	Boronia Farm, Lees Road, Duri NSW	Chicken Breeder	
2	Lynwood Farm, Loomberah NSW	Chicken Breeder	
3	Woodleigh Farm, Curlewis NSW	Chicken Breeder	
4	Bowlers Lane Farms, NSW	Broiler / Breeder	*
5	Tangarratta Farm, NSW	Chicken Breeder	*
6	Glenara Park, NSW	Chicken Breeder	*
7	Bidgee Complex, NSW	Chicken Breeder	*
8	Avenues Complex, NSW	Chicken Breeder	*
9	Bearii Farm, Strathmerton VIC	Chicken Breeder	
10	Myers Farm, Stewarton VIC	Chicken Breeder	
11	Rhynie Farm, Rhynie SA	Chicken Breeder	
12	Nagambie Broiler Farm, VIC	Chicken Broiler	
13	Lake Powell Lot 2 Orchard, VIC	Almonds	
14	Lake Powell Lots 5 & 6 Orchard, VIC	Almonds	
15	Eumaralla and Goldings Farms, NT	Mangoes	
16	Katherine Packing Shed, NT	Other	

* denotes properties to be acquired under the sale and leaseback transaction

CHART 2: Geographic Spread by Income

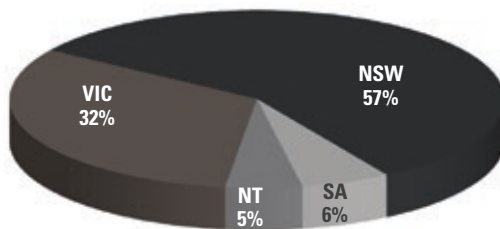


CHART 3: Asset Type by Income

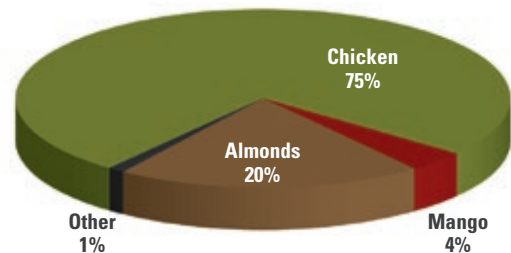


CHART 4: Tenant by Income

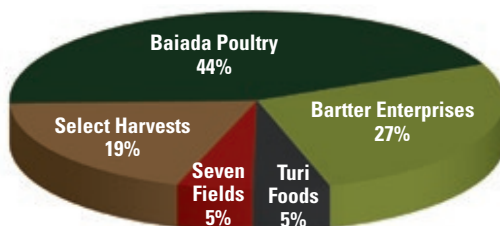


CHART 5: Rent Increase Type by Income

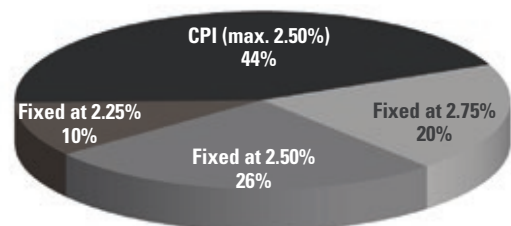
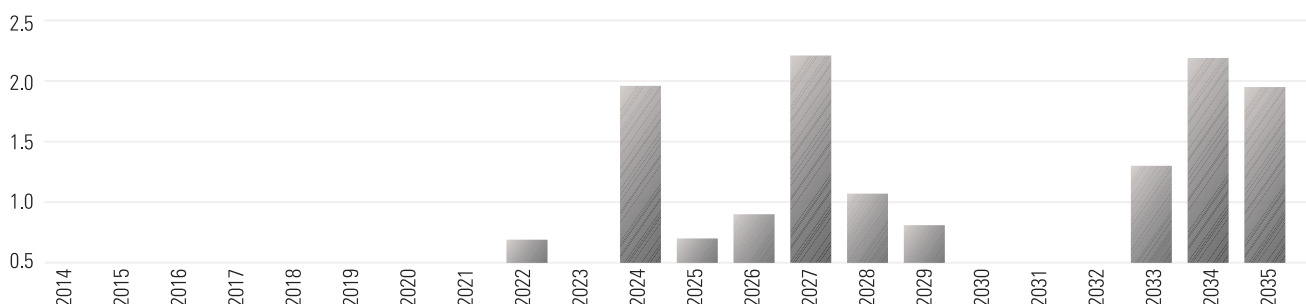


CHART 6: Lease Expiry by Income (\$M)



Summary of The Fund's Tenants

**Baiada Poultry Pty Limited and Bartter Enterprises Pty Limited – 71% of lease income**

Baiada Poultry Pty Limited leases existing properties from the Fund and together with Bartter Enterprises Pty Limited (**Baiada Lessees**) will lease the New Properties, as outlined in the property table at Section 3.1. Both companies are wholly owned subsidiaries of Baiada.

Baiada Pty Ltd (which owns the Baiada Lessees) is a privately owned Australian company which provides premium quality poultry products throughout Australia. Its business operations include broiler and breeder farms, hatcheries, processing plants, feed milling and protein recovery. Their products include sales of live poultry including breeding stock, poultry feed, fertile eggs, day old chickens, primary processed chicken (raw) and further processed chicken products and pet food.

Baiada Pty Ltd trades under two main brands – Steggles and Lilydale Select Free Range Chicken – and its major operating centres are located in Griffith and Tamworth in New South Wales. It also operates throughout Victoria, Southern Queensland and in South Australia. Baiada Poultry Pty Ltd has provided bank guarantees totalling \$1.5 million in support of its obligations over the 6 existing properties leased from the Fund. Following completion of the Proposed Transaction, the same total amount will be applied to guarantee obligations over all properties leased by the Baiada Lessees.



SELECT HARVESTS

Select Harvests – 19% of lease income

Select Harvests Limited is a listed company (ASX: SHV) and Australia's largest vertically integrated nut and health food company. It is one of Australia's largest almond growers and exports almonds throughout the world. It is the country's leading manufacturer, processor and marketer of nut products.

Select Harvests operates more than 4,000 hectares of orchards in Victoria, South Australia and New South Wales. Select owns, leases and has joint venture almond orchards. The Fund's Lake Powell orchards represent the only orchards leased by Select in Victoria.

Select Harvests also own and operate a primary processing facility at Carina West in north-west Victoria which is only a few kilometres from the Fund's Lake Powell orchards.

**Turi Foods Farming Division Pty Ltd – 5% of lease income**

Turi Foods Farming Division Pty Ltd leases the Fund's Myers Breeder Farm, located in Northern Victoria. It is a related entity of Turi Foods, a family owned Australian company which commenced in 1976 and is based in Victoria.

Turi Foods' brands include La Ionica, Bannockburn Free Range Chicken and Golden Farms Chicken.

**Seven Fields Operations Pty Ltd – 5% of lease income**

Seven Fields Operations Pty Ltd leases the Fund's mango farm and packing shed at Katherine, Northern Territory. It is a related entity of Seven Fields Pty Ltd, a family owned Australian company that grows, packs, and markets premium fresh produce in the Northern Territory, Victoria and South Australia, spanning over 1,500 hectares.

It grows mangoes, lemons and grapefruit at the Fund's Eumaralla Farm 30 kilometres south of Katherine, NT. It also leases the Fund's packing shed in Katherine where the Kensington Pride mangoes and Eureka lemons are sorted, packed and shipped to markets throughout Australia.

In addition to its Katherine operations, Seven Fields is one of Australia's largest citrus and wine grape growers, packers and shippers with its own and managed operations located in Sunraysia region of Victoria and the Riverland and Limestone coast regions of South Australia. Seven Fields has an extensive network of domestic and export customers for its produce.



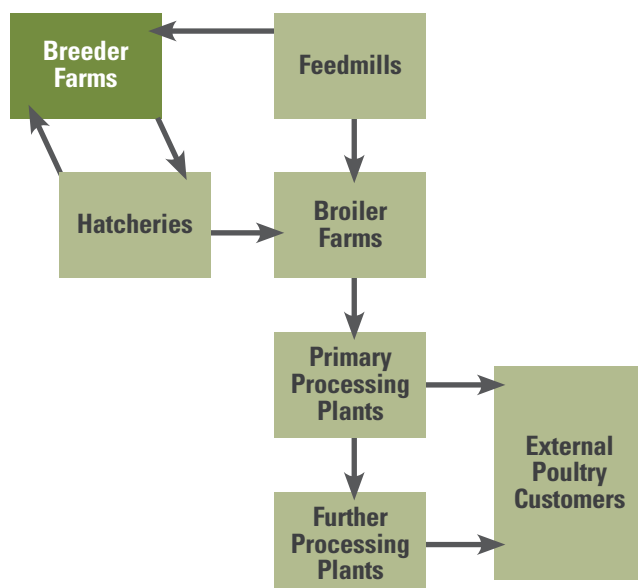
3.2 Poultry Properties

Following the Proposed Transaction, APIF will own twelve poultry properties, located in the Tamworth and Griffith regions of NSW, Northern Victoria and South Australia. Eleven of these properties are to be leased to the Baiada Lessee's and one is leased to Turi Farming Division Pty Ltd.

The Fund's poultry properties are strategically located in the following regions:

- ▶ **Tamworth area** – the Fund currently owns 3 poultry properties in the Tamworth area and will acquire a further 3 properties as part of the Proposed Transaction. Upon completion, all these properties are leased to Baiada Poultry Pty Limited. The Tamworth area is one of two major hubs for Baiada's operations with facilities supporting all six facets of the poultry meat cycle – refer Chart 7. Baiada's Tamworth operations primarily supply chicken meat products throughout New South Wales and Queensland. Baiada is a major employer and the only poultry meat processor in the area.
- ▶ **Griffith area** – following the Proposed Transaction, the Fund will own 2 large properties in the Griffith area and lease them to Bartter Enterprises Pty Limited. The Griffith area is Baiada's largest hub with major facilities supporting all six facets of the poultry meat cycle. Baiada is one of the largest employers in the Griffith area.
- ▶ **Northern Victoria** – the Fund owns 3 poultry properties near Shepparton in Northern Victoria. Baiada Poultry Pty Limited leases the Bearii property comprising 3 farms and the Nagambie broiler farm. Turi Foods Farming Division Pty Ltd leases the Myers breeder farm at Stewarton.
- ▶ **South Australia** - the Fund owns 1 property at Rhynie, north of Adelaide. This property is an integral part of Baiada's supply chain in South Australia.

CHART 7: Overview of Poultry Cycle



Arrow's overview of each component in the poultry cycle follows:

Breeder farms

- ▶ The entire chicken meat industry is dependent upon production of quality fertilised eggs produced at breeder farms.
- ▶ Breeder farms and their intellectual property represent the most critical part of the supply chain.
- ▶ The key to success in rearing breeder chicks ("breeders") lies in a systematic and efficient management program, which commences with the breeder chicks being placed in a clean and sanitised poultry house.
- ▶ During the life of a breeder critical management areas including feeding, temperature, bodyweight control, ventilation, lighting controls and health will greatly enhance the performance and overall welfare of the breeders.
- ▶ The rearing period generally takes place from day old to 24 weeks of age in poultry houses equipped with facilities to brood birds.
- ▶ The egg production phase generally takes place from around 25 weeks of age through to 64 weeks of age. Throughout this phase eggs are laid continually, collected either by hand or by automated collection systems and stored at temperatures of approximately 16-19° C (until transported to the hatchery).
- ▶ Following the Proposed Transaction, the Fund will own a total of 195 sheds (approx. 1.885 million birds owned by the tenants or their related parties) representing approximately 19% of the total Australian production (Arrow estimate).

Hatchery

- ▶ The incubation and hatching of eggs is a precise and sensitive process designed to replicate the function of the "mother hen". Any significant fluctuations in temperature and humidity may have a significant effect on the effectiveness of the hatching process and the quality of the chick produced.
- ▶ Baiada produces two different breeds for chicken meat production - the Cobb 500 high meat yield broiler and the most recent addition is the Ross 308 which is also used for meat production.
- ▶ Once chicks are hatched, they are transferred at 1 – 3 days old to a broiler farm.

Broiler farms

- ▶ Broiler farms are where chickens are grown for the purpose of producing poultry meat.
- ▶ Chicks are delivered to farms as day old chicks. The desired processing age is determined by customers' weight specifications, but is normally achieved between 5 to 8 weeks of age at which time they are scheduled for delivery to the processing plant.
- ▶ Broiler farms have about 5.6 flock turnovers per year.
- ▶ Baiada operate a number of broiler farms but the majority of broiler farms are operated by independent contract farmers who own their facilities and contract with the major processors such as Baiada and Inghams.
- ▶ The Fund owns one 6 shed broiler farm at Nagambie, Victoria with a capacity of approximately 300,000 birds. Following the Proposed Transaction, the Fund will also own 16 broiler sheds on the Bowlers Lane property near Tamworth.

Bearii Breeder Farm, Strathmerton VIC



TABLE 5: Existing Poultry Properties

Properties	Boronia Breeder Farm	Lynwood Breeder Farm	Woodleigh Breeder Farm	Bearii Breeder Farm	Myers Breeder Farm	Nagambie Broiler Farm	Rhynie Breeder Farm
State	NSW	NSW	NSW	VIC	VIC	VIC	SA
Ownership interest	100%	100%	100%	100%	100%	100%	100%
Title	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold
Valuation							
Valuer	Colliers	Colliers	Colliers	CBRE	CBRE	CBRE	Colliers
Valuation date	June 2014	June 2014	June 2014	June 2014	June 2014	June 2014	June 2014
Valuation (\$ million)	\$4.2m	\$8.7m	\$10.5m	\$4.2m	\$6.4m	\$5.0m	\$7.9m
Tenant	Baiada Poultry	Baiada Poultry	Baiada Poultry	Baiada Poultry	Turi Foods FD	Baiada Poultry	Baiada Poultry
Property Statistics							
Rental pa. (01/07/2014)	\$0.492m	\$0.912m	\$1.086m	\$0.499m	\$0.700m	\$0.560m	\$0.826m
Passing yield	11.9%	10.5%	10.3%	11.9%	11.0%	11.1%	10.4%
Annual rental increase	+2.50%	+2.50%	+2.50%	+2.50%	+2.50%	+2.25%	+2.25%
Site area	55.64 ha	174.13 ha	367.30 ha	151.15 ha	59.00 ha	73.00 ha	111.10 ha
Shed m2 or Planted ha	15,971 m ²	25,120 m ²	32,966 m ²	20,780 m ²	18,000 m ²	15,168 m ²	15,846 m ²
No. of chicken sheds	14	15	24	12	8	6	10
Bird capacity	96,500	113,000	144,100	124,000	108,000	300,000	95,100
Lease expiry (years)	10.2	12.2	14.3	13.2	8.6	10.5	15.3
Options to extend (years)	+5 +5	+5 +5	+5 +5	+5 +5	+5 +5	+5 +5	+5 +5
Date of property acquisition	28/09/2006	28/09/2006	28/09/2006	28/09/2006	11/02/2007	11/12/2007	2/11/2007
Age of sheds	16 - 24 years	16 - 23 years	16 - 24 years	12 - 25 years	11-12 years	6 years	7 years

Avenues Farm 34, Coleambally NSW

**TABLE 6: New Poultry Assets (i.e the New Properties)**

Properties	Bowlers Broiler / Breeder Farms	Tangarratta Breeder Farm	Glenara Park Breeder Farm	Bidgee Breeder Complex	Avenues Breeder Complex
State	NSW	NSW	NSW	NSW	NSW
Ownership interest	100%	100%	100%	100%	100%
Title	Freehold	Freehold	Freehold	Freehold	Freehold
Valuation					
Valuer	Colliers	Colliers	Colliers	Colliers	Colliers
Valuation date	June 2014	June 2014	June 2014	June 2014	June 2014
Valuation (\$ million)	\$10.0m	\$3.0m	\$4.4m	\$21.9m	\$15.1m
Tenant	Baiada Poultry	Baiada Poultry	Baiada Poultry	Bartter Enterprises	Bartter Enterprises
Property Statistics					
Rental pa. (01/07/2014)	\$1.000m	\$0.295m	\$0.435m	\$2.185m	\$1.510m
Passing yield	10.0%	10.0%	10.0%	10.0%	10.0%
Annual rental increase	CPI (max +2.5%)	CPI (max +2.5%)	CPI (max +2.5%)	CPI (max +2.5%)	CPI (max +2.5%)
Site area	227.74 ha	23.96 ha	229.62 ha	650.74 ha	586.13 ha
Shed m ² or Planted ha	34,926 m ²	8,396 m ²	9,372 m ²	71,460 m ²	49,680 m ²
No. of chicken sheds	24	8	6	44	30
Bird capacity	249,500	63,800	67,000	510,800	313,500
Lease expiry (years) *	20.0	20.0	20.0	20.0	20.0
Options to extend (years)	+5 +5	+5 +5	+5 +5	+5 +5	+5 +5
Date of property acquisition	31/07/2014	31/07/2014	31/07/2014	31/07/2014	31/07/2014
Age of sheds	17 - 26 years	7 - 28 years	6 - 12 years	11 - 27 years	6 - 20 years

* Under the Proposed Sale and Leaseback Transaction the above five New Properties will leased for varying periods with a WALE of approximately 20 years.

3.3 Almond Assets

The Fund's almond Portfolio comprises 2 orchards at Lake Powell, near Robinvale in Victoria.

The assets are well located close to Select Harvest's major packing and processing plant.

TABLE 7: Almond Assets

Properties	Lake Powell Lot 2 Orchard	Lake Powell Lots 5&6 Orchard
State	VIC	VIC
Ownership interest	100%	100%
Title	Freehold	Freehold
Valuation		
Valuer	CBRE	CBRE
Valuation date	June 2014	June 2014
Valuation (\$ million)	\$8.7m	\$16.2m
Tenant	Select Harvests	Select Harvests
Property Statistics		
Rental pa. (01/07/2014)	\$0.949m	\$1.768m
Passing yield	10.9%	10.9%
Annual rental increase	+2.75%	+2.75%
Site area	220.20 ha	497.70 ha
Shed m ² or Planted ha	204.24 ha	404.50 ha
Lease expiry (years)	10.0	10.0
Options to extend (years)	+5 +5	+5 +5
Date of property acquisition	1/07/2004	1/07/2007
Age of trees	10 years	8 years

Lake Powell Almond Orchards VIC



Eumaralla Farm, Venn District, Katherine NT



3.4 Mango Orchards

The Fund's mango Portfolio comprises 2 properties in the Northern Territory. The mango orchards are located 30 kilometres south of Katherine and the packing shed is located in Katherine.

TABLE 8: Mango Assets

Properties	Eumaralla Mango Farm	Katherine Packing Shed
State	NT	NT
Ownership interest	100%	100%
Title	Freehold	Freehold
Valuation		
Valuer	Integrated Valuation	Integrated Valuation
Valuation date	June 2014	June 2014
Valuation (\$ million)	\$7.5m	\$1.7m
Tenant	Seven Fields Operations Pty Ltd	Seven Fields Operations Pty Ltd
Property Statistics		
Rental pa. (01/07/2014)	\$0.570m	\$0.137m
Passing yield	7.6%	8.3%
Annual rental increase	CPI (max +2.5%)	CPI (max +2.5%)
Site area	659.12 ha	1.68 ha
Shed m ² or Planted ha	202 ha	3,382 m ²
Lease expiry (years)	10.8	10.8
Options to extend (years)	+5 +5	+5 +5
Date of property acquisition	6/04/2004	25/05/2004
Age of trees	4 - 14 years	19 years

3.5 Other Features of Existing and New Leases

Rent Guarantees

- ▶ **Baiada** (11 leases) – \$1.5 million bank guarantee across all properties leased by the Baiada Lessees
- ▶ **Turi Foods** (1 Property, “Myers”) – \$0.25 million bank guarantee
- ▶ **Select Harvests** – Nil
- ▶ **Seven Fields** – \$0.75 million bank guarantee

Capex

- ▶ **Existing leases** – the Fund has a best endeavours obligation to undertake capex. If it elects not to undertake the capex, then in certain circumstances, the lessee has the right to acquire the property at valuation.
- ▶ **New leases** –
 - the Fund expects to have a best endeavours obligation to undertake capex on 2 of the 5 New Properties (Bowlers Lane and Tangarratta). If it elects not to undertake the capex, then in certain circumstances, the lessee has the right to acquire the property at valuation.
 - On the 3 other New Properties nominated for Expansion Capex (Glenara Park, Bidgee and Avenues), if the Fund elects not to undertake the capex, then the lessee has the right to acquire the property at the cost paid by the Fund less the lessee’s transaction costs.
- ▶ **Sale of property by the Fund** – tenant has the first right of refusal. The property cannot be sold to a competitor of the tenant nor a party that would result in a conflict of interest, unless the tenant defaults.
- ▶ **Change of control of the Fund** – the control of the Fund/Lessor cannot pass to a competitor of the tenant nor a party that would result in a conflict of interest.
- ▶ **Assignment of the lease by the tenant** – requires prior written approval of the Responsible Entity, which cannot be unreasonably withheld.
- ▶ **Ownership of plant and equipment** – the Fund does not own any plant and equipment, unless it is an integral part of the building, water / irrigation infrastructure or utility and backup services on the property. The lessee owns and is responsible for operational plant and equipment such as feeding and egg collection systems, tractors, harvesting equipment, etc.
- ▶ **Right to acquire plant and equipment** – the Fund has an option to acquire the tenant’s plant and equipment at depreciated value at the end of the lease.

3.6 Capex on the New Properties

The binding documentation will cover tenant identified Capex requirements. Arrow intends that APIF will have the right, but not the obligation to undertake the Capex. If the Fund elects to undertake the expansion Capex, the annual rent is contracted to increase by 10% for each \$1 invested.

Baiada has indicated the following Expansion Capex requirements in relation to the New Properties:

TABLE 9: Capex Summary

Property	Capex \$M	Estimated Capex Dates	
		Start	Completed
Bowlers Lane Farms NSW	–	NA	NA
Tangarratta Farm NSW	–	NA	NA
Glenara Park NSW	\$7.00	01-Apr-16	30-Nov-16
Bidgee Complex NSW	\$10.50	01-Apr-16	31-Dec-16
Avenues Complex NSW	\$9.00	01-Jan-17	31-Oct-17
Total	\$26.50		

Under arrangements proposed for the New Properties at the date of this PDS, the tenant will be required to provide written confirmation of its commitment to commence the Expansion Capex at least 18 months before the indicated date.

If Baiada provides the Expansion Capex commitment letter, the Fund will assess the impact of the Expansion Capex and will only proceed with the Capex if it meets the investment criteria of the Fund at the time. If at that point, the Fund proceeds with the Capex, then additional equity and debt capital is likely to be raised.

Under the Terms Sheet, if Arrow elects not to proceed with the Expansion Capex on the Bidgee Complex, Avenues Complex or Glenara Park, then the relevant lessee has the right to acquire the property back at the cost paid by the Fund, less transaction costs.

4. Valuation Reports

The following pages contain the Valuation Reports.

Valuer	Property	Page
Colliers International	Boronia Farm, Lees Road, Duri Lynwood Farm, Loomberah Woodleigh Farm, Curlewis Rhynie Farm, Rhynie Bowlers Lane Farms * Tangarratta Farm * Glenara Park * Bidgee Complex * Avenues Complex *	28-35
CBRE	Bearii Farm, Strathmerton Myers Farm, Stewarton Nagambie Broiler Farm, Nagambie Lake Powell Lot 2 Orchard Lake Powell Lots 5 & 6 Orchard	36-44
Integrated Valuation Services	Eumaralla and Goldings Farms Katherine Packing Shed	45-46

* denotes the New Properties.

Dam 2, Lake Powell VIC



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10 June 2014

The Board of Arrow Funds Management Limited
Level 25, 360 Collins Street
Melbourne VIC 3000

Dear Sirs,

RE: SUMMARY OF VALUATION REPORTS
ARROW PRIMARY INFRASTRUCTURE FUND
PROPERTY PORTFOLIO VALUATIONS AS AT 30 JUNE 2014

1 INSTRUCTIONS

In accordance with our formal terms of engagement dated both 9 April 2014 and 23 April 2014, CIVAS (SA) Pty Limited and CIVAS (NSW) Pty Limited (together "CIVAS") have undertaken valuations of the two property portfolios noted below in the Valuation Summary as at 30 June 2014. We have been instructed to provide this summary letter on the properties for inclusion in a Product Disclosure Statement (PDS). For further information, reference should be made to the full valuation reports as per the below reference numbers dated 30 June 2014 ("the Valuation Reports") held by Arrow Funds Management Limited.

We confirm that the valuations comply with all relevant industry standards and codes.

2 VALUATION SUMMARY

In preparing the Valuation Reports for Arrow Funds Management Limited we have been asked to value two separate portfolios, namely the portfolio which forms part of the existing Arrow Primary Infrastructure Fund ("the Existing Properties") and the five new properties currently being acquired ("the New Properties").

We have assessed the market value of the 100% freehold interest, subject to the existing tenancies on the "Existing Properties" and assuming Vacant Possession on the "New Properties", as at 30 June 2014 as follows:

"Existing Properties" – Subject to Existing Tenancies			
Property	CIVAS Ref.	Passing Rent	Adopted Value
"Boronia", 173-221 Lees Road, Duri NSW	C5462	\$492,259	\$4,150,000
"Lynwood", Loomberah Road, Loomberah NSW	C5463	\$912,176	\$8,650,000
"Woodleigh", 702 Watermark Road, Curlewis NSW	C5464	\$1,086,284	\$10,500,000
"Rhynie", Balaklava Road, Rhynie SA	VADEL4754	\$826,037	\$7,940,000
Total			\$31,240,000



Liability limited by a scheme approved under Professional Standards Legislation
CIVAS (SA) Pty Limited | ABN 87 168 282 586



Arrow Funds Management Limited
Two Poultry Portfolios, Nine Properties Located in NSW and SA
30 June 2014



"New Properties" – Assuming Vacant Possession

Property	CIVAS Ref.	Passing Rent	Adopted Value
Glenara Park, 156 Glenara Park Road, Wongo Creek NSW	C5487	Not yet leased	\$4,350,000
Tangaratta, 1428 Oxley Highway, Wallamore NSW	C5486	Not yet leased	\$2,950,000
Bowlers Lane, 1428 Oxley Highway, Wallamore NSW	C5485	Not yet leased	\$10,000,000
Bidgee, Donald Ross Drive, Coleambally NSW	VADEL4763	Not yet leased	\$21,850,000
Avenues, Donald Ross Drive, Coleambally NSW	VADEL4764	Not yet leased	\$15,100,000
Total			\$54,250,000

3 BASIS OF VALUATION

The Valuation Reports have been completed in accordance with the following definition of Market Value as defined by the International Valuation Standards Committee (IVSC), endorsed by the Australian Property Institute (API) and embodied within the current Corporations Law:

"Market Value is the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

The Valuation Reports are provided by CIVAS and not by any other company in the Colliers International Group. The Valuation Reports have been prepared for **Arrow Funds Management Limited** for a combination of **Acquisition, Financial Reporting and First Mortgage Security** purposes with the latter extended to **Commonwealth Bank of Australia Limited** for reliance purposes and should not be relied upon for any other purpose or by any other person. CIVAS accepts no responsibility for any statements in the valuation reports other than for the stated purpose. This summary letter is issued on the basis that no liability attaches to the companies in the Colliers International Group other than CIVAS in relation to any statements contained in this summary letter and the Valuation Reports.

4 DATE OF VALUATION

30 June 2014 based upon our inspection between the dates 30 April 2014 to 9 May 2014. Due to possible changes in market forces and circumstances in relation to the subject properties the Valuation Reports can only be regarded as representing our opinion of the value of the properties as at the date of valuation, which has been based on appropriate assumptions determined as at the date of valuation. We have assumed the properties are in the same condition as at the valuation date as the inspection dates.

Arrow Funds Management Limited
Two Poultry Portfolios, Nine Properties Located in NSW and SA
30 June 2014



5 BRIEF DESCRIPTION

“Existing Properties”

The subject portfolio comprises a total of four separate properties that are predominantly located in northern NSW around the Tamworth region with one property located in South Australia near Rhynie. The properties range in size from 55.64 hectares to 367.30 hectares with each property containing between one and four individual poultry farms that are developed as breeder sheds.

The aggregation comprises a large cross section of shedding with the newest and most modern shedding located at the Rhynie facility that was constructed in 2007 to fully fixed wall and tunnel ventilated sheds in sound condition. The oldest sheds in the portfolio are located at the Boronia facility and were constructed in the early 1990's and comprise mainly curtain sided sheds upgraded to tunnel ventilation. All farms have back up power supply and a combination of ancillary structures including amenities and residential accommodation.

The below table provides a summary of the passing rental, fixed annual rental review structure and advised lease expiry date.

Property	Passing Rent (01/04/2014)	Rent Increase	Lease Expiry
Boronia	\$492,259	Fixed 2.50%	27/09/2024
Lynwood	\$912,176	Fixed 2.50%	27/09/2026
Woodleigh	\$1,086,284	Fixed 2.50%	27/09/2028
Rhynie	\$790,084	Fixed 2.25%	01/11/2029
Total	\$3,280,803		

“New Properties”

The subject portfolio comprises a total of five separate properties that are located in southern and northern NSW. Two farms, “Bidgee” and “The Avenues” are located nearby the township of Coleambally in southern NSW, two properties “Tangaratta” and “Bowlers Lane” to the western periphery of Tamworth and “Glenara Park” to the west of Manilla. The size of the properties ranges from 23 to 650 hectares with each property containing between one and six individual poultry farms.

As a whole the aggregation of properties is well developed and contains a mixture of newer modern shedding and older dated shedding that is in the process of being upgraded. There are also associated ancillary structures including offices, amenities, dwellings, generator and pump sheds and other site improvements typical of poultry breeder farms. All farms had appropriate biosecurity protocols in place. The majority of sheds were curtain sided with many farms having been upgraded from cross flow to tunnel ventilation. Newer sheds were typically fixed wall sheds however there are a number of sheds that have had fan upgrades but remain cross flow ventilated. The oldest shedding appears to have been constructed in the late 1970's with the newest more modern sheds constructed in 2010.

Arrow Funds Management Limited
Two Poultry Portfolios, Nine Properties Located in NSW and SA
30 June 2014



The below table provides a summary of the proposed passing rental assuming the properties are purchased subject an agreement reached with Baiada, proposed annual rental review structure and proposed lease term.

Please note that the valuation of these properties has been undertaken for acquisition purposes assuming Vacant Possession with no regard to the proposed lease arrangements.

Property	Proposed Rent*	Proposed Rent Increases*	Proposed Lease Term
Glenara Park	\$435,000	CPI or 2.50%	Circa 20yrs
Tangaratta	\$295,000	CPI or 2.50%	Circa 20yrs
Bowlers Lane	\$1,000,000	CPI or 2.50%	Circa 20yrs
Bidgee	\$2,185,000	CPI or 2.50%	Circa 20yrs
Avenues	\$1,510,000	CPI or 2.50%	Circa 20yrs
Total	\$5,425,000		

* The proposed rent will be at a yield of 10% of the Vacant Possession value and will be increased on an annual basis at the lesser of CPI or 2.5% as per the terms sheet provided to CIVAS.

6 VALUATION METHODOLOGY

In determining the Market Value of the Properties in each portfolio, we have examined the available market evidence and applied this to a number of valuation methods depending on the nature of the asset. For the properties contained within the "Existing Properties" portfolio we have used a combination of the Discounted Cash Flow (DCF) and Capitalisation approaches due to their dynamic leased nature whilst the "New Properties" portfolio has been assessed utilising a combination of the Direct Comparison and Summation (or sum of parts) methods as they are presently not leased.

The capitalisation of net income approach has been undertaken by applying a yield to both the fully let passing net income (initial yield) and the potential reversionary net income (reversionary yield). To the value derived, adjustments have been made for any relevant rental reversions including letting up allowances for vacant space, incentives, leasing fees, capital expenditure and other appropriate capital allowances as deemed applicable.

The DCF has been undertaken over a 10-year time horizon discounting the net income over this period on a monthly basis together with the value of the properties, net of selling expenses, in the 121st month. The net present value has been determined after allowing for capital expenditure and costs associated with the purchase of the properties.

The Direct Comparison and Summation approaches as applied on a vacant possession basis for the "New Properties" involve the analysis of comparable sales of properties to determine an appropriate rate per square metre for the various shed types, to which we have then added likely values attributable to the respective land classes on the subject portfolio having regard to the use, condition, size, utility and likely demand for such and improvement given the size of the properties.

Our valuations have been undertaken on a GST exclusive basis.



Arrow Funds Management Limited
Two Poultry Portfolios, Nine Properties Located in NSW and SA
30 June 2014



7 VALUATION ANALYSIS AND ASSUMPTIONS

“Existing Properties”

In preparing our analysis and valuations of the “Existing Properties” we have utilised a variety of assumptions, including but not limited to those contained below and contained in full in the Valuation Reports. A combination of the Capitalisation and DCF approaches have been utilised given the dynamic nature of the leases.

Property	Passing Rent	Outgoings (Triple Net Lease)	Initial Capitalisation Rate	Reversionary Capitalisation Rate	Terminal Capitalisation Rate	Discount Rate
Boronia	\$492,259	Nil	10.50%	10.50%	12.50%	12.50%
Lynwood	\$912,176	Nil	10.75%	10.75%	12.25%	12.25%
Woodleigh	\$1,086,284	Nil	10.50%	10.50%	12.00%	12.00%
Rhynie	\$790,084	Nil	10.50%	10.25%	11.75%	11.50%

These parameters are considered reasonable given the available comparable market sales evidence and the current market dynamics.

“New Properties”

In preparing our analysis and valuations of the “New Properties” we have utilised a combination of the Direct Comparison and Summation (or sum of parts) approaches given the static nature of the properties on a vacant possession basis. The rates applied for the poultry sheds, ancillary structures, land and site improvements have been obtained from the analysis of comparable market sales evidence.

Property	Poultry Sheds	Ancillary Structures	Land / Site Improvements	Adopted Value (Rounded)
Glenara Park	\$3,281,030	\$437,125	\$609,240	\$4,350,000
Tangaratta	\$2,387,980	\$225,975	\$349,500	\$2,950,000
Bowlers Lane	\$7,647,920	\$195,253	\$2,142,725	\$10,000,000
Bidgee	\$18,927,120	\$2,203,700	\$728,055	\$21,850,000
The Avenues	\$12,639,900	\$1,871,350	\$580,955	\$15,100,000
Total	\$44,883,950	\$4,933,403	\$4,410,475	\$54,250,000

These parameters are considered reasonable given the available comparable market sales evidence and the current market dynamics.

Key assumptions for both property portfolios are contained in our Valuation Reports and include, but are not limited to the following:

- The properties were comprehensively inspected to the satisfaction of the valuers however we must point out that a full inspection of literally every portion of each property boundary was not undertaken. Rather, the properties were inspected from various points that gave a satisfactory overview to the valuer;

Arrow Funds Management Limited
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30 June 2014



- A comprehensive inspection of a selection of farms was undertaken with an internal inspection of a sample of the shedding. Due to bio security risks and Baiada Poultry Pty Ltd company quarantine policy we were unable to fully inspect all of the structures on each of the Tamworth properties, however we were able to fully inspect the Griffith and Rhyne farms. The building descriptions including mensuration included in the respective valuations are based on information provided by the farm management and notes taken at the time of inspection; and
- Assumptions relating to planning approvals, encroachments and easement impacts as applicable to each property.

8 MARKET OVERVIEW

In assessing the market value of the subject properties, we have considered sales of, and lease arrangements in place for comparable poultry industry and other agricultural assets within the Australian marketplace. There is very limited evidence of poultry breeder farm sales, something that is not surprising given their strategic importance and hence their tightly held status.

The main body of available transactional evidence for poultry assets is for broiler farms, which are typically sold with grower agreements in place. These holdings are not usually offered with "passive" landlord style leases in place and do not typically transact on a yield or capitalisation of net rental basis.

Our analysis of market transactions has also disclosed the range of returns that would typically be generated by a well-run broiler operation. The returns imputed from these farms have typically resulted in EBITDA in the 12% to 14% range, expressed as a percentage of sale price. We note that these farm operators carry varying degrees of agricultural risk, as well as operational expenses.

We are also aware that the Ingham's portfolio is currently being offered for sale by the private equity firm TPG in a sale and leaseback deal, however we have not yet been able to identify any specifics on the proposed transaction due to confidentiality restrictions on the information available. The portfolio comprises a large percentage of older sheds that have been retrofitted to more modern technology and also comprise a large number of smaller farms of between 5,000 to 10,000m² with only several larger than this.

It is too early at this point in time to derive any specific rental or yield data from this evidence but from initial expectations there has been strong interest in the portfolio from an annuity style investment at what is expected to be fairly tight capitalisation rates around the 10 per cent mark. It is likely more details will come to hand in the coming months from which to derive additional market data. At this point in time the data available on breeder farms is limited and therefore dated.

9 MATERIAL ASSUMPTIONS

Material assumptions are contained within the full Valuation Reports (as referenced herein) as at 30 June 2014 held by Arrow Funds Management Limited.

Arrow Funds Management Limited
Two Poultry Portfolios, Nine Properties Located in NSW and SA
30 June 2014



10 QUALIFICATION AND WARNING

CIVAS has been engaged by Arrow Funds Management Limited to provide valuations of the above mentioned property portfolio's. Arrow Funds Management Limited wishes to include our valuation in the PDS and has requested that CIVAS consent to the inclusion of this Report. CIVAS consents to the inclusion of this Report in the PDS and to being named in the PDS, subject to the comments, terms and assumptions contained within our full valuation report, this summary letter and the further condition that Arrow Funds Management Limited includes this Qualification and Warning:

- (i) This summary letter has been prepared for Arrow Funds Management Limited and Commonwealth Bank of Australia Limited for the specific purposes outlined within the Valuation Reports and cannot be relied upon by third parties;
- (ii) This summary letter is a summary of the Valuation Reports of the subject portfolios as at 30 June 2014 and has not been prepared for the purpose of assessing the portfolios as an investment opportunity;
- (iii) CIVAS has not been involved in the preparation of the PDS nor has this summary letter or Valuation Reports had regard to the other material contained in the PDS. The summary letter and Valuation Reports and their content do not take into account any matters concerning the investment opportunity contained in the PDS;
- (iv) CIVAS makes no representation or recommendation to a Recipient in relation to the valuation of the properties or the investment opportunity contained in the summary letter or Valuation Reports;
- (v) Recipients must seek their own advice in relation to the investment opportunity contained in the PDS;
- (vi) The events of early 2008 including the initial sub-prime fallout in the United States and subsequent Global Financial Crisis (GFC) created uncertain times for both the equities and property markets in Australia which softened considerably during this period. This change in markets impacted to varying degrees upon a variety of participants. Whilst a degree of uncertainty still remains within these markets, the magnitude would appear to be less than that evident throughout 2008 and the majority of 2009. Improving levels of investor confidence and general market activity within Australian property markets were evidenced throughout 2010 and until early to mid-2011. Since this time the concerns regarding European sovereign debt crises re-introduced a layer of general market conservatism into domestic markets, somewhat setting back the momentum that appeared to be gaining throughout late 2010 and early 2011. We note that investment returns for good quality assets with secure cash flows generally stabilised over 2010, with a degree of yield compression evident for certain assets. We have seen this trend continue to date, although reinforce that healthy levels of demand are only evident for quality stock. In contrast, we note poorer quality assets and particularly those with considerable existing vacancy and / or short term major tenant expiry continue to be priced by the shallower market on an opportunistic basis, and thereby remain at risk of a prolonged period of softer investment fundamentals; and
- (vii) We draw your attention to the fact that the Market Values adopted for the subject portfolios are subject to the issues outlined above, and should be closely monitored in light of future events. Furthermore, it is our strong recommendation that regular valuation updates be initiated and instructed by the party wishing to rely upon this summary letter or the Valuation Reports.

CIVAS has prepared this summary letter on the basis of, and limited to, the financial and other information (including market information and third party information) referred to in the summary letter and contained in the Valuation Reports. We have assumed that the third party information is accurate, reliable and complete and confirm that we have not tested the information in that respect.



Arrow Funds Management Limited
Two Poultry Portfolios, Nine Properties Located in NSW and SA
30 June 2014



11 LIABILITY DISCLAIMER

In the case of advice provided in this summary letter and our Valuation Reports which is of a projected nature, we must emphasise that specific assumptions have been made by us which appear realistic based upon current market perceptions. It follows that any one of our associated assumptions set out in the text of this summary letter may be proved incorrect during the course of time and no responsibility can be accepted by us in this event.

This summary letter has been prepared subject to the conditions referred to in our Qualification & Warning. Neither CIVAS nor any of its Directors makes any representation in relation to the PDS nor accepts responsibility for any information or representation made in the PDS, apart from this summary letter.

CIVAS has prepared this summary letter which appears in the PDS. CIVAS was involved only in the preparation of this summary letter and the Valuation Reports referred to herein, and specifically disclaims any liability to any person in the event of any omission from, or false or misleading statement included in the PDS, other than in respect of this summary letter and the Valuation Reports. We confirm that this summary letter may be used in this PDS.

The valuations are current as at the date of the valuation only. The values assessed herein may change significantly and unexpectedly over a relatively short period as a result of general market movements or factors specific to the particular properties. We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where these valuations are relied upon after the expiration of three months from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

CIVAS confirms that it does not have a pecuniary interest that would conflict with its valuation of the properties.

CIVAS is not providing advice about a financial product, nor the suitability of the investment set out in the PDS. Such an opinion can only be provided by a person who holds an Australian Financial Services Licence. Colliers International does not, nor does the Valuer, hold an Australian Financial Services Licence and is not operating under such a licence in providing its opinion as to the value of the properties detailed in this summary letter.

12 EXPERIENCE AND INTEREST

We advise that the Valuers nominated within this summary letter, Mr Alex Thamm and Mr Tim Jelbart are authorised under the relevant laws of South Australia and New South Wales to respectively practise as Valuers and have had continuous experience in the valuation of similar assets to that of the subject properties.

We advise that CIVAS have received a total fee of \$75,500 (GST Exclusive) for the preparation of the Valuation Reports and this PDS summary letter.

Further, we confirm that the nominated Valuers do not have a pecuniary interest that could conflict with the proper valuation of the properties, and we advise that this position will be maintained until the purpose for which this valuation is being obtained is completed.

Yours sincerely,
CIVAS (SA) Pty Limited and CIVAS (NSW) Pty Limited

A handwritten signature in blue ink, appearing to read "Alex Thamm".

Alex Thamm
National Director, Rural & Agribusiness

VALUATION & ADVISORY SERVICES



CBRE Valuations Pty Limited
ABN 15 008 912 641

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Melbourne VIC 3000

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www.cbre.com.au

6 June 2014

Mr Andrew Ashbolt
Managing Director
Arrow Funds Management Limited
Level 25, 360 Collins Street
Melbourne VIC 3000

aashbolt@arrowfunds.com.au

Dear Sir

Summary of Valuation Reports

- Lot 2 Lake Carpul Road, Lake Powell, Victoria
- Lot 5 & 6 Lake Carpul Road, Lake Powell, Victoria
- 516 Racecourse Road, Nagambie, Victoria
- 601 Bearii East Road, Strathmerton, Victoria
- "Myers" 600 Stewarton Road, Stewarton, Victoria

Instructions

CBRE Valuations Pty Limited ("CBRE") accepted instructions dated 11 April 2014 to prepare a market Valuation for the interest in the property listed above. The Valuation is to be relied upon for Prospectus purposes only and is specifically addressed for use and reliance upon by the parties named above. The Valuation is prepared in accordance with the Australian Property Institute Australia and New Zealand Valuation and Property Standards January 2012, having regard to ANZVGN 8, Valuations for use in Offer Documents. The instructions specifically request us to provide our opinion of the Fair Value of the properties as at 30 June 2014.

CBRE has been instructed to provide a full Valuation Report in addition to this Summary Letter which is included in the Prospectus document. In accordance with ANZVGN 8, our Valuation Report draws attention to the key issues and considerations impacting value and provides a detailed Property Risk Assessment and SWOT Analysis, plus the report details our Critical Assumptions, Assumptions, Disclaimers, Limitations and Qualifications and our Recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, it is considered prudent to consider the entire contents of our Valuation Report. Therefore, we recommend that this Summary Letter is to be read and considered together with the Valuation Report. We accept no responsibility for reliance upon the Summary Letter. We refer the reader to Arrow Funds Management Limited to obtain a copy of our Valuation Report.

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Brief Description of the Property and Tenancy Details

We provide the following brief descriptions of the subject properties below.

Lot 2 Lake Carpul Road, Lake Powell, Victoria

- Brief Description:**
- The property operates as an almond orchard and is leased to Select Harvests Limited until 30 June 2024.
 - The orchard comprises a total planted area of 204.24 hectares of which 47% is planted to Carmel and 53% is planted to Nonpareil varieties. The balance of the land (15.96 hectares) is orchard support land. Irrigation water is provided via an adjoining property to the south as part of a Community Water Supply Agreement. Delivery is via two drip lines.
 - The orchard was planted in 2004 and is now at full maturity. We note that the property has an aggregate apportioned Water Share of 2,064 megalitres (Murray High Reliability Water Share). This equates to 10.11 megalitres per planted hectare which is below the required 12.5 megalitres per hectare, therefore temporary water is required to be purchased on annual basis to fill this shortfall.

Occupancy Details:

Lessor:	Sandhurst Trustees Limited (ACN 004 030 739)
Lessee:	Select Harvests Limited (ACN 000 721 380)
Land Area (ha):	220.2
Planted Area (ha)	204.2
Water (ML/ha)	10
Lease Term (yrs):	20
Option Period/s (yrs):	2 x 5 year options
Reviews:	Annual increase of 2.75% on each anniversary of the Rent Review Date
Commencement Date:	1 July 2004
Expiry Date:	30 June 2024
Passing Rental:	\$920,038 per annum.

- Town Planning:**
- Farming Zone pursuant to the Swan Hill Planning Scheme.

- Land Area:**
- 220.20 ha.

VALUATION & ADVISORY SERVICES



Lot 5 & 6 Lake Carpul Road, Lake Powell, Victoria

- Brief Description:**
- The property operates as an almond orchard and is leased to Select Harvests Limited until 1 July 2027.
 - The orchard comprises a total planted area of 404.50 hectares of which 50% is planted to Carmel and 50% is planted to Nonpareil varieties. The balance of the land (93.20 hectares) is orchard support land.
 - The orchard is planted at a density of 296.5 trees per hectare with 4.65 metre tree spacing and 7.25 metre row spacing.
 - Irrigation water is provided via an adjoining property to the north as part of a Community Water Supply Agreement. Delivery is via two drip lines.
 - The orchard was planted in 2006 and is approximately two years from full maturity. We note that the property has an aggregate apportioned Water Share of 3,189.50 megalitres (Murray High Reliability Water Share), a 24 megalitre Low Reliability Water Share and a 130.30 megalitre Class 3a South Australian Water Licence. This equates to 8.20 megalitres per planted hectare which is below the required 12.5 megalitres per hectare, therefore temporary water is required to be purchased on annual basis to fill this shortfall.

Occupancy Details:

Lessor:	Sandhurst Trustees Limited (ACN 004 030 739)
Lessee:	Select Harvests Limited (ACN 000 721 380)
Land Area (sqm):	497.7
Planted Area (ha)	404.5
Water (ML/ha)	10
Lease Term (yrs):	20
Option Period/s (yrs):	2 x 5 year options
Reviews:	Annual increase of 2.75% on each anniversary of the Rent Review Date
Commencement Date:	1 July 2007
Expiry Date:	1 July 2027
Passing Rental:	\$1,713,872 per annum.

- Town Planning:**
- Farming Zone pursuant to the Swan Hill Planning Scheme.

- Land Area:**
- 497.70 ha.

VALUATION & ADVISORY SERVICES



516 Racecourse Road, Nagambie, Victoria

- Brief Description:**
- The property comprises a total area of approximately 73 hectares and is operated as a poultry broiler farm. The enterprise comprises six near new broiler sheds with a total capacity of approximately 325,000 birds.
 - Living facilities comprise a single brick veneer dwelling that has been recently constructed. Working structures comprise an office/staff room/amenities facility, generator shed and associated poultry infrastructure.

Occupancy Details:

Lessor:	Sandhurst Trustees Limited
Lessee:	Baiada Poultry Pty Limited
Premises:	The whole of the land in Volume 10706 Folio 157
Land Area (ha):	73.43
Lease Term (yrs):	14
Option Period/s (yrs):	2 x 5 year options
Reviews:	Annual increase of 2.25% on each anniversary of the Rent Review Date
Commencement Date:	11 December 2007
Expiry Date:	10 December 2024
Passing Rental:	\$559,589 per annum.

- Town Planning:**
- Zoned Farming Zone (FZ) pursuant to the Strathbogie Planning Scheme.

- Land Area:**
- 73.43 ha.

VALUATION & ADVISORY SERVICES



601 Bearii East Road, Strathmerton, Victoria

- Brief Description:**
- "The property comprises a total area of approximately 151 hectares and is operated as a poultry breeder farm. The enterprise comprises three separate breeder farms, "Bearii 1", "Bearii 2" & "Bearii 3" each with four poultry sheds, having a total capacity of approximately 124,000 breeders (446,700 broiler equivalents).
 - Each farm comprises a brick dwelling of similar construction. Working structures on each farm comprise egg rooms, cool rooms, office/amenities facilities, rural shedding and associated poultry infrastructure.

Occupancy Details:

Lessor:	Sandhurst Trustees Limited
Lessee:	Baiada Poultry Pty Limited
Premises:	The whole of the land in Volume 3989 Folio 047 & Volume 4015 Folio 899
Land Area (ha):	220.20
Lease Term (yrs):	16
Option Period/s (yrs):	One option to renew of a term of 5 years
Reviews:	Annual increase of 2.5% on each anniversary of the Rent Review Date
Commencement Date:	28 September 2006
Expiry Date:	27 September 2027
Passing Rental:	\$499,433 per annum.

- Town Planning:**
- Zoned Farming Zone (FZ1) pursuant to the Moira Planning Scheme.

- Land Area:**
- 151.15 ha.

VALUATION & ADVISORY SERVICES

*"Myers" 600 Stewarton Road, Stewarton, Victoria*

- Brief Description:**
- The property comprises a total area of approximately 59 hectares and is operated as a poultry breeder farm. The enterprise comprises two separate breeder farms, "Myers 1" & "Myers 2", each with four poultry sheds, having a total capacity of approximately 108,720 breeders (387,000 broiler equivalents).
 - Residential structures consist of a single corrugated galvanised iron dwelling, detached garage/workshop and carport. Working structures on each farm comprise a large egg room/office/amenities facility, maintenance/generator shed and sundry shedding. It is noted that a desalination plant exists on "Myers 2" which provides water to both farms.

Occupancy Details:

Lessor:	Sandhurst Trustees Limited
Lessee:	Baiada Poultry Pty Limited
Premises:	The whole of the land in Volume 3989 Folio 047 & Volume 4015 Folio 899
Land Area (ha):	151.15
Lease Term (yrs):	16
Option Period/s (yrs):	One option to renew of a term of 5 years
Reviews:	Annual increase of 2.5% on each anniversary of the Rent Review Date
Commencement Date:	28 September 2006
Expiry Date:	18 February 2023
Passing Rental:	\$699,589 per annum.

- Town Planning:**
- Zoned Farming Zone (FZ1) pursuant to the Moira Planning Scheme.

- Land Area:**
- 58.88 ha.

Market Movement

The valuation referred to above represents the value of the property as at the date of valuation only. The value assessed may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property or particular property sector). CBRE is not liable for losses arising from any subsequent changes in value.

Critical Assumptions and Reliance on Information Provided

The following Critical Assumptions noted in the full Valuation Reports and are common throughout the properties valued are noted as follows:

- The land is not subject to any encroachments or restrictions on title.
- The property is unaffected by any road alteration proposals.
- All Council approvals and permits have been obtained for the existing development.

The following Critical Assumptions are noted in the full Valuation Reports for Lot 2 and Lot 5 & 6 Lake Carpul Road, Lake Powell, Victoria are noted as follows:

VALUATION & ADVISORY SERVICES



- The property has frontage to an unnamed government road that is leased to an unrelated party (undisclosed). We are advised that Council can extinguish this agreement at any time. We have Assumed legal access unaffected by any road licence/lease.
- We are advised that there is a Community Water Supply Scheme (or similar) which controls the Narcooya Creek however we have not been provided same. No issues in relation to the physical application of the above water supply scheme were apparent upon inspection. We have assumed that a Community Water Supply Scheme (or similar) is in place.

Our valuation calculations include rental growth assumptions throughout a defined cash flow period. These assumptions have been based on prevailing economic and market conditions as at the date of valuation. Market conditions will change over time influenced by internal and external factors against which a review of the assumptions may be warranted. Therefore reliance upon these projections must be made with full acceptance of their limited reliability and with due consideration of the commercial risks related to such forecasts. The Discounted Cash Flow method of valuation referred to in the Valuation Report has been undertaken for the purpose of assisting in the determination of the current market value of the interest in the property and we make no guarantees or warranty as to the accuracy of future rental income stream projections, as these can be impacted by a combination of unforeseen circumstances.

We have relied upon information provided by Arrow Funds Management Limited.

Our valuation is based upon the most current information available at the time the valuation was prepared. CBRE accepts no responsibility for subsequent changes in information as to income, expenses or market conditions. Any subsequent change in lease terms may also have a corresponding change to the value.

In the current market it is our view that a 6 to 12 month marketing period may be required to effect a disposal of the interest in the asset assuming a professional marketing campaign.

Report Content

Our Valuation Report, in addition to the content noted earlier, contains detailed information and description pertaining to; Instructions, Use and Reliance, Site Details including Location, Legal, Environmental and Town Planning; and Building Improvements along with analysis of the asset's Occupational and Financial attributes. This is followed by a comprehensive Market Overview and details of the sales evidence regarded, along with our Investment Considerations. Finally, the report considers the value and marketability of the property. We again refer the reader of this letter to our Valuation Report for detail in respect of the above items.

Valuation Rationale

In arriving at our opinion of market value in accordance with the instructions, we have utilised the discounted cash flow approach. A detailed explanation of the assets investment credentials and the application of the discounted cashflow is provided in the Valuation Report.

VALUATION & ADVISORY SERVICES



Valuation Summary

In accordance with the instructions, we summarise the Fair Value's concluded for the subject properties as at 30 June 2014 as follows:

Property	Fair Value as at 30 June 2014
Lot 5 & 6 Lake Carpul Road, Lake Powell, Victoria	\$16,200,000 Sixteen Million, Two Hundred Thousand Dollars
Lot 2 Lake Carpul Road, Lake Powell, Victoria	\$8,720,000 Eight Million, Seven Hundred and Twenty Dollars
516 Racecourse Road, Nagambie, Victoria	\$5,040,000 Five Million and Forty Dollars
601 Bearii East Road, Strathmerton, Victoria	\$4,190,000 Four Million, One Hundred and Ninety Thousand Dollars
"Myers" 600 Stewarton Road, Stewarton, Victoria	\$6,350,000 Six Million, Three Hundred and Fifty Thousand Dollars

These valuations are exclusive of GST.

Consent

CBRE provides its consent for the inclusion of this Summary Letter within the Prospectus for Arrow Funds Management Limited subject to Arrow Funds Management Limited making recipients of the Prospectus aware of the following liability disclaimers.

Liability Disclaimer

- CBRE is not operating under an Australian Financial Services Licence when providing the full Valuation Report or this Summary Letter and those documents do not constitute financial product advice. Investors should consider obtaining independent advice from their financial advisor before making any decision to invest in/with Arrow Funds Management Limited.
- CBRE disclaims any liability to any person in the event of an omission from, or false and misleading statements included in the Prospectus, other than in respect to this Summary Letter and the full Valuation Report.
- The Valuation Report and this Summary Letter are strictly limited to the matters contained within those documents, and are not to be read as extending, by implication or otherwise, to any other matter in the Prospectus. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.
- CBRE has prepared the full Valuation Report and this Summary Letter relying on and referring to information provided by third parties in including financial and market information ("Information"). CBRE assumes that the Information is accurate, reliable and complete and it has not tested the information in that respect.

VALUATION & ADVISORY SERVICES



- (e) References to the Property's value within this Summary Letter or the Prospectus have been extracted from CBRE's Valuation Report. The Valuation Report draws attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, assumptions, disclaimers, limitations and qualifications and recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, CBRE recommends that this Summary Letter and any references to value within the Prospectus must be read and considered together with the Valuation Report. This Summary Letter is to be read in conjunction with our full Valuation Report dated 30 June 2014 and is subject to the Assumptions, Limitations, Disclaimers and Qualifications contained therein. We refer the reader to Arrow Funds Management Limited to obtain a copy of the full report.
- (f) No responsibility is accepted for any loss or damage arising as a result of reliance upon this Summary Letter.
- (g) Neither this Summary Letter nor the full Valuation Report may be reproduced in whole or in part without prior written approval of CBRE.
- (h) CBRE charges a professional fee for producing valuation reports, and the fee paid by Arrow Funds Management Limited for the Valuation Report and this Summary Letter was \$30,250 inclusive of GST.
- (i) We confirm that the valuer does not have a pecuniary interest that would conflict with a proper valuation of the interest in the property.
- (j) This document is for the sole use of persons directly provided with it by CBRE. Use by, or reliance upon this document by anyone other than those parties named above is not authorised by CBRE and CBRE is not liable for any loss arising from such unauthorised use or reliance.

Yours sincerely
CBRE Valuations Pty Limited

Tim McKinnon
Certified Practising Valuer
Senior Director – Agribusiness

Michael Mobilio
Certified Practising Valuer
Senior Valuer- Agribusiness



4 June 2014

The Board of Arrow Funds Management Limited
Level 25, 360 Collins Street,
MELBOURNE VIC 3000

Dear Directors,

RE: Arrow Primary Infrastructure Fund Property Portfolio Valuation as at 23 April 2014

We refer to the instructions issued by Arrow dated 9 April 2014 requesting Integrated Valuation Services to assess the Market Value of the following properties (refer Table 1) for First Mortgage Security, Financial Reporting and Internal Reporting purposes and for inclusion in a Product Disclosure Statement (PDS) to be issued by Arrow.

This summary outlines our opinion as to Market Value. This document should be read in conjunction with the full reports. For further detailed information, reference should be made to the full valuation reports (Our Ref: D140759 and D140758) dated 23 April 2014 held by Arrow Funds Management Limited.

Basis of Valuation

The valuation has been completed in accordance with the following definition of Market Value (set out in our reports) as defined and endorsed by the Australian Property Institute (API) as follows:-

"Market Value is the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Summary of Value

We qualify that the values of the individual properties are current as at the date of inspection only and the extension of those Market Values to 30 June 2014 assumes full equilibrium in relation to economic, physical, management and financial status of both the subject properties and market place. No responsibility will be had for any movement or change in the status of either the market or properties after the relevant date of valuation.

Subject to the qualifications and assumptions contained within our formal valuation reports and as highlighted above we provide the following values.

Property	Value	Passing Rent
NTP 5411, 6404, 6405 Fox Road, Venn	\$7,500,000	\$570,008 pa
NTP 2508 Gillard Cres, Katherine	\$1,650,000	\$136,802 pa

Please note the passing rental information has been supplied by the instructing party as at the date of valuation assessment. We make no warrantee as to the payment, arrears or otherwise of such rents.

Integrated Valuation Services
2/78 Hartley Street, Alice Springs
PO Box 1153, Alice Springs NT 0871
Ph (08) 8952 0744 - Fax (08) 8952 0755
admin@ivsasp.com

4 June 2014

www.integratedvaluationservices.com

Liability limited by a scheme approved under Professional Standards Legislation

Integrated Valuation Services Pty Ltd
ACN 82 092 406 543

Cairns Office – Cairns, Port Douglas, Mareeba, Mt Isa, Mossman, Weipa, Karumba, Atherton, Regional and Remote North Queensland
Darwin Office – Darwin, Palmerston, Rural, Jabiru, Katherine, Kununurra, Gove, Timber Creek, Borroloola
Alice Springs Office – Alice Springs, Uluru, Tennant Creek, Regional and Remote Northern Territory, Kimberley Region W.A.

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**Valuation Methodology**

In determining the Market Value of the Property, the valuer has examined the available market evidence and applied this analysis to the relevant methodologies highlighted in the individual reports.

In terms of accepted market practices we have utilised the summation approach to value for the orchard at Fox Road and the Capitalisation of Net Income checked via summation for the Gillard Road property.

Our valuations have been undertaken on a GST exclusive basis.

Material Assumptions

Further material assumptions and qualifications are contained within the full valuation reports (Our Reference - D140758 and D140759) as at 23 April 2014, held by Arrow Funds Management Limited.

Experience and Interest of the Valuers

We advise that the Valuers nominated within those reports, Robert Handcock and Ross Copland are authorised under the relevant Territory laws to practise as Valuers and have had continuous experience in the valuation of similar assets to that of the subject properties.

Further, we confirm that at the date of valuation the nominated Valuers do not have a pecuniary interest that could conflict with the proper valuation of the properties.

We advise that Integrated Valuation Services have invoiced a total fee of \$7,700 (inc GST) for the preparation of the valuation report and this PDS letter.

Yours sincerely

Signature

A handwritten signature in blue ink, appearing to read 'RSC', is written within a rectangular box.

Cairns Office – Cairns, Port Douglas, Mareeba, Mt Isa, Mossman, Weipa, Karumba, Atherton, Regional and Remote North Queensland
Darwin Office – Darwin, Palmerston, Rural, Jabiru, Katherine, Kununurra, Gove, Timber Creek, Borroloola
Alice Springs Office – Alice Springs, Uluru, Tennant Creek, Regional and Remote Northern Territory, Kimberley Region W.A.

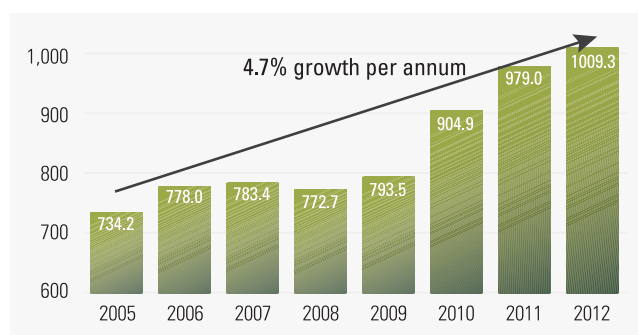
5. Industry Overview – Poultry and Almonds

5.1 Poultry

Australian consumers currently spend around A\$5.6 billion p.a. on poultry meat, with per capita chicken meat consumption growing at a compound rate of 4.7% p.a. between 2005 and 2012.

CHART 8: Australian Poultry Consumption (kt)

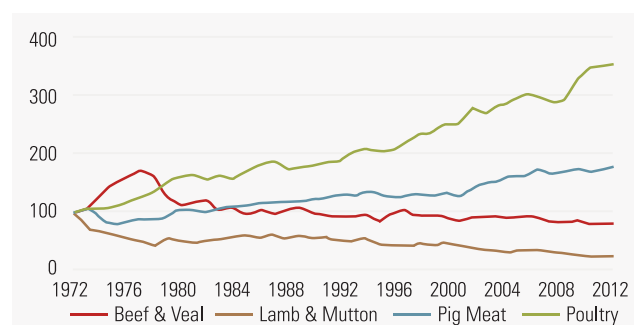
Source: ABARES



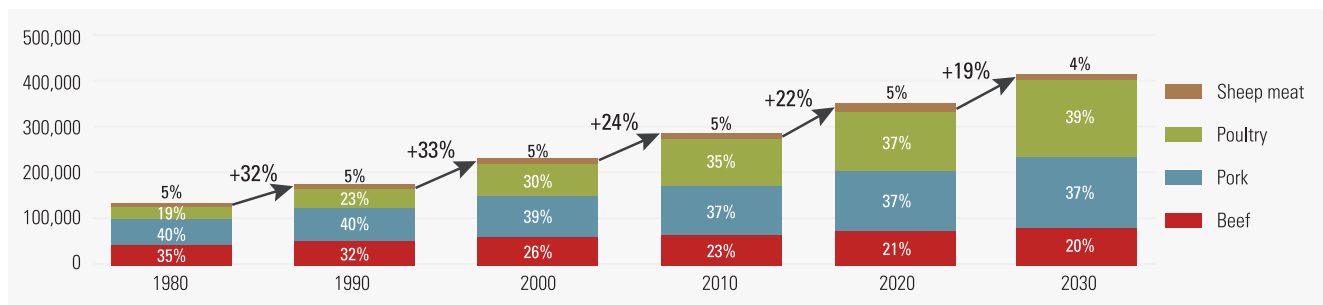
Avenues Breeder Farm, Coleambally NSW



CHART 9: Historical per Capita Australian Meat Consumption Index Source: ABARES



Rhynie Breeder Farm, SA


CHART 10: Global Meat Demand Growth Estimates 2010 – 2030 (kt) Source: Rabobank, 2011


Chicken is forecast to be the highest consumption meat globally by 2030. (Source: Rabobank, 2011)

- ▶ **1990** – annual global demand for meat was 173 million tonnes, of which poultry made up 23 per cent.
- ▶ **2010** – annual global demand for meat sat at 285 million tonnes, with poultry comprising 35 per cent or 100 million tonnes of that figure (Source: Rabobank, 2011).
- ▶ **2030** – OECD-FAO estimate that global food production needs to increase by more than 40 per cent by 2030 to meet the needs of an ever increasing global population (OECD-FAO, 2009).
 - Poultry's growth rate is expected to be the highest at 60 per cent, with poultry forecast to make up 39 per cent of worldwide meat demand by 2030 and become the most consumed meat globally. (Source: Rabobank, 2011)

Exports and Imports

Less than 3% of Australian chicken meat is exported, representing significant growth opportunities in the future.

Chicken meat cannot be freely imported into Australia due to strict quarantine requirements in place to protect both local commercial poultry and native birds from disease and consumers from certain food safety hazards. Quarantine conditions focus on nine diseases and pathogens of concern, and any chicken meat products from regions which are not free of all of these diseases needs to be cooked to various extents depending on the disease in question in accordance with the relevant import protocol. As a result, Australia is not a significant importer of chicken meat. In the ten years to 2010, Australia imported 60 tonnes of chicken meat, whereas it produced well over 7,000,000 tonnes of chicken for Australia's consumers.

Barriers to Entry

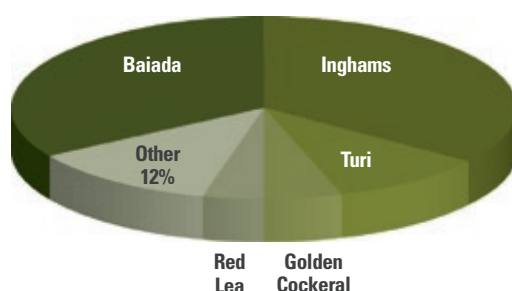
There are significant barriers to entry for new entrants:

- ▶ **Consumer Supply Chain:** the major retail customers are increasingly moving to distribution centre delivery models and planning on a national basis.
- ▶ **Food Safety, Animal Welfare And Environmental Regulations:** a number of national and state/territory departments and agencies regulate the poultry industry in Australia and ensure industry compliance with strict food safety, animal welfare and environmental standards.
- ▶ **Import Restrictions:** Australia has stringent quarantine restrictions to protect native birds and local commercial poultry from disease and consumers from certain food safety hazards.
- ▶ **Consolidated Industry:** major players have strong existing relationships with key customers, which represents a significant hurdle for new entrants.
- ▶ **Capital Commitment Cost:** significant capital outlay is required to secure a viable supply chain operation.

Major Players in Australian Poultry Production

- ▶ Total industry annual sales are estimated to be \$6 billion.
- ▶ Over 95 per cent of the chicken meat grown and eaten in Australia is produced by seven privately owned Australian chicken meat processing companies.
- ▶ The two largest, Baiada Poultry and Inghams Enterprises, supply between 60 to 70 per cent of Australia's chicken meat, with the next five companies each supplying between 3–9 per cent of the market. A large number of smaller processors make up the balance.

CHART 11: Australian Chicken Meat Market Share



(Source: *The Australian Chicken Meat Industry: An Industry in Profile*)

5.2 Almond Industry

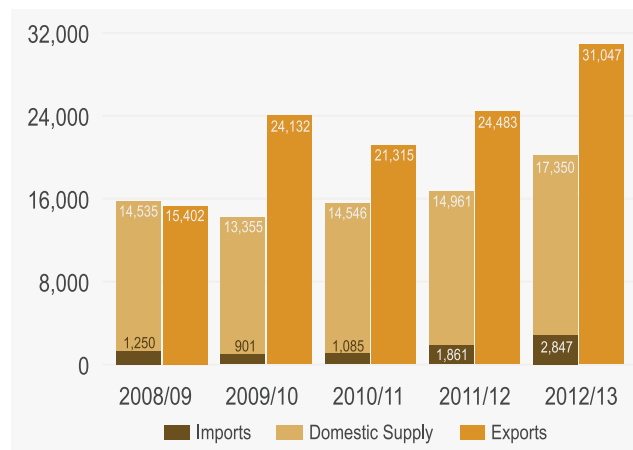
The Australian Almond industry represents one of the few industries in which Australia has a strategic advantage (only major Southern Hemisphere producer), is a significant global producer (approx. 11% of world production, 2nd behind USA) with a relatively low cost of production.

- ▶ Australian Almond production increased by 60% in CY2013
- ▶ In 2013, Almonds became the 1st Australian horticultural industry to earn A\$300M p.a. in export revenue
- ▶ In 2013, Australian domestic consumption increased by 9.2%
- ▶ Significant health benefits associated with almond consumption

The Fund's tenant, Select Harvests (ASX: SHV) is Australia's largest vertically integrated nut and health food company with core capabilities across: horticulture, orchard management, processing, sales and marketing.

Select Harvests is one of Australia's largest almond growers and the country's leading manufacturer, processor and marketer of nut products, health snacks and muesli to the Australian retail and industrial markets, in addition to exporting almonds globally.

CHART 12: Australian Export and Domestic Supply(Marketing Year) Kernel Equivalent



(Source: Almond Board of Australia, "Almond Insights 2012/13")



6. Risks

As with all investments, an investment in the Fund will be subject to risks, some of which are outside the control of Arrow or the Manager. If they eventuate, these risks may reduce or require suspending your Distributions from the Fund and/or reduce the capital value of your investment. Before deciding whether to invest in the Fund, you should consider your attitude towards the following, and other, potential risks. The risks discussed in Section 6 are not an exhaustive list. It is Arrow's current opinion that the following are key risks of an investment in the Fund:

- ▶ **agricultural property investment risks** – including the risk that the property values decline and the risk that there is a decrease in Fund income due to a tenant being unable to pay its rent or not renewing its lease;
- ▶ **fund investment risks** – including the limitations on the liquidity of your investment, investment horizon, gearing, diversification risk and the risk that additional transaction costs may be levied; and
- ▶ **general investment risks** – including that the economy and market conditions may affect asset values and returns.

These risks are outlined in more detail in this section. You should read this PDS in full before deciding whether to invest in the Fund and consider consulting your financial adviser, stockbroker or other professional advisers. As well as considering these risks, you should also consider how an investment in this product fits into your overall investment portfolio.

6.1 Agricultural Property Investment Risks

These risks relate to investing in real estate, particularly, the Fund's primary production assets:

Tenancy Risk

One or more of the tenants of the Fund's properties may be unable to honour their lease obligations. The Fund's forecast income is dependent upon tenants paying rent in accordance with their lease terms. There is a risk that these tenants may default on the terms of their lease or that the Fund does not provide agreed minimum service standards, either of which could result in a reduction in rental income for the Fund, and additional expenses or delays associated with re-leasing the tenancy or enforcement action.

Vacancy periods may have an adverse impact on the Fund's net income and distributions, the Fund's ability to comply with its debt covenants, the capital value of the relevant property and potentially, the NAV per Unit.

Following completion of the Proposed Transaction, Baiada Lessees will comprise 71% of the Fund's lease income. If anything adverse should happen to the Baiada Group or its entities which hold leases with the Fund (Baiada Poultry Pty Limited and Bartter Enterprises Pty Limited), that impacts their ability to pay the rent, this would be a serious issue for the Fund. Such a risk may arise due to issues only impacting Baiada Lessees or it could be due to broader industry issues such as a reduction in chicken meat consumption.

Revaluation

The market value of each property is influenced by various factors, including a change in market conditions such as supply and demand, capitalisation rates, lease expiry and comparable rentals. There is no guarantee that the Fund will achieve a capital gain upon the sale of all or any of the Properties or that the value of any Property will not fall as a result of the assumptions upon which the relevant valuations are based changing, or proving to be incorrect.

Agricultural Risk

In the main, the Fund will be exposed to general agricultural risk in its capacity as landlord only. However, sustained reductions in the profitability of its tenants due to poor seasonal or commodity market conditions may lead to the failure of their business, or to a reduction in the value of the Fund's assets. In addition, sustained periods of adverse climatic conditions, disease or natural disasters may result in physical damage to the Fund's assets, which may result in a reduction in their value, or require remediation works or additional capital expenditure. These costs must in the main be borne by the Fund as it is often impractical or impossible to effectively insure trees.

Water

The Fund's properties are dependent upon given volumes of good quality water supplies for irrigating trees or supplying drinking water for chickens. Water is supplied from various sources including rivers, community irrigation schemes, aquifers and town water systems. In most cases, water licences owned by the Fund govern the amount of water that is allowed to be drawn and used on each property and these licences are included in the property assets leased to tenants. In cases of continuing drought there is a risk that the respective water authority may reduce the water allocation or change the terms or conditions of the water licence. Whilst this is an operational risk of the tenant and may result in them incurring additional cost to acquire temporary water there is a risk that reduced water allocations or unfavourable changes to the licence terms and conditions may affect the value of the property or its long-term viability.

Disease

Poultry, almond trees and mango trees each have the potential to contract various diseases, most of which can be treated by good veterinary or horticultural treatment. In the event that diseases remain untreated or are incapable of being remedied then there is a risk that the value of the Fund's property value may reduce.

In the event that an avian disease or control measures resulting from an avian disease outbreak renders a Fund property substantially unfit for occupation and use by the Lessee or otherwise has a material adverse effect on the operation of the Lessee's business from the property then the rent from that property may be reduced by 50% for the period of loss, up to a maximum of six months. This would cause a loss of revenue to the Fund and may also reduce the value of the Fund's property.

Property Liquidity

Direct agriculture property investments are by their nature, illiquid investments. It may be difficult for Arrow to dispose of its properties in a timely manner or at an optimal sale price. This may affect Arrow's ability to return capital to investors and may reduce NAV per Unit.

Avenues Complex, Coleambally NSW



Property Contamination

Property income or valuations of the Property could be adversely affected by:

- ▶ discovery of an environmental contamination; or
- ▶ incorrect assessment of costs associated with an environmental contamination or with property preservation.

This risk may occur irrespective of whether the contamination was caused by the Fund or prior owners.

Development Risk

In certain circumstances, the Fund may be exposed to development risk. In the main, however, such development is undertaken as part of an ongoing lease arrangement, in which the tenant is responsible for paying an increased rental in relation to the new development based on the level of capital expenditure.

Natural Phenomena or Force Majeure Events

There is a risk that natural phenomena or force majeure events may affect any of the Fund's properties. There are certain events for which insurance cover is not available or for which the Fund does not have cover. If the Fund is affected by an event for which it does not have cover, this would result in a loss of capital and a reduction to the NAV per Unit and overall investor returns. An event of this type could also result in an increase in insurance premiums.

6.2 Fund Investment Risks

These risks relate specifically to an investment in the Fund:

Completion of the Proposed Transaction

The Proposed Transaction is conditional on a number of factors. If the Transaction does not complete you may incur the opportunity cost of having your application monies tied up in the application account.

Liquidity

While Units may be transferred, there is no liquid secondary market for Units.

Other than limited redemption facilities, Unitholders are therefore reliant upon locating buyers for their Units in the event that they wish to sell.

Debt and Gearing

The Fund is a geared investment product. Gearing will magnify the effect of any movement (both gains and losses) in the value of the properties. Higher gearing may also adversely affect the ability of the Fund to comply with its debt covenants.

A breach of a debt covenant may also result in a debt financier enforcing its security over the relevant assets. The financier may require payment of the facility, possibly prior to its expected expiry. This could result in an early sale of some or all of the Properties at a less than optimal sale price, for instance, in a depressed market; additional equity being required; or distributions being reduced or suspended to be used to repay the borrowings.

If the borrowings are refinanced, the terms (including fees and the interest rate margin payable) may be less favourable than those applying to the prevailing borrowings. In the worst case, refinancing may not be possible, resulting in a forced sale of the Fund's assets and in turn, resulting in a loss of capital and a reduction to NAV per Unit and overall investor returns.

Industry Concentration Risk

Generally, the more diversified a portfolio, the lower the impact that an adverse event affecting one property or lease will have on the income or capital value of an investment. The Fund owns a number of poultry properties. If the poultry industry is adversely impacted (e.g. by disease or a downturn in demand), this may have a material, adverse impact on the Fund's activities, financial position and distributions.

Tenant Risk

The Fund has significant exposure to the Baiada Lessees and the poultry meat industry, and rental from its poultry properties represents 71% of its rental income. If the Baiada Lessees were to default on their lease obligations, this may have a material, adverse impact on the Fund's activities, financial position and distributions.

Dilution Risk

As the Fund issues Units to new Investors, your proportional ownership in the underlying assets of the Fund may be reduced. For example, if you do not reinvest your distributions, your beneficial ownership in the Fund will be diluted.

Interest Rate Risk

There is a risk that a debt facility or an interest rate hedge (i.e. fixing interest rate) may not be available on the same terms upon extension or refinancing, or when new finance or hedging strategies are sought. There is also a risk that interest rates may rise. These risks may have a material, adverse impact on the Fund's activities, financial position and distributions.

Compliance Risk

The Fund is a managed investment scheme, which means that Arrow is subject to strict regulatory and compliance arrangements under the Corporations Act and ASIC policy. If Arrow does anything to jeopardise its Australian Financial Services Licence, then ASIC may take action to suspend or revoke the licence, which in turn may adversely impact the Fund.

Conflict of Interest and Related Party Transactions

The Fund may be affected by certain inherent conflicts of interest. There is a risk that these conflicts may not be managed appropriately and may have a material, adverse impact on the Fund's activities, financial position and distributions. Related party transactions can carry a risk that they could be assessed and monitored less rigorously than arm's length transactions with unrelated parties.

Lake Powell Almond Orchards VIC



6.3 General Investment Risks

These risks relate to the overall risk of most investments:

Economy and Market Conditions

There is the risk that changes in the economy and market conditions may affect asset returns and values, which in turn result in reduced distributions and may decrease the NAV per Unit.

The overall investment performance of the Fund may be affected by changing economic or property market conditions. These may include movements in interest rates, exchange rates, securities markets, inflation, consumer spending, employment and the performance of individual, local state, national and international economies.

Insurance

Any losses due to uninsured risks may adversely affect the performance of the Fund. Insurance premium increases could occur, for example, if the Fund claims under any insurance policy for significant losses in respect of any Property. Any failure by the company or companies providing insurance (or any reinsurance) may adversely affect the Fund's ability to make claims under its insurances.

Litigation

In the course of operations, the Fund may be involved in disputes and possible litigation. It is possible that a material or costly dispute or litigation could affect the value of the assets or expected income of the Fund.

Legal and Regulatory Matters

There is the risk that changes in any law, regulation or government policy affecting the Fund's operations (which may or may not have a retrospective effect) will have an effect on the properties and/or the Fund's performance.

Taxation

Changes to taxation law and policy might adversely impact the Fund and Investors are advised to seek professional taxation advice in relation to their own position.



7. Financial Information

7.1 Overview

The financial information contained in this Section 7 has been prepared by the Issuers and includes:

- ▶ historical income statement for the financial year ended 30 June 2013 (**FY13**);
- ▶ pro-forma statement of financial position as at 30 June 2014;
- ▶ forecast income statements for the financial years ending 30 June 2014 (**FY14**) and 30 June 2015 (**FY15**) (Forecasts);
- ▶ forecast Distributions for FY15; and
- ▶ statement of sources and uses of funds attributable to the Offer and the Proposed Transaction,

collectively, the **Financial Information**.

The Financial Information has been prepared to reflect the implementation of the Proposed Transaction and completion of the Offer as at 30 June 2014.

Rounding in the Financial Information may result in some minor discrepancies between the sum of components and the totals outlined within the tables and percentage calculations.

The Financial Information should be read in conjunction with all information provided in this PDS, including the sensitivities outlined later in this Section and the risk factors outlined in Section 6.

The compilation of the Financial Information has been independently reviewed by the accounting firm Nexia Melbourne Pty Ltd ('Nexia'). Nexia's Investigating Accountant's Report is provided at Section 8 – Investigating Accountant's Report. Prospective Investors should note the scope and limitations of the Investigating Accountant's Report.

7.2 Basis of Preparation and Presentation of Financial Information

Significant accounting policies relevant to the Financial Information are disclosed in Section 7.9.

The Financial Information in this Section has been prepared in accordance with the Australian Accounting Standards as adopted by the Australian Accounting Standards Board (AASB's), except for the following specific departures:

(a) Rental income recognition

The main departure from AASB's recognition and measurement standards relates to the calculation of the 'Net rental income' (NRI). NRI has been prepared on the basis of rent and income from contractual lease and licence agreements, less property expenses to the extent they are not recoverable, less amortisation of various costs and tenant incentives. For leases subject to fixed increases, APIF's policy for preparing statutory financial accounts is in accordance with AASB 117 wherein, the total rent receivable over the lease is recognised as revenue on a straight-line basis over the lease term.

(b) Presentation

We have also presented the Financial Information differently to how statutory accounts are prepared under AASB's as we believe this summarised format presents the Financial Information in a way that is more readily understandable to investors.

These exceptions to AASB's will not affect the actual distributions made to investors.

Preparation of Historical Financial Information

The historical financial information is based on the audited financial statements for the Fund for FY13.

Preparation of Forecast Financial Information

The forecast financial information has been prepared based on various assumptions which represent our best estimate of future events. The forecast financial information should be read in conjunction with:

- ▶ the key assumptions detailed in Section 7.7- Base Case Assumptions and footnotes to the tables;
- ▶ the summary of significant accounting policies which are described in detail in Note 2 to the annual financial statements of APIF for the reporting period ended 30 June 2013; and
- ▶ the risks noted in Section 6.

Investors should note that assumptions are not guaranteed and events outside our control can significantly affect the actual outcome. Prospective investors should consider the risks of investing in APIF noted in Section 6 - Risks.

The Forecasts and pro-forma statement of financial position have been prepared on the basis that the Proposed Transaction and closure of the Offer is completed on 30 June 2014. Actual Completion Date of the Proposed Transaction is expected to be on or around 30 July 2014. The Directors draw potential investors to the sensitivity table at Section 7.8 which includes a summary of the impact on FY15 Forecast net profit before tax and distributions, based on a Completion Date of 30 July 2014.

Prospective investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecasts, and that any deviation in the assumptions on which the Forecasts are based may have a material positive or negative effect on the Fund's actual financial performance or position.

Investors are advised to review the base case assumptions set out in paragraph 7.7, in conjunction with the sensitivity analysis set out in paragraph 7.8, the risk factors set out in Section 6 and other information set out in this PDS.

7.3 Historical and Forecast Financial Information

Table 10 shows the historical and forecast income statements of APIF for FY13 (actual), FY14 (forecast) and FY15 (forecast).

TABLE 10: Historical and Forecast Income Statements

\$ Millions	Actual	Forecast	
	FY13	FY14	FY15
Income			
Net rental income	8.9	8.7	13.9
Other income	0.2	0.1	0.0
Expenses			
Management fees	(0.8)	(0.8)	(1.4)
Other fund expenses	(0.8)	(0.5)	(0.5)
Net operating income (EBIT)	7.5	7.6	12.1
Interest			
Interest expense (net)	(2.8)	(2.8)	(3.6)
Net income before tax (normalised)	4.7	4.8	8.5
Statutory non operating adjustments	0.8	0.0	7.3
Statutory profit before tax	5.5	4.8	15.8
Normalised EPU - cents	7.8	7.9	8.2
DPU - cents	5.0	6.0	7.1

Past performance is not a reliable indicator of future performance.

The historical income statement for FY13 is prepared on the basis of audited financial accounts of the Fund.

The forecast income statement for FY14 is prepared on the basis of:

- ▶ Actual results for the period 1 July 2013 to 31 December 2013 derived from the Fund's half year audited reviewed financial accounts;
- ▶ Actual results for the period 1 January 2014 to 31 March 2014 derived from the Fund's unaudited management accounts; and
- ▶ Forecast results for the period 1 April 2014 to 30 June 2014 formulated on the basis of the base case assumptions.

The forecast income statement for FY15 is formulated on the basis of the base case assumptions.

Statutory non-operating accounting adjustments:

- ▶ Net Income Before Tax (normalised) is reported before statutory non-operating accounting adjustments to allow investors to more readily compare the historical and forecast financial information derived from the operating activities of the Fund. The statutory accounting adjustments include accounting for fair value movements in investment properties and other financial assets, straight line lease accounting and other non-cash items such as amortisation of debt establishment fees.
- ▶ Transaction Costs have been excluded from the forecast income statements on the basis that they do not form part of the operating income of the Fund.

7.4 Pro-forma Statement of Financial Position

Table 11 sets out the pro-forma statement of financial position of the Fund as at 30 June 2014 prepared on the basis of actual, forecast and pro-forma information as described below. The pro-forma is presented on the basis of the base case assumptions, as set out at Section 7.7, in particular, the proceeds of the Offer being based on the First Close Amount of \$25.4 million.

TABLE 11: APIF Pro-forma Statement of Financial Position

Statement of Financial Position \$ Millions	Pro-forma Adjustments						
	Actual	Forecast	(A)	B)	(C)	(D)	Pro-forma
	31 Dec. 2013	30 June 2014	Offer & Debt Facilities	Proposed Transaction	Transaction Costs	Revaluations	30 June 2014
Assets							
Cash and cash equivalents	\$1.1	\$1.7					\$1.7
Other current assets	\$1.7	\$1.7					\$1.7
Total current assets	\$2.8	\$3.4					\$3.4
Investment property	\$73.6	\$73.6		\$54.3		\$7.3	\$135.1
Total non-current assets	\$73.6	\$73.6		\$54.3		\$7.3	\$135.1
Total assets	\$76.4	\$77.0		\$54.3		\$7.3	\$138.5
Liabilities							
Other liabilities	\$1.5	\$1.5					\$1.5
Total current liabilities	\$1.5	\$1.5					\$1.5
Long-term borrowings	\$40.4	\$40.4	\$33.8				\$74.2
Total non-current liabilities	\$40.4	\$40.4	\$33.8				\$74.2
Total liabilities	\$41.9	\$41.9	\$33.8				\$75.7
Net assets	\$34.5	\$35.1	\$33.8	\$54.3		\$7.3	\$62.8
Equity							
Contributed equity	\$55.3	\$55.3	\$25.4				\$80.7
Retained earnings	\$(20.8)	\$(20.2)			\$(4.9)	\$7.3	\$(17.8)
Equity	\$34.5	\$35.1	\$25.4		\$(4.9)	\$7.3	\$62.8

Past performance is not a reliable indicator of future performance.

The pro-forma statement of financial position at 30 June 2014 has been prepared based on the following:

- (i) 31 December 2013 actual derived from the Fund's half year audited reviewed financial accounts; and
- (ii) 1 January to 30 June 2014 actual and forecast movements in assets and liabilities, based on the unaudited management accounts of the Fund at 31 March 2014 and the forecasts for the period 1 April to 30 June 2014, including the assumption that distribution to unitholders for the quarter ending 30 June 2014 has been paid; and
- (iii) Other pro-forma adjustments, as at 30 June 2014, to reflect the impact of the Offer and Proposed Transaction including:
 - A. Completion of the Offer and draw down of new debt facilities and retirement of existing debt facilities;
 - B. Acquisition of the properties, as set out at Section 2.5;
 - C. Payment \$2.9 million of stamp duty and \$2.0 million of Transaction Costs associated with the Offer, the new debt facilities and the Proposed Transactions; and
 - D. Revaluation of existing properties, on completion of the Proposed Transaction, as set out in Section 2.

7.5 Statement of Sources and Uses

Table 12 shows the Sources and Uses of funds from the Offer, based on the minimum equity raising of \$25.4 million and maximum equity raising of \$40.0 million.

The new debt raising will be applied to repay the existing debt facility of \$40.4 million and the balance of funds to complete the Acquisition.

Table 12 sets out expected sources and uses of funds based on:

- ▶ First Close Amount – all equity raised directed to the Acquisition;
- ▶ Total Offer Amount, with nil redemptions – additional equity above the minimum applied to reduce debt; and
- ▶ Total Offer Amount, with \$5 million redemptions – excess equity raised will be used to either reduce debt or fund any redemptions received.

TABLE 12: Source and Uses of Offer Funds

	Minimum Equity Raising	Maximum - Nil Redemptions	Maximum - \$5M Redemptions
Sources - \$M			
Equity raising	\$25.4	\$40.0	\$40.0
Debt raising *	\$74.2	\$59.8	\$64.8
Total Sources	\$99.6	\$99.8	\$104.8
Uses - \$M			
Acquire assets incl stamp duty	\$57.2	\$57.2	\$57.2
Repayment of existing bank debt	\$40.4	\$40.4	\$40.4
Transaction Costs	\$2.0	\$2.0	\$2.0
Redemptions **			\$5.0
Total Uses	\$99.5	\$99.5	\$104.5
Net Funds Retained for Working Capital Purposes	\$0.1	\$0.3	\$0.3

* The amount of debt drawn to complete the Acquisition will vary subject to the amount equity funds raised under the Offer and the amount of redemptions.

** Actual funds applied to redemptions will be subject to (a) value of redemption requests received; and (b) extent of acceptance of the offer above \$25.4 million.

7.6 Forecast Distributable Earnings and Distributions

Distributable Earnings represents net income before tax (excluding Transaction Costs) adjusted for straight lining of rental income, valuation adjustments and mark-to-market adjustments for derivatives and other non-cash items such as amortisation of debt establishment fees.

Table 13 provides a reconciliation of the FY15 forecast net profit before tax (excluding Transaction Costs) to Distributable Earnings and other financial metrics.

Arrow forecasts a FY15 full year distribution of 7.1 cents per Unit by the Fund to Unitholders, reflecting a payout ratio of 86% of Distributable Earnings.

Current policy is for distributions to be paid on a quarterly basis within one month after the quarter end.

TABLE 13: Distribution Reconciliation

Distributable Earnings and Distributions	FY15 Forecast ¹ \$ Millions
Net profit before tax (excluding transaction costs) ²	\$8.5
Other non cash items	\$0.0
Distributable Earnings	\$8.5
Distribution	\$7.3
Units on issue (millions)	103.4
Earnings per Security (cents)	8.2
Distribution per Security (cents)	7.1
Earnings Yield ³	13.9%
Distribution Yield ³	12.0%
Payout ratio (Distribution / Distributable Earnings)	86%

¹ FY15 F Pro-forma prepared on the basis of the base case assumptions

² Transaction Costs will be funded from the proceeds of the Offer and do not affect the operating cash flow of the Fund

³ Yield is computed upon the Application Price of 59.2 cents per Unit subscribed

7.7 Base Case Assumptions

Key assumptions relating to the preparation of the Forecast Financial Information are set out below.

Variable	Assumption	Comment /Source
Macro Factors		
Legislative regime and regulatory environment in the jurisdictions in which APIF operates	No changes	The RE is not aware of any announcements or proposals to change existing legislation.
Australian income tax legislation	No changes	The RE is not aware of any announcement or proposal to change existing tax legislation, to the extent that it relates to the taxation treatment of managed investment schemes.
Fund Specifics		
Average interest rates on borrowed funds	4.5% p.a.	Interest rates are based on the forecast Bank Bill Swap Bid Rate (BBSY) + Margin + Line Fee + Amortisation of Front End Fee (FEF) + Swap adjustment. The number used for BBSY is based on the Forward Rate Agreements sourced from Bloomberg at time of this PDS and assumes the hedging assumption as set out below.
Debt facility hedged on fixed rate	Minimum of 50%	Current policy proposed by the RE and covenant required under debt facilities terms sheet.
New Debt facilities establishment fee (incl. legal advices)	\$0.1 million	New debt facility terms sheet.
RE Fees paid to Arrow	1% p.a. of Gross Assets Paid quarterly in arrears	In accordance with Constitution of the Fund.
Fund Administration expenses (e.g. audit, legal, valuation, share registry, insurance and other costs which the RE expect to incur as directly attributable to the Fund)	\$ 0.2 million p.a.	Estimates based on a combination of external quotes and external benchmarks.
Acquisitions or divestments of properties	None (other than the Proposed Transaction)	Current policy of the RE.
Contract disputes or litigation	None	There are no current claims against the Fund and the RE is not aware of any pending disputes of claims.
Distribution reinvestment plan	No DRP proceeds forecast	Current policy of the RE.
Conditional Withdrawal Offer	Conditional on equity raising and redemption requests	Current policy of the Fund.
Property Specifics		
Rental income	\$13.9 million	<p>Forecast rental income and outgoings recoveries have been calculated in accordance with relevant lease provisions and growth rates as set out below.</p> <ul style="list-style-type: none"> The RE considers all existing leases are enforceable and are performed in accordance with their terms Rental growth rates are based on our assessment of the outlook for CPI (circa 2.0%) It is assumed that leases with fixed increases are processed in accordance with the agreement. These increases range from 2.25% to 2.75%. <p>Rental income has been recognised on an accruals basis. Straight-line adjustments for statutory reporting purposes have been excluded and are not considered material.</p>
Property Management and Accounting expenses	\$0.3 million p.a.	Estimates based on \$16,500 per property p.a.

Variable	Assumption	Comment /Source
Property Specifics continued		
Vacancy and Reletting	None	All properties are fully let and no leases expire during the forecasts periods. Refer Section 3 on WALE.
Expansion Capex	None	Several property leases include a section in relation to tenant identified expansion capex. The Fund has the right but not the obligation to undertake the expansion capex. If the Fund elects to undertake the expansion capex, the annual rent is increased by 10% for each \$1 invested. The tenants have not identified any expansion capex that may be undertaken during the Forecast periods.
Property values		
(a) Existing properties	Increase by \$7.3 million	Based on independent valuations, which take into account the lease extension terms which form part of the Proposed transaction.
(b) Other and new properties	No movement	RE does not consider future movements can be reliably measured. Movements should not impact Distributable Earnings or Distributions.
Proposed Transaction and Transaction Costs Specifics		
Property acquisitions and Completion date	\$54.25 million Completion date – 30 June 2014	In accordance with contracts. Used for earnings comparison purposes. Actual completion date likely to be 31 July 2014. Impact on distributable earnings set out in sensitivity table.
Property acquisition costs	Stamp duty - \$2.9 million Other costs - \$0.15 million	Based on current legislation and acquisition values of the properties. Based on agreed or estimated fees of professional advisers or other suppliers.
Offer expenses		
• Contribution fee	\$0.635 million	Based on the RE's estimate of maximum fee to be charged.
• Other	\$0.7 million	Based on agreed or estimated fees of professional advisers or other suppliers for acquisition legal, PDS and equity raising legal, transaction advisory, due diligence and PDS production.
Debt expenses	Mortgage duty - \$0.18 million Debt establishment and bank legals - \$.095 million Swap break costs - \$0.246 million	Based on current legislation and new debt amount. New debt facility terms sheet. Arrow estimates based on existing swap contracts and current interest rates.

7.8 Sensitivity Analysis of Forecast Distributable Earnings

The forecast distributable earnings and distributions are based on a number of estimates and assumptions that are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the RE. These estimates are subject to change.

To assist potential investors in assessing the significance of key assumptions used in the forecasts for distributable earnings and distributions of the Fund, the sensitivity to changes in key assumptions to those distributions is set out below.

This sensitivity analysis is a forecast only and variations in the actual performance may exceed the ranges shown. Potential investors should note that results of the Fund may be significantly influenced by the results other factors. Refer to Section 6 - Risks, for a description of the risks associated with an investment in APIF.

Table 14 is a summary of the sensitivity to certain changes in a number of key operational variables from the base case assumptions. The changes in the key variables as set out in the sensitivity analysis are not intended to be indicative of the complete range of variations that may be experienced.

TABLE 14: Sensitivity – Distributable Earnings

	Pro-forma FY15F		
		\$	cents per Unit
Distributable Earnings		8,533,552	8.249
Impact of change from assumption			
100 basis point change in average interest rate	+ / -	371,065	0.359
100 basis point change in CPI	-	64,133	0.062
20% change in the Fund's operating expenses	+ / -	101,552	0.098
1 month delay post 30 June in settlement of Proposed Transaction	-	358,214	0.346

The Directors have assessed that, having regard to the risk mitigation strategies in place and other factors, it is unlikely that any of the key variables individually will have any impact on the FY15 full year Forecast Distribution of 7.1 cents per unit.

Table 15 sets out a summary of the sensitivity of forecast financial metrics relating to the Fund to different ranges of equity raised under the Offer:

- ▶ Minimum equity raise - \$25.4 million (base case assumption and First Close Amount)
- ▶ Midpoint - \$32.5 million
- ▶ Maximum - \$40.0 million

As the amount, if any, of applications under the Conditional Withdrawal Offer can only be a hypothetical assumption, the impact, of any reduction in units on issue and funds applied to the redemption facility have been disregarded.

TABLE 15: Sensitivity – Equity Raising

Size of Equity Raising (assumes nil applied to redemptions)	Pro-forma FY15F		
	Minimum	Midpoint	Maximum
Equity raising - \$M	25.4	32.5	40.0
Units on issue - M	103	115	128
EPU - \$	0.08	0.08	0.07
DPU - \$	0.07	0.07	0.07
Payout Ratio	86%	93%	99%
Gearing (Net debt / property)	54%	49%	43%
Bank LVR	55%	50%	44%

7.9 Significant Accounting Policies

The principle accounting policies applied in the preparation of the Financial Information are described in detail in Note 2 to the APIF Annual Report for the reporting period ended 30 June 2013. Those policies have been consistently applied, unless otherwise stated.

By way of example, in Section 7.2 - Presentation of Financial Information, we have noted that the Forecast Financial Information presented in this Section has not been prepared fully in accordance with AASB's for the reasons noted.

A copy of the APIF 2013 Annual Report Statements is available at www.arrowfunds.com.au or by requesting a free paper copy from Arrow by calling (03) 9691 5447.

7.10 Expected Commitments and Debt Draw Downs

After the Completion Date, APIF is expected to have the New Debt Facilities of \$80.2 million, of which \$74.2 million is expected to be drawn, as well as opening cash at bank of \$1.7 million, resulting in a net debt position of \$72.5 million.

As highlighted at Section 7.5 - Sources and Uses of Funds, the final amount of debt fully drawn at Completion Date will be influenced by the amount of equity funds received under the Offer, and the amount of redemptions paid, if any.

8. Investigating Accountant's Report

Lynwood Breeder Farm, Tamworth NSW





10 June 2014

The Directors
Arrow Funds Management Limited
as Responsible Entity for
Arrow Primary Infrastructure Fund
Level 25, 360 Collins Street
MELBOURNE VIC 3000

Dear Sirs,

INVESTIGATING ACCOUNTANT'S REPORT ON FINANCIAL INFORMATION

We have been engaged by Arrow Funds Management Limited ("Arrow") as Responsible Entity for Arrow Primary Infrastructure Fund ("APIF") to prepare an Investigating Accountant's Report ("the Report") for inclusion in a Product Disclosure Statement ("PDS") dated on or about 10 June 2014.

Details concerning the proposed operations and objectives of APIF are set out in Section 1 of this Product Disclosure Statement ("PDS"). The PDS relates to the issue of up to 67.6 million units in APIF at a price of \$0.592 per unit to raise between \$25.4 million to \$40.0 million ("the Offer"). The funds raised from the Offer will be used to part fund the acquisition of 5 additional poultry properties as part of a sale and leaseback with the Baiada Poultry Group as well as to pay for transaction costs associated with the Offer.

Expressions and terms defined in the PDS have the same meaning in this Report. References to Arrow in this Report include the Directors, or appointed committees or management under delegation as appropriate, of Arrow.

The nature of this Report is such that it can only be issued by an entity that holds an Australian Financial Services License under the Financial Services Reform Act 2001. Nexia Melbourne Pty Ltd ("Nexia") holds the appropriate Australian Financial Services Licence. Nexia's Financial Services Guide is attached as Appendix A to this Report.

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Independent member of Nexia International



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Arrow Primary Infrastructure Fund
Investigating Accountant's Report
10 June 2014

Scope

Nexia has been requested to review the following information:

- (a) the Pro-Forma Statement of Financial Position and notes thereto as at 30 June 2014, as set out in Section 7.4 of this PDS;
- (b) the Forecast Income Statements for the years ended 30 June 2014 and 30 June 2015, as set out in Section 7.3 of this PDS;
- (c) the Statement of Sources and Uses of funds attributable to the Offer and the Proposed Transaction, as set out in Section 7.5 of this PDS;

(collectively referred to as **"the Forecast Financial Information"**); and

- (d) the Distributable Earnings and Distributions showing historical, forecast and pro-forma distributions, earnings and distribution yield, and payout ratio, as set out in Section 7.3 and Section 7.6 of this PDS;
- (e) sensitivity analysis for changes in key best estimates assumptions used in preparation for the Forecast Financial Information as set out in Section 7.8 of this PDS;

(together with the Forecast Financial Information, collectively referred to as **"the Financial Information"**); and

The Forecast Financial Information is based on the best-estimate assumptions outlined in Section 7.7 of the PDS, including completion of the Proposed Transaction and the Offer.

The Forecast Financial Information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports.

Directors' Responsibility

The Directors of Arrow are responsible for the preparation of the Financial Information, including the best-estimate assumptions underlying the Forecast Financial Information as set out in Section 7.7 the PDS. This includes responsibility for such internal control as the directors determine are necessary to enable the preparation of Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express limited assurance conclusions on the Financial Information, the best-estimate assumptions underlying the Forecast Financial Information, and the reasonableness of the Financial Information itself, based on our review. We have conducted our engagement in accordance with Australian Auditing and Assurance Standards applicable to assurance engagements¹.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures we considered necessary to adequately evaluate whether the best estimate assumptions provide a reasonable basis

¹ ASAE 3450 Assurance Engagements Involving Corporate Fundraising and/or Prospective Financial Information



Arrow Primary Infrastructure Fund
Investigating Accountant's Report
10 June 2014

for the Financial Information. A limited assurance engagement is substantially less in scope than an audit in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Conclusions on Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention which causes us to believe that:

- (a) the directors' best estimate assumptions used in the preparation of the Forecast Financial Information does not provide reasonable grounds for the preparation of the Forecast Financial Information;
- (b) in all material aspects, the Forecast Financial Information;
 - (i) has not been prepared using best-estimate assumptions described in Section 7.7 of the PDS; and
 - (ii) is not prepared fairly in accordance with the stated basis of preparation as set out in Sections 7.2 and 7.9, being the recognition and measurement principles (but not all of the presentation and disclosure requirements) of applicable Australian Accounting Standards and other mandatory professional reporting requirements in Australia, except for the departures noted;
- (c) the Financial Information is unreasonable.

The Financial Information has been prepared by management and adopted by the directors in order to provide investors with a guide to the APIF's potential future financial position and performance, based on the assumptions. There is considerable degree of subjective judgment involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material. The Directors' best-estimate assumptions on which the Forecast Financial Information is based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of Arrow. Evidence may be available to support the Directors' best-estimate assumptions on which the Forecast Financial Information is based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the Directors' best-estimate assumptions. The limited assurance conclusion expressed in this Report has been formed on the above basis.

Potential investors should be aware of the material risks and uncertainties in relation to an investment in APIF, which are detailed in the PDS, and the inherent uncertainty relating to the Forecast Financial Information. Accordingly, Potential investors should have regard to the investment risks as described in Section 6 of the PDS, and sensitivities as described in Section 7.8 of the PDS. We express no opinion as to whether the Forecast Financial Information will be achieved.



Arrow Primary Infrastructure Fund
Investigating Accountant's Report
10 June 2014

This Financial Information has been prepared by the Directors for inclusion in the PDS. We disclaim any assumption of responsibility for any reliance on this Report, or the Financial Information to which it relates, for any purposes other than for which it was prepared. We have assumed, and relied on representations from the directors of Arrow, that all material information concerning the prospects and proposed operations of APIF has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Restriction on Use

Without modifying our conclusions, we note that the purpose of the Financial Information is for inclusion in the PDS to assist Potential investors in assessing an investment in APIF by way of the Offer. As a result, the Financial Information may not be suitable for use for another purpose.

Consent

Consent to the inclusion of this Investigating Accountant's Report in the PDS in the form and context in which it appears has been given. At the date of this report, this consent has not been withdrawn.

Liability

Arrow has agreed to indemnify and hold harmless Nexia and its employees from any claims arising out of misstatement or omission in any material or information supplied by Arrow to Nexia.

Independence or Declaration of Interest

Neither Nexia nor its partners or employees has any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion on this matter.

During the last 2 years Nexia has not provided any professional services to APIF or Arrow or other entities associated with directors or shareholders of Arrow.

Neither Nexia nor its partners or employees has any interest in the outcome of the Offer other than in the preparation of this Report for which normal professional fees will be received on the basis of time incurred.

Yours faithfully

Nexia Melbourne Pty Ltd

Holder of Australian Financial Services Licence No: 247262

A handwritten signature in blue ink, appearing to read "G. Graco".

GARY GRACO
Authorised Representative



Arrow Primary Infrastructure Fund
Investigating Accountant's Report
10 June 2014

APPENDIX A

Nexia Melbourne Pty Ltd Financial Services Guide

This Financial Services Guide is dated 10 June 2014.

Nexia Melbourne Pty Ltd (ABN 25 825 209 842) ("Nexia") holds Australian Financial Services Licence no 247262 authorising it to provide general financial product advice in relation to various financial products such as securities, interests in managed investment schemes, and superannuation to wholesale and retail clients. Nexia has been engaged by Arrow Funds Management Limited ("Arrow") as responsible entity for the Arrow Primary Infrastructure Fund ("APIF") to provide a report in the form of an Investigating Accountant's Report (this "Report") for inclusion with the PDS issued by Arrow on or about 10 June 2014 to potential investors considering investing in APIF.

The Corporations Act, 2001 requires Nexia to provide this Financial Services Guide ("FSG") in connection with its provision of this Report. Nexia does not accept instructions from retail clients. Nexia provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Nexia does not provide any personal retail financial product advice to retail investors nor does it provide market-related advice to retail investors.

Nexia is only responsible for this Report and this FSG. Nexia is not responsible for any material publicly released by Arrow or APIF in conjunction with this Report or the Offer. Nexia will not respond in any way that might involve any provision of financial product advice to any retail investor.

This Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of this Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

When providing reports in the form of this Report, Nexia's client is the Entity to which it provides the report. Nexia receives its remuneration from the Entity. In respect of this Report, Nexia will receive a fee of up to \$27,000 plus reimbursement of out-of-pocket expenses from Arrow. Directors or employees of Nexia or other associated entities may receive partnership distributions, salary or wages from Nexia.

Nexia and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products.

Nexia has professional indemnity insurance cover for reports of this nature under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act 2001.

Nexia has internal complaints-handling mechanisms. If you have concerns regarding this Report, please contact us in writing to Mr Kevin Mullen, Nexia Australia, Level 18, 530 Collins Street, Melbourne, Vic, 3000. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.



9. Fees and Other Costs

Under Australian Government regulations, all product disclosure statements are required to include the following standard consumer advisory warning as set out below. It is not specific to information on fees and costs in this Fund.

Consumer advisory warning

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.fido.asic.gov.au) has a managed investment fee calculator to help you check out different fee options.

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the Fund assets as a whole. Taxes are set out in another part of this document. You should read all the information about fees and costs as it is important to understand their impact on your investment.

Type of fee or cost	Amount ¹	How and when paid
Fees when your money moves in or out of the Fund		
Establishment fee The fee to open your investment.	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment.	Up to 5.125% of application money paid to acquire Units.	Paid from application money upon the issue of Units. Arrow intends to charge a Contribution Fee of approximately 2.5% on all application money.
Withdrawal fee The fee on each amount you take out of your investment.	Nil	Refer "Buy/Sell Spread" on page 69.
Termination fee The fee to close your investment.	Nil	Not applicable
Management costs		
The fees and costs for managing your investment.	(i) Management fee of up to 1.025% p.a. of the gross value of the Fund's assets.	Calculated and accrued daily and paid within 14 days of the end of every month in arrears out of the Fund's assets to the RE.
	(ii) Fund Admin Expenses estimated to be 0.2% p.a. of the gross value of the Fund's assets.	Expenses are deducted directly from the Fund's assets as they are incurred.
	(iii) Property Management Expenses estimated to be 0.2% p.a. of the gross value of the Fund's assets.	Expenses are deducted directly from the Fund's assets as they are incurred.
	(iv) Performance fee - Nil	Not applicable - Arrow has waived this fee
	(v) Acquisition fee - Nil	Not applicable - Arrow has waived this fee
	(vi) Disposal fee - Nil	Not applicable - Arrow has waived this fee
Service fees		
Investment switching fee The fee for changing investment options.	Nil	Not applicable
Adviser service fee	Nil	Not applicable

¹ This table shows fees and costs that may be charged in relation to your investment net of GST (ie plus GST minus any input tax credits).

Example of Annual Fees and Costs for this Fund

This table gives an example of how the fees and costs for the Fund can affect your investment over a one year period. You should use this table to compare this product with other managed investment products.

Example assuming an LVR of 54.9%		Balance of \$50,000 with a contribution of \$5,000 during the year
Contribution fees	Up to 5.125%	For every additional \$5,000 you put in, the Fund will be charged between \$0 and \$256.
PLUS Management costs	2.64% p.a. ¹	And, for every \$50,000 you have in the Fund, the Fund will be charged up to \$1,320 each year. ²
EQUALS Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during a year, the Fund would be charged from \$1,320 to \$1,576 ³ The total cost of your investment may also depend on the fees you negotiate with your financial adviser.

¹ The annual management costs for the Fund are 1.20% p.a. on a gross assets basis (assuming expense recoveries of 0.20% p.a.). The 2.64% p.a. is a measure of the annual costs charged against the Fund's net assets, assuming 54.9% gearing. See 'Additional explanation of fees and costs' in this section for further details.

² Additional fees may apply. This example only includes estimates of the annual management costs which are likely to be incurred (i.e. the annual management fee and expense recoveries) based on the expected costs of managing and administering the Fund. See 'Additional explanation of fees and costs' in this section for further details.

³ The annual management fees are incurred progressively throughout the year, but for the purpose of these fee examples we have not included any annual management fees incurred on the \$5,000 contributed during the year.

Additional Explanation of Fees and Costs

Contribution Fee

The contribution fee is factored into the Unit Price, so it does not affect the number of Units you receive. For example, if you invest \$10,000 when the Unit Price is \$1.00, then you will receive 10,000 Units.

The fee forms part of the issue price for the Units rather than as a reduction to your application amount.

While the contribution fee is charged once, at the time of each investment, it may cause the withdrawal price you receive to be lower than the issue price paid on entry to the Fund. See 'Buy/Sell spread' for details.

Buy / Sell Spread

Transaction costs are incurred when Units are issued or redeemed. Examples of these costs include brokerage fees, stamp duty, legal and other advisor fees. These costs will result in a difference between the Unit Price paid to acquire a Unit and the withdrawal price received on acceptance of a periodic withdrawal offer. This difference is known as the buy/sell spread.

When calculating the issue price for a Unit, we include a transaction cost factor as well as the contribution fee. The transaction cost factor is based on an estimate of the costs of acquiring all of the assets in the Fund. These costs do not form part of net tangible assets, so are added back at a diminishing rate over time when calculating a Unit Price. The costs the Fund incurs on making investments are fairly applied across all Investors. Not every application for Units will result in the Fund paying these costs.

When calculating the withdrawal price of a Unit, we may subtract an allowance for transaction costs to be incurred in funding withdrawals. These transaction costs on withdrawal may include all of the costs incurred in selling the assets of the Fund. However, in most circumstances, we expect withdrawal offers will be funded through the issue of new Units, and not through the sale of assets. Under these circumstances, the withdrawal price will equal the current issue price for a Unit, less the amount of the contribution fee which may be up to up to 5.125%, which is the transaction cost to the Fund of issuing the new Units. Arrow will deduct the buy-sell spread from the redemption proceeds due to Unitholders. This represents an additional cost to Unitholders.

The buy/sell spread is therefore expected to be 5.125% under most circumstances. If the difference between the issue price and withdrawal price is going to be more than 5.125%, then we will advise you at the time we make a withdrawal offer. For more details on withdrawal offers, please refer to the Conditional Withdrawal Offer form.

Management Costs

The following section contains additional information on the management costs section in the fees and costs table.

Agri has been appointed to manage the Fund's investments. For this service Agri will receive a fee of 0.80% per annum of the gross value of the Fund's assets. This fee is payable by Arrow from its management fee, and does not represent an additional charge to the Fund.

In addition to the management fee, Arrow is also entitled to reimbursement for all expenses incurred in the proper performance of its duties in respect of the Fund. Arrow estimates that the Fund will incur fund administration expenses of approximately 0.2% per annum of the gross value of the Fund's assets. This is an estimate only and the actual expenses incurred by Arrow may differ.

Examples of the expenses which may be incurred which Arrow will be entitled to recover include, but are not limited to:

- ▶ costs related to the administration of the Fund, including legal fees, due diligence fees, agent fees, leasing fees, management fees paid to third party managers or administrators, brokerage fees and valuation fees;
- ▶ costs paid to the Fund's external advisors, including the Fund's auditors;
- ▶ fees payable to the Custodian;
- ▶ fees payable to the registry; and
- ▶ costs related to the promotion of the Fund, including equity raising costs.

Arrow is entitled to recover all such expenses from the assets or income of the Fund, including any amounts payable to a related party. Any amounts paid to a related party will be under arrangements that are on an arm's length basis where the fees are in accordance with market rates for the relevant services provided.

Indirect Cost Ratio

The indirect cost ratio is the ratio of the annual ongoing management costs of the Fund to the total average net assets of the Fund. The indirect cost ratio (which is a percentage of net assets) is initially 2.64% of the net asset value of the Fund. The indirect cost ratio increases as the gearing level increases, and will decrease when the gearing level decreases.

Bowlers Lane, Tamworth NSW



Service Fees

Adviser Remuneration and Commissions

Arrow may pay brokerage or commission to those who are engaged to promote the Fund. We will only pay commission to advisers who are authorised to operate under an Australian Financial Services Licence or are otherwise permitted by law to receive such payments. Arrow will pay any brokerage or commission from its own resources. Arrow will not pay brokerage or commissions to any advisor that introduces a retail client.

Changing Fees

Under the Constitution, Arrow is permitted to charge a withdrawal fee, disposal fee, acquisition fee and performance fee. Arrow has committed to charging only the fees as set out in the table in this Section.

Arrow may not increase the fees payable as set out in the Constitution without a special resolution of Unitholders approving an amendment to the Constitution. A special resolution requires 75% (by value) of the votes cast by Unitholders entitled to vote on the resolution.

Wholesale Clients

Arrow may negotiate with 'wholesale clients' (as defined in the Corporations Act), on an individual basis, in relation to contribution fees and ongoing management fees in circumstances permitted by the Corporations Act or applicable relief granted by ASIC. These rebates are payable by Arrow from its own resources and therefore do not affect the fees paid by, or any distributions to, other Unitholders. Alternatively, Arrow may reduce the Unit Price payable by wholesale clients by an agreed amount equivalent to and in lieu of a contribution fee rebate.

Investor-directed Portfolio Services

Individuals investing through an investor-directed portfolio service (IDPS) should be aware that in addition to the fees and charges described above, they will be liable to pay fees to the operator of the service as outlined in that IDPS's offer document or guide.

Arrow may pay fees to the operator of an IDPS where they provide marketing and product support in relation to the Fund, or Arrow may draw on its own resources to provide marketing and product support to an IDPS.

Goods and Services Tax

All fees and charges outlined in this section are quoted inclusive of GST. Where we can determine that the Fund will be entitled to recover a reduced input tax credit (RITC) of 75% of the GST charged to the Fund, we have taken this into account in the fees disclosed. Unless otherwise indicated, the fees include an allowance for an RITC.

For additional details on the taxation implications associated with an investment, please see Section 10.



10. Additional Information

> Taxation of the Fund > Tax Status of Distributions > Other Taxation Information

The taxation information provided in this PDS is of a general nature only and should not be relied upon by Investors as specific taxation advice. If you are uncertain as to your tax position, you should obtain independent professional advice.

10.1 Taxation of the Fund

The Fund is structured as an unlisted unit trust. Australian taxation legislation states that such trusts are treated as 'flow through' vehicles. This means that the Fund will not be subject to tax on any net income that it distributes to Unitholders, provided the investments of the Fund are limited to certain types of assets.

On the basis that the Fund invests only in property primarily for the purpose of deriving rental income the Fund should be treated as a flow through vehicle.

Tax Losses

As at the date of this PDS, the Fund has no carried-forward revenue losses.

Where a revenue loss or net capital loss is incurred by the Fund, the loss cannot be passed on to Unitholders for tax purposes. Instead, revenue tax losses will, provided the relevant trust loss rules are satisfied, be carried forward in the Fund and offset against assessable income derived by the Fund in future income years. Net capital losses will be carried forward in the Fund and offset against future capital gains (there are currently no restrictions on carrying forward capital losses incurred by a trust). The relevant trust loss rules for carrying forward revenue losses include a continuity of more than 50% of the ownership interests in the Fund.

Managed Investment Trust Rules

For the Fund to continue to qualify as a managed investment trust in relation to an income year, it must satisfy a number of conditions including conditions relating to being widely held by Unitholders. Arrow believes the Fund will satisfy the conditions for it to be a managed investment trust including the widely held conditions, although final determination of this is possible only once the Unitholders are known.

Managed investment trust status generally provides favourable withholding tax rates for distributions from the Fund to Unitholders resident in certain foreign jurisdictions. If this applies to you, you should seek your own tax advice as it is not considered in this taxation information.

Taxation of Australian Resident Unitholders

Distributions from the Fund retain their nature and source in the hands of the Unitholders. This means that both income and deductions that would apply if you owned the asset directly also apply to the distributions you receive from your investment in the Fund. You will be advised of the nature and source of distributions in your annual tax statement, which is mailed within two months of the end of the financial year.

Timing of Income

All assessable distributions must be declared in that financial year, whether or not they have been received. Generally you must count the June quarter distribution as assessable income for the financial year ending in that June, even though you will generally not receive your distribution until the end of July.

Tax-advantaged Distributions

Unitholders may also receive periodic cash distributions from the Fund that exceed its taxable income. These excess distributions are referred to as 'deferred tax' distributions and may arise due to:

- ▶ differing taxation and accounting depreciation rates applying to real property assets;
- ▶ building allowances on real property assets;
- ▶ establishment and borrowing costs that may be written off over time for taxation purposes while being immediately expensed or capitalised for accounting purposes; or
- ▶ other timing differences.

If you receive a tax-advantaged amount, you do not have to include it in your assessable income. However, you are required to reduce the capital gains tax cost base of your Units by the relevant tax-advantaged amount.

If your cost base is reduced to nil by these distributions, any subsequent tax-advantaged amounts will be treated as a capital gain. You may be entitled to claim the capital gains tax discount on such a capital gain. For details, please see 'Capital Gains Tax' below.

Where a return of capital is made by the Fund, the taxation implications will be similar to the taxation treatment of tax-advantaged amounts as outlined above.

You should wait until you receive your tax statement for the Fund each year before completing your tax return. The tax statement will provide you with full details of the income paid to you during the year in order to complete your tax return. The tax statement will be sent within three months of the end of the financial year.

Capital Gains Tax

When the Fund makes a capital gain (taking into account carried forward capital losses) on the sale of an investment, your proportionate interest in the capital gain will be distributed to you. If the Fund has held that investment for at least 12 months, the 50% capital gains tax discount should apply. However, you will have to gross up the distribution and apply any current or prior year capital losses against the grossed up capital gain to arrive at your net capital gain position. Depending on your personal circumstances, you may be able to apply the discount percentage (namely 50% for individuals or trusts and 33% for complying superannuation entities) to your capital gain.

Similarly, if you sell or redeem your Units for an amount that is more than their current cost base, you will be able to apply the relevant discount percentage to your capital gain provided you have held the Units for at least 12 months.

Unitholders that are companies are not entitled to the capital gains tax discount.

Distribution Reinvestment

If you receive your distributions in the form of additional Units in the Fund, you must still include the taxable portion of the distribution in your assessable income. This will be made clear in the tax statement you receive from us after the end of each financial year.

Tax Reform

The Australian Government has announced that it will proceed with changes to the tax treatment of managed investment trusts. Although this is not expected to change the broad policy framework for the taxation of trusts, the review may nonetheless result in significant changes to the tax laws. Given the proposed reforms to the taxation of managed investment trusts and trusts generally, Unitholders should remain alert to any changes to the tax laws.

Other Investors

Non-residents, those who invest via corporate structures, and those who hold their investment on a revenue account should seek professional advice in relation to the taxation treatment of their investment.

Quotation of TFN or ABN

Under the Pay As You Go system, we may be required to withhold tax from distributions if you do not quote a Tax File Number (TFN) or claim an appropriate exemption.

Where you invest in Units as part of carrying on a business, you may quote your Australian Business Number (ABN) instead.

Goods and Services Tax

The issue of Units is a financial supply for GST purposes and, accordingly, no GST is payable on the acquisition of Units. Further, there should be no requirement for GST to be imposed on:

- ▶ the distributions paid to Unitholders; or
- ▶ the receipt of interest and dividends, or proceeds from disposals of investments by the Fund.

10.2 Constitution

The Constitution is the primary document governing the relationship between the Responsible Entity and investors, and governs the rights of investors in the Fund. It contains information about:

- ▶ the rights of Unitholders and the Responsible Entity;
- ▶ the powers of the Responsible Entity (which includes a power to borrow);
- ▶ the fees payable to the Responsible Entity under the Fund;
- ▶ the Responsible Entity's right of indemnity out of the Fund; and
- ▶ winding up of the Fund.

The Constitution provides for a calculation of the Net Asset Value (NAV) of the Fund, which is a factor to be taken into account in calculating the issue price and withdrawal price of Units. The NAV shows the value of the Fund's assets upon which the value of Units is determined.

Net Asset Value is calculated by the value of all the Fund's assets less liabilities, including appropriate provisions, calculated in accordance with the Constitution. The NAV per Unit of \$0.608 is based on the pro-forma balance sheet of the Fund assuming that the Offer is completed. As noted, water entitlements, which are technically classified as 'intangible assets', are included in the Net Asset Value of the Fund.

Other than the inclusion of water entitlements, the calculation of NAV is equivalent to the formula provided by ASIC to calculate NTA per unit as set out below:

$$\frac{(\text{Net assets} - \text{intangible assets} + / - \text{any other adjustments})}{\text{Units on issue}}$$

Summary of Investor Rights

Each Unit gives you an equal and undivided interest in all the Fund's assets. However, a Unit does not give an interest in any particular part of the Fund and does not entitle you to have any part of the Fund transferred to you. Subject to the Constitution, your rights include:

- ▶ the right to obtain a copy of the Constitution;
- ▶ the right to receive distributions of income and capital from the Fund;
- ▶ the right to attend and vote at meetings of Unitholders;
- ▶ the right to request the withdrawal of your investment in certain circumstances; and
- ▶ the right to participate in the winding up of the Fund.

The Constitution contains provisions intended to limit the liability of Unitholders to their investment in the Fund. There is no absolute assurance that the liability of Unitholders will be limited as intended by these provisions, as the determination of the ultimate liability of Unitholders rests with the courts.

The Constitution is available for inspection at the offices of the Responsible Entity and you have a right to obtain a copy free of charge by calling Arrow on + 61 3 9691 5447.

10.3 Summary of the New Debt Facilities

The New Debt Facilities are expected to contain a total commitment of \$80.2 million and once approved, will refinance the existing debt and partially fund the acquisitions under the Proposed Transaction and associated costs. The key terms of the New Debt Facilities are expected to be as follows:

(a) Overview

The lender has provided an indicative terms sheet to provide funding to APIF with facilities of up to \$80.2 million, comprised of \$74.2 million and \$6 million.

Once approved, the New Debt Facilities will be used to assist with refinancing the Fund's existing debt facility of \$40.4 million as well as the payment for the acquisition of the New Properties, and associated transaction costs.

(b) Conditions to terms sheet

The lender has provided indicative terms under a non-binding terms sheet. Once the terms sheet has received credit approval, the lender's commitment will then only be subject to satisfactory documentation of the New Debt Facilities and the satisfaction of the conditions precedent summarised below.

(c) Conditions precedent

Once the New Debt Facilities are documented, the provision of funds by the lender will be subject to satisfaction of conditions precedent which Arrow considers customary and usual for a financing of this nature. The material conditions are expected to include:

- ▶ providing property due diligence reports satisfactory to the lender;
- ▶ completion of other legal due diligence satisfactory to the lender;
- ▶ providing valuations of the Properties to the lenders;
- ▶ legal opinions required by the lenders;
- ▶ minimum additional equity of \$25.1 million by 31 July 2014;
- ▶ confirmation of an interest rate hedging policy approved by the lender;
- ▶ providing the lender with a verification certificate with the usual attachments (including constitutions, trust deeds and specimen signatures) and confirmation of solvency and that no event of default is subsisting;
- ▶ releasing any security which is not permitted by the terms of the New Debt Facilities and providing security documents in registrable form to the lender;
- ▶ obtaining insurance required by the lender; and
- ▶ additional conditions precedent required by the lender or their legal advisers for a facility of this nature.

Arrow expects there will be a number of other conditions precedent to drawdown under the New Debt Facilities. These are considered by Arrow to be mechanical and within its control, and Arrow is not aware of any reason why these conditions precedent cannot be satisfied.

Bidgee Complex, Coleambally NSW

**(d) Undertakings**

The New Debt Facilities are expected to contain a number of standard undertakings which Arrow considers customary and usual for a financing of this nature, along with the following financial undertakings:

- ▶ maximum loan to value ratio (LVR) of 65%, calculated as the ratio of total debt owing under the Debt Facility to the most recent valuation of the Properties. The LVR as at Completion Date and based on the First Close Amount is forecast to be approximately 54.9%;
- ▶ minimum interest coverage ratio (ICR) of 2.0 times, calculated as the ratio of EBITDA to interest expense incurred in respect of the Properties. The ICR based on the First Close Amount is forecast to be approximately 3.4 times for the full year ending 30 June 2015;
- ▶ not more than 30% of leases (by proportion of rental income) with a residual lease term less than the remaining term of the debt facilities. As at Completion Date, 0% of leases have a residual lease term less than three years; and
- ▶ distribution lockup (i.e. distributions to be suspended) if the loan to value ratio (LVR) exceeds 60%, calculated as the ratio of total debt owing under the Debt Facility to the most recent valuation of the Properties. The LVR as at Completion Date and based on the First Close Amount is forecast to be approximately 54.9%.

(e) Events of default

The New Debt Facilities will be subject to certain events of default which Arrow considers customary and usual for a financing of this nature. Such events are expected to include:

- ▶ failure to pay amounts due under a loan document;
- ▶ a representation or warranty is incorrect;
- ▶ a breach of a financial undertaking;
- ▶ a breach of an undertaking (subject to cure periods);
- ▶ cross default above \$300,000;
- ▶ reduction of capital;
- ▶ change of the responsible entity or of control of the responsible entity;
- ▶ material adverse effect; or
- ▶ an insolvency event occurs.

(f) Review events

The New Debt Facility will be subject to review events which Arrow considers customary and usual for a financing of this nature. A review event entitles the lender to review and renegotiate the terms of the New Debt Facility. If these negotiations are not successful, it may result in the funds lent to APIF under the New Debt Facility being repayable.

The review events are expected to include:

- ▶ more than 30% of leases applicable to the Properties (by proportion of rental income) have a residual lease term (excluding option terms) less than the remaining term of the New Debt Facility;
- ▶ insolvency of a lessee that constitutes more than 10% of total rental receipts; and
- ▶ any other event or circumstance relating to or affecting the Responsible Entity or the Fund which the Lender reasonably determines may warrant a review of the pricing terms or continuation of the New Debt Facility.

(g) Security

The New Debt Facilities will be secured facilities, and the lenders will be granted the following securities which Arrow considers customary and usual for a financing of this nature, including:

- ▶ first ranking real property mortgages over the Properties;
- ▶ general security deed over all present and subsequently acquired property granted by Arrow (as Responsible Entity of APIF), any sub-trust and asset owning entity; and
- ▶ ancillary securities over water rights and licences customary for a facility of this nature.

10.4 Investor Protection – ASIC RG46

Benchmarks and Disclosure Principles Summary

The table below sets out ASIC's benchmarks and disclosure principles for unlisted property fund managers under ASIC Regulatory Guide 46 – Unlisted property schemes: improving disclosure for retail investors (RG46). This information is intended to assist investors in understanding the key issues affecting the risks and returns of the Fund and deciding whether the Offer and an investment in the Fund is suitable for them. This table should be read in conjunction with Section 6 which details some of the major risks of an investment in the Fund and the further information referred to in the table.

Updated information will be made available on Arrow's website at www.arrowfunds.com.au

Risk feature	Benchmark	Benchmark met	Disclosure principle	Further information
Gearing	Arrow maintains and complies with a written policy that governs the level of gearing at an individual credit facility level under which it seeks to maintain a maximum gearing of 55%.	✓	Gearing ratio of 54.9%. ¹	Section 2.9
Interest cover	Arrow maintains and complies with a written policy that governs the level of interest cover at an individual credit facility level under which it seeks to maintain a minimum ICR of 2.5 times.	✓	Interest cover ratio of 3.4 times.	Section 2.9
Interest capitalisation	The interest expense of the scheme is not capitalised.	✓		Section 2.9
Scheme borrowing			Information about the Fund's borrowings.	Section 2.9, 7.10 and 10.4
Portfolio diversification			Information about the Fund's Assets.	Section 2.2
Valuations	Arrow maintains and complies with a written valuation policy that complies with ASIC's benchmark.	✓		Section 2.11
Related party transactions	Arrow maintains and complies with a written policy on related party transactions, including the assessment and approval processes for such transactions and arrangements to manage conflicts of interest.	✓	Information about any related party transactions relevant to an investment in the Fund.	Section 2.19
Distribution practices	The Fund will only pay distributions from its cash from operations (excluding borrowings) available for distribution.	✓	Distributions to be paid from cash from operations available for distribution.	Section 2.12
Withdrawal arrangements			Currently, only possible when the Responsible Entity makes a withdrawal offer.	Section 1 and 10.7
Net tangible assets			Net Asset Value of \$0.608 per Unit (on a pro-forma basis on the Completion Date). ²	Section 10.2

¹ The information in this PDS relating to disclosure principles 1 (gearing), 2 (interest cover) and 3 (scheme borrowing) are presented on a pro-forma basis on the unaudited 30 June 2014 statement of financial position as at the Completion Date – refer Section 7.4.

² Value of water entitlements (which are classified as intangible assets under accounting principles) is included in the calculation of asset value of the scheme. Therefore, the value provided is technically on a net asset value basis rather than a 'net tangible asset' basis. However, Arrow believes that the value of water entitlements is an asset of the Fund and making an adjustment to include the value of water entitlements provides a more appropriate measure of the value of the Fund's assets.

10.5 Investor Protection

The Fund is registered as a managed investment scheme under the relevant provisions of the Corporations Act, and Arrow has been appointed as the responsible entity of the Fund.

Corporate Governance

The Responsible Entity's main responsibilities are to make sure that the Fund is managed according to the Constitution, the Corporations Act and the established investment policy, as well as to properly administer the Fund. In carrying out its duties, the Responsible Entity is subject to the Corporations Act and must, among other things:

- ▶ act honestly and in the best interests of Unitholders;
- ▶ exercise care and diligence; and
- ▶ treat investors of the same class equally, and investors of different classes fairly.

The board of the Responsible Entity meets on a regular basis and is required to discuss pertinent business developments and review the operations and performance of the Fund. The board of Arrow comprises 3 directors, as outlined in Section 2.3.

The Compliance Plan

As required by law, the previous Responsible Entity has prepared and lodged with ASIC, a Compliance Plan that sets out the measures by which the Responsible Entity will apply in operating the Fund to ensure compliance with the Corporations Act and the Constitution. Arrow is bound by the Compliance Plan. A copy of the Compliance Plan is available upon request, free of charge, from Arrow's offices.

Related Party Transactions

There are a number of related party transactions described in this PDS in relation to the Fund, which are disclosed at Section 2.19.

Complaints

The Constitution contains provisions governing the procedures for dealing with complaints by Unitholders. If you have a complaint, please contact Arrow directly. Arrow will acknowledge both written and verbal complaints within five Business Days. We will investigate the complaint with a view to resolving it and advise you as soon as possible. We will contact you within 28 days of the complaint to advise of the outcome of our investigation or give you an update on our progress.

If you are not satisfied with our response, and you are a retail client as defined by the Corporations Act, you can refer your complaint to the Financial Ombudsman Service Limited (FOS), an external complaints-handling body that provides an independent assessment of your complaint. Its contact details are:

Financial Ombudsman Service Limited

GPO Box 3
Melbourne VIC 3001
Telephone 1300 780 808
Fax: (03) 9613 6399

Email: info@fos.org.au
Website: www.fos.org.au

Unitholders' Right to Information

As a disclosing entity, the Fund is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office. Unitholders have a right to obtain a copy of the following documents:

- ▶ an annual financial report for the Fund most recently lodged with ASIC;
- ▶ any half-year financial report for the Fund lodged with ASIC; and
- ▶ any continuous disclosure notices for the Fund given to ASIC.

Anti-money Laundering and Counter-terrorism Financing

Arrow is required to collect certain customer identification information (and verify that information) in compliance with AML/CTF Legislation before it can issue Units to an Applicant.

Customer identification information may include detailed know your customer (KYC) information in relation to the Applicant, such as, for an individual Applicant, their name, address, and date of birth and for an Applicant that is a business entity, detailed of their directors and beneficial owners, and where the Applicant is a trustee, details of the trust and beneficiaries. In addition to this information, Arrow may require further KYC information such as information concerning the business activities, structure and source of funds of Applicants and from time to time, may require an Applicant to provide, in addition to the information an Applicant is required to provide in the Application Form, updated or additional KYC information.

Arrow may refuse to accept an Application Form or decline to issue Units to an Applicant until it has satisfactorily concluded its customer identification procedure in relation to the Applicant. Arrow may compulsorily redeem any Units, or may delay or refuse any request or transaction, including by suspending the issue or redemption of Units, if Arrow is concerned that the request or transaction may cause Arrow to contravene the AML Legislation (or any other legislation). Arrow will incur no liability to the Applicant if it does so. For more detail, refer to Section 12.

10.6 Privacy Policy

Arrow has adopted a privacy policy which is based on the requirements of the Privacy Act and the Australian Privacy Principles developed under that Privacy Act. You do not need to give us any information about you in connection with your investment in the Fund, or in any other document or communication relating to the products or services we supply you. However, without this information, we may not be able to process your application or provide you with an appropriate level of service. By completing the Application Form, you agree to us:

- ▶ collecting, holding and using your personal information to process your application as well as managing and administering the Fund. This includes monitoring, auditing, and evaluating the Fund, modelling data, testing data, communicating with you or dealing with any complaints or enquiries;
- ▶ providing your personal information on a confidential basis to our agents, contractors or other third party service providers which provide administrative or other services for the purposes of the Fund. This may include for example, mail houses or professional advisers; using your personal information to offer products or services that may be of interest to you unless you request us not to (including for the purposes of the Spam Act 2003 (Cth), via commercial emails). You can request not to receive that information and we will ensure you do not receive this information in future. Please allow two weeks for your request to be processed.
- ▶ supplying your financial adviser with information about your investment, if a financial adviser's stamp appears on the Application Form or there is evidence to their status and with your consent, providing your information to other third parties (e.g. accountant); and
- ▶ disclosing your personal information to other parties if you consent or if we believe that the law requires or permits us to do so.

If you have any concerns in regard to this, please contact us using one of the methods listed in this PDS. We will not sell your personal information to other organisations to enable them to offer products or services to you. Under the Privacy Act, you may request access to any of your personal information that we hold. You can contact us to make a request relating to the privacy of your personal information. A copy of Arrow's privacy statement is available by visiting our website at www.arrowfunds.com.au.

In the event that you are dissatisfied with how we deal with complaints concerning your personal information, you may refer your complaint to the Federal Office of the Australian Information Commissioner.

Arrow's unit registry functions are outsourced to Boardroom (Victoria) Pty Limited which has its own privacy policy. Further information on this can be found at: www.boardroomlimited.com.au

10.7 Withdrawals, Transfers and Redemptions

The Fund is a long-term, illiquid investment and investors have no right to withdraw from (or require the redemption of their Units in) the Fund. In conjunction with the Offer, Eligible Unitholders may participate in the Conditional Withdrawal Offer. Details are contained in the Withdrawal Offer and Request Form enclosed with this PDS.

The Constitution provides for the manner in which Unitholders may withdraw their investment from the Fund.

Currently, Unitholders can only withdraw an investment in the Fund when Arrow makes a withdrawal offer to Unitholders, such as the Conditional Withdrawal Offer which will be made to Unitholders in conjunction with this Offer. This is because the Fund does not have sufficient liquid assets (as defined in the Corporations Act) that could be realised within 90 days (the period specified in the Constitution for satisfying withdrawal requests). As property investments are generally illiquid, we do not anticipate that the Fund will be liquid and therefore, Unitholders will generally only be able to withdraw their investment if there is withdrawal offer open for acceptance.

If Unitholders wish to sell or transfer their Units then, with the prior written consent of the Arrow, they may do so. Arrow may refuse to register a transfer of Units in its absolute discretion.

If requested, the Arrow will provide general information about the process required for an assignment or transfer of the Units.

10.8 Consents

Nexia has given and not withdrawn its consent to the issue of this PDS with the Investigating Accountant's Report report in the form and context in which it is included in both paper and electronic forms of the PDS, together with all references to that report throughout this PDS.

Agri Management Pty Ltd has given, and at the date of this PDS has not withdrawn, its consent to be named in this PDS in both its paper and electronic form in the form and the context in which it is named.

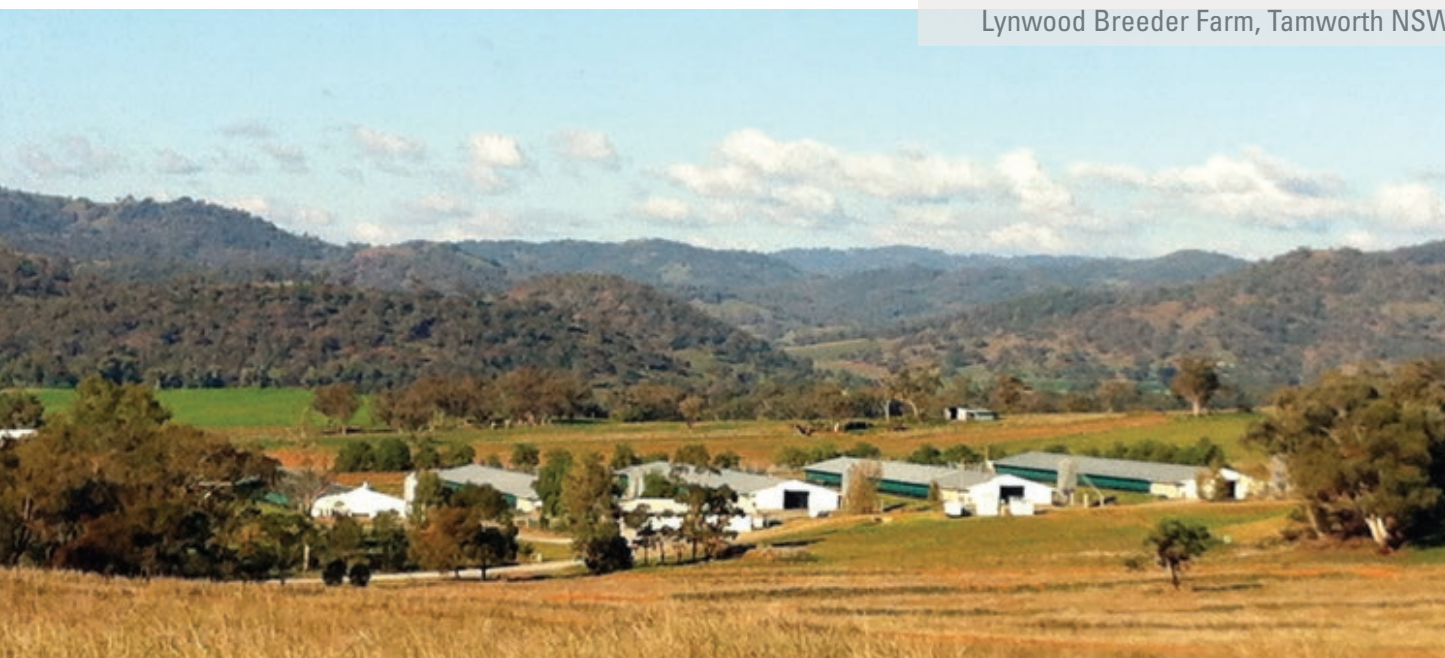
Sandhurst Trustees Limited has given, and at the date of this PDS has not withdrawn, its consent to be named in this PDS in both its paper and electronic form as the custodian of Fund, in the form and the context in which it is named.

Reid Advisory has given, and at the date of this PDS has not withdrawn, its consent to be named in this PDS in both its paper and electronic form in the form and the context in which it is named.

10.9 Issue of PDS

This PDS was issued with the authority of the directors of the Responsible Entity on 10 June 2014.

Lynwood Breeder Farm, Tamworth NSW



10.10 How to Invest – Four Steps

STEP 1 Read this Document

You should read this PDS in full before deciding whether to invest in the Fund and if you are in any doubt, you should consider consulting your financial adviser, stockbroker or other professional advisers.

STEP 2 Consider the Offer

Pay particular attention to the risks section in Section 6 and other information about the Units, the Fund and its assets. These risks need to be considered in light of your investment objectives, financial situation and particular needs.

STEP 3 Consult your Adviser

Consider consulting your financial adviser, stockbroker or other professional advisers before deciding whether to invest.

STEP 4 Complete and Mail the Application Form

Complete the personalised application form we have provided (for Eligible Unitholders) or the application form at the back of this PDS (for New Investors). For details on which form to use, please see instructions below:

Type of Applicant	What to do	
If you are an Eligible Unitholder:	Form	Use your personalised application form accompanying this PDS and follow the instructions provided.
	Mail	Using the reply paid envelope included with your copy of the PDS and personalised application form.
If you are a New Investor:	Form	Use the application form on page 83 of this PDS and follow the instructions. New Investors must apply for a minimum of \$20,000 of Surplus Units.
	Mail	Boardroom (Victoria) Pty Limited GPO Box 3993 Sydney NSW 2001

11. Glossary

Term	Meaning
ABN	Australian Business Number as defined in the Corporations Act.
ACN	Australian Company Number as defined in the Corporations Act.
AFSL	Australian Financial Services Licence as defined in the Corporations Act.
Allotment	The allotment of Units to Applicants on an allotment date.
Agri	Agri Management Pty Ltd (ABN 162 669 650).
AML Legislation	Anti-Money Laundering and Counter Terrorism Financing Act 2006 (Cth), Financial Transaction Reports Act 1988 (Cth) and any similar legislation.
Applicant	A person or entity who applies to subscribe for Units.
Application Form	For Eligible Unitholders: the personalised acceptance form sent to you with this PDS For New Investors: the application form included in this PDS.
Application Moneys	Moneys received from Applicants.
Application Price	59.2 cents per New Unit.
ARSN	Australian Registered Scheme Number as defined in the Corporations Act.
ASIC	Australian Securities and Investments Commission.
Arrow	Arrow Funds Management Pty Ltd (ABN 72 146 671 276, AFSL 439095) in its capacity as responsible entity of the Fund.
Baiada Group	Baiada Pty Ltd ACN 000 426 808 and its related entities, as that term is defined in the Corporations Act.
Baiada Lessees	Baiada Poultry Pty Limited ACN 002 925 948 and Bartter Enterprises Pty Limited ACN 000 451 374, who are expected to lease the New Properties upon completion of the Proposed Transaction.
Board	The full board of directors of Arrow.
Business Day	A weekday on which banks are open in Melbourne, Victoria.
Capex	Development and capital expenditure on properties, including Expansion Capex.
Compliance Plan	The Fund's compliance plan, which sets out the measures that the Responsible Entity will apply in operating the Fund to ensure compliance with the matters as required under the Corporations Act.
Completion Date	The date that the Proposed Transaction settles, presently intended to be on 30 July 2014.
Conditional Withdrawal Offer	The offer to Eligible Unitholders in accordance with the terms set out in the Withdrawal Offer and Request Form.
Constitution	The constitution of the Fund (as amended from time to time).
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Custodian	Sandhurst Trustees Limited (ABN 16 004 030 737, AFSL 237906).
Direct Investors	Unitholders who own units in the Fund in their own name
Eligible Unitholders	Unitholders on the register at the Record Date.

Term	Meaning
Expansion Capex	As described in Section 3.6.
Forecast Financial Information	The financial information described in Section 7.
Financial Information	The financial information described in Section 7.1.
First Close Amount	\$25.4 million
Fund	Arrow Primary Infrastructure Fund ARSN 110 813 851 (or APIF, where the context requires).
Historical Financial Information	The financial information described in Section 7.
GAV	Gross asset value, or total assets, of the Fund.
Gearing	The gearing description and calculation methodology described in Section 2.9.
GST	Goods and Services Tax as defined in the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
Indirect Investors	Investors who invest in the Fund through another entity such as a master trust or a wrap account.
Manager	Agri.
NAV	Net asset value, or net assets, of the Fund including accrued income and expenses calculated as the GAV less total liabilities of the Fund.
New Debt Facility	The new debt facilities currently proposed to be entered into by Arrow, outlined in Sections 2.9 and 10.3, also referred to as New Debt Facilities in this PDS.
New Investors	Persons who are not existing Unitholders at the Record Date and who subscribe for Surplus Units under this PDS.
New Properties	The 5 properties to be acquired from Baiada upon completion of the Proposed Transaction, as summarised in Section 3 of this PDS.
New Units	Any Units issued as a result of applications under the Offer.
Offer	The offer of Units under in this PDS.
Passing Yield	Rent received divided by the property valuation.
PDS	This product disclosure statement dated 10 June 2014.
Priority Offer Allocation	The offer of New Units to Eligible Unitholders under this PDS.
Privacy Act	<i>Privacy Act 1988</i> (Cth).
Proposed Lease Extension Transaction	The proposal, subject to execution of binding documentation in relation to the Proposed Sales And Leaseback Transaction, to extend the term of 6 existing leases outlined in Section 2.6 of this PDS.
Proposed Sale And Leaseback Transaction	The proposal, subject to execution of binding documentation, to acquire the New Properties from Baiada and then lease them back to Baiada, as outlined in Section 2.5 of this PDS.
Proposed Transaction	Each and all of: the Proposed Lease Extension Transaction, the Proposed Release from lease obligation and the Proposed Sale And Leaseback Transaction.
Property	A property owned by the Fund, forming part of the Portfolio.
Portfolio	All properties owned by the Fund from time to time. The properties owned by the Fund at the date of this PDS and the New Properties are outlined in the table at Section 3.1.
Record Date	31 May 2014.
Responsible Entity or RE	The responsible entity of the Fund from time to time; at the date of this PDS, Arrow.
RG46	ASIC Regulatory Guide 46: Unlisted property schemes – improving disclosure for retail investors dated March 2012.
Seven Fields Op	Seven Fields Operations Pty Ltd, lessee of Eumaralla Mango Farms and Katherine Packing Shed.
Surplus Units	New Units made available to Eligible Unitholders and to New Investors as a consequence of Eligible Unitholders not taking up their Priority Offer Allocation.
Terms Sheet	The non-binding terms sheet between Arrow and Baiada dated 17 April 2014.
Total Offer Amount	Up to 40 million Australian Dollars.
Turi Foods FD	Turi Foods Farming Division Pty Ltd, lessee of Myers Farm, Stewarton VIC.
Unit	An ordinary Unit in the Fund.
Unit Price	The price at which a Unit is priced as determined under the Constitution.
WALE	Weighted average lease expiry.
Withdrawal Offer and Request Form	The form containing the details of the Conditional Withdrawal Offer, pursuant to which Eligible Unitholders may submit a withdrawal request.

12. Application Form and Identify Form

Katherine Packing Shed, NT



Application Instructions and Forms

Arrow Funds Management has the sole discretion whether to accept or reject an application. Arrow will reject an application if application monies are not received in full and in cleared funds. If your application is rejected, wholly or in part, then Arrow will notify you in writing and return the relevant application monies, within 30 business days. By sending a completed application form, you are making an offer to become an investor in the Fund and you are agreeing to be legally bound by the Constitution and the terms of this PDS. A summary of the Constitution is included in Section 10.2 of this PDS.

Read the PDS	PDS available	www.arrowfunds.com.au Tel: +61 3 9691 5447 email enquiries@arrowfunds.com.au
Complete the Application Form	Investment Application Form on pages 83-85.	
Complete Investor Identification	If this is the first investment in a Arrow Funds Management fund being made by the person(s) or legal entity named on the Application Form, please complete the relevant Investor Identification Form. Refer to page 86.	
Payment	Cheque	Cheques should be either Australian bank cheques or drawn on an Australian domiciled account in the name of the applicant and made out to: Sandhurst Trustees - APIF Account
Post	Mail your application form/s to the Fund's registrar:	Boardroom (Victoria) Pty Limited GPO Box 3993, Sydney NSW 2001

Correct Format of Registerable Titles

Only legal entities are allowed to hold units in the Fund. Applications must be in the name(s) of natural person(s), companies or other legal entities acceptable to the Fund. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registerable name may be included by way of an account designation if completed exactly as described in the example of correct forms of registerable title shown below.

Type of Investor		Correct format of Registerable Name	Incorrect format
Individual	Use given names, not initials	John Alfred Smith	J A Smith
Company	Use company name, not abbreviations. Director(s) names. Must be completed within the Applicant(s) Details section	ABC Pty Ltd	ABC P/L or ABC Co
Trust ¹	Use trustee(s) names	Sue Smith	Sue Smith
Family Trust	Use name of the trust in the account designator section	Sue Smith Family Trust	Sue Smith
Superannuation Funds	Use name of trustee of fund	Jane Smith Pty Ltd	Jane Smith Super Fund
	Use name of fund in the account designator section	Jane Smith Super Fund	Jane Smith Pty Ltd
Deceased Estates ²	Use executor(s) names	Sue Lennon	Estate of the Late Jon Lennon
	Use name of the deceased in the account designator section	Estate of the Late Jon Lennon	
A Minor (less than 18 years old) ³	Use Trustee(s) personal names	Sue Smith	Junior Smith
	Use name of the Minor in the account designator section	Junior Smith	Sue Smith

¹ If there are two or more trustees, please name each. All trustees should sign.

² A copy of the grant of probate or letters of administration, certified as being a true and accurate copy of the original by a Justice of the Peace, a lawyer or a commissioner of declarations should be attached.

³ If the Minor does not hold a TFN, please supply the TFN of one of the trustees.

PUBLIC APPLICATION FORM

Arrow Primary Infrastructure Fund

ARSN 110813851

Fill out this Application Form if you want to apply for Units in the Fund. Please complete this form using BLACK INK and write clearly within the boxes in CAPITAL LETTERS. Mark appropriate answer boxes with a cross (X). You should read the PDS dated 10th June 2014, issued by Arrow Funds Management Limited ABN 72 146 671 276, AFSL 439095, before completing this investment application form.

PART 1: INVESTOR IDENTIFICATION

If you have invested in an Arrow fund previously, we already have your AML information on record and is not required.

Please mark with a cross (X) one of the boxes to indicate who is making the investment.

Has the person / entity investing in this Trust invested in an Arrow managed fund previously.

☐ YES

Investor number:

☐ NO

You also need to complete the Investor Identification Form appropriate to the type of investor you are; as detailed below.

☐ Individual / Joint Investor

If "NO" above, also complete Investor Identification Form 1 (pages 87-88)

☐ Company

If "NO" above, also complete Investor Identification Form 2 (pages 89-90)

☐ Trusts and Trustees

If "NO" above, also complete Investor Identification Form 3 (pages 91-96)

☐ Executors of an Estate

If "NO" above, also complete Investor Identification Form 3 (pages 91-96)

PART 2: INVESTMENT AMOUNT

& APPLICANT(S) DETAILS

Minimum application is \$20,000 and thereafter multiples of \$1,000. Payment instructions are detailed on page 82 of the PDS.

Investment amount:

\$

A Individual Investor, Joint Investor 1, Company Director 1, Executor 1 or Trustee 1

Investor number:

Given name(s)

Surname

Date of birth (day/month/year)

B Joint Investor 2, Company Director 2, Executor 2 or Trustee 2

Investor number:

Given name(s)

Surname

Date of birth (day/month/year)

C Tax File Number(s) (Individual and Joint Investors only)

Tax File Number A:

Tax File Number A:

If any of the investors above are exempt from providing a TFN, please provide the reason for the exemption (eg: Sole Parent Benefits, Service Pension, etc.)

Reason:

D Name of Investing Company, Association, Body or Trustee Company if applicable

ABN

Tax File Number

E Account Designator (name of Super Fund, Trust, Deceased Estate or other entity or person)

ABN

Tax File Number

If exempt from providing a TFN and/or ABN, please provide the reason for the exemption

Reason:

F If the investing entity is a foreign resident for tax purposes, please specify the country of tax residency

Reason:

Please include your TFN in the space provided to ensure tax is not deducted from distributions.

Please fill in this section if you are investing on behalf of a Company.

Individual investors may designate an investment on behalf of another individual. Arrow is only required to act on instructions from the investors listed in 2A or 2B. Arrow is not bound to take any notice of any interest of any person listed in 2E.

Required by foreign residents for tax purposes.

PAFPO_P1 of 3

PUBLIC APPLICATION FORM continued**PART 3: APPLICANT(S) CONTACT DETAILS** (Must not be Adviser details)

Please enter contact details, including phone numbers in case we need to contact you in relation to your application.

Adviser details are not acceptable unless your adviser holds a power of attorney, a certified copy of which must be provided.

These contact details will be used for all administration correspondence.

Street Address			
Suburb	State		Postcode
Phone	After Hours Phone		
Mobile	Facsimile		
Email			

PART 4: COMMUNICATION PREFERENCES

Nominating to receive communications electronically reduces administration costs for the Fund.

Would you like unitholder communications to be sent to the email address nominated in Part 3.	<input type="checkbox"/> YES	<input type="checkbox"/> No
Would you like to opt-out of receiving hardcopy Financial Reports.	<input type="checkbox"/> YES	<input type="checkbox"/> No
Would you like to be advised of other offers from Arrow.	<input type="checkbox"/> YES	<input type="checkbox"/> No

INTERNAL USE:
PDS SOURCE

PART 5: ADVISER DETAILS

If you use a financial adviser, please have them sign this section and stamp the application form to confirm they hold a current AFS licence and are authorised to deal in and/or advise on managed investment products.

Adviser given name	
Adviser surname	
Adviser company (if applicable)	
Adviser email	
Licensed Dealer	Licence No:
Adviser Signature	

PART 6: ADDITIONAL INVESTMENT ENQUIRER

If you would like someone other than the Contact or your adviser to be able to enquire about this investment, please provide us with their details here.

Given name	
Surname	
Date of birth (day/month/year)	Company (if applicable)

PART 7: DISTRIBUTION PAYMENTS

You are required to provide your bank account details for payment of distributions. Distributions will not be paid by cheque. We can only accept Australian bank account details.

Account Name	
Financial Institution	
BSB	Account Number

PAFPO_P2 of 3

PUBLIC APPLICATION FORM continued

PART 8: DECLARATION AND AUTHORISATION

I/we declare that I/we have received and read the current PDS and agree to be bound by it (and any supplementary PDS's) and the Constitution (each as amended from time to time). I/we declare that the offer was received and accepted in Australia and all information in this application is true and correct. I/we indemnify Arrow against any liabilities whatsoever arising from acting on any information I/we provide in connection with this application. I/we have legal power to invest in accordance with this application and have complied with all applicable laws in doing so.

I/we declare that we have received the PDS accompanied by or attached to this Application Form and have read the PDS in full and understood the PDS to which this Application Form relates. I/we acknowledge that by submitting the Application Form, I/we agree and consent to all arrangements between The Responsible Entity and its related entities which are disclosed in the PDS. I/we acknowledge that the information contained in the PDS does not constitute financial product advice or a recommendation that the Units are suitable for me/us, given my/our investment objectives, financial situation and particular needs. I/we declare that this form is completed and lodged according to the PDS and that all statements made by me are complete and accurate. I/we acknowledge that an investment in the Units is not an investment in, a deposit with, or any other type of liability of The Responsible Entity or the Custodian, or any of their related bodies corporate. I/we acknowledge that an investment in the Fund is subject to risks, including reduced or suspended distributions from the Fund and/or reduced capital value of my/our investment, and agree that those risks are appropriate for a person in my/our circumstances and with my/our investment objectives. I/we acknowledge that none of The Responsible Entity, the Manager or any of their related entities or affiliates, or any other person, does in any way stand behind or guarantee the repayment of income or capital from the Fund, the investment performance of the Fund or any particular rate of return or any distribution. I/we acknowledge that the PDS contains forward looking statements based on assumptions that the Responsible Entity considers to be appropriate at the time of preparing the PDS. I/we acknowledge that the assumptions and forward looking statements are subject to factors which are outside the control of the Responsible Entity, the Manager and their directors or which are not predictable on a reliable basis and that actual results may vary materially from the forward looking statements. I/we acknowledge that the applications will only be accepted and any income or capital distribution made by the Fund will only be paid in Australian currency. I/we declare that if this Application Form is signed by a corporate Applicant, it has been signed in accordance with section 127 of the Corporations Act, the corporation's constitution and applicable laws.

I/we understand that the Responsible Entity is required to comply with AML Legislation and I/we acknowledge the information about AML Legislation set out in the PDS and agree to provide the Responsible Entity any additional information it requests from time to time to ensure compliance with that legislation. I/we understand that if I/we refuse to provide any additional information or documentation requested, or if the Responsible Entity believes it is required to take action under any AML Legislation, the Responsible Entity will not be liable for any resulting losses. I/we appoint the Responsible Entity as my/our attorney to do all things necessary on my/our behalf (including transferring my/our Units) to ensure compliance with AML Legislation. I/we undertake that we will not knowingly do anything to put the Responsible Entity in breach of AML Legislation. I/we undertake to notify the Responsible Entity if I am/we are aware of anything that would put The Responsible Entity in breach of AML Legislation. If requested, I/we undertake to provide additional information and assistance and comply with all reasonable requests to facilitate the Responsible Entity's compliance with AML Legislation. I/we undertake that I am/we are not aware and have no reason to suspect that: (i) the money used to fund the investment is derived from or related to money-laundering, terrorism financing or similar activities (illegal activities); and (ii) proceeds of the investment made in connection with this product will not fund illegal activities. The Responsible Entity is subject to AML Legislation, in making any application pursuant to the PDS, I/we consent to the Responsible Entity disclosing in connection with AML Legislation any of my/our personal information (as defined in the Privacy Act 1988 (Cth)) it has, to any relevant authority. In certain circumstances, the Responsible Entity may be obliged to freeze or block an account where it is used in connection with illegal activities. Freezing or blocking can arise as a result of the account monitoring that is required by AML Legislation. If this occurs, the Responsible Entity is not liable to me/us for any consequences or losses whatsoever and I/we agree to indemnify the Responsible Entity if I am/we are found liable to a third party in connection with the freezing or blocking of my account.

The Responsible Entity retains the right not to provide services or issue products to any Applicant that the Responsible Entity decides, in its sole discretion, that it does not wish to supply.

In the case of joint applications, the joint applicants agree that unless otherwise indicated on the application form, the units will be held as joint tenants and either investor is able to operate the account and bind the other investor for future transactions. If this application is signed under Power of Attorney, the Attorney declares that he/she has not received notice of revocation of the power. I/we acknowledge that we have read and understood the 'Privacy Statement' in the current PDS. I/we that, until I/we inform Arrow otherwise, I/we will be taken to have consented to all uses of our personal information (including marketing) contained under that heading and to our adviser providing further personal information to Arrow as required or reasonably deemed necessary by Arrow. Any application can be accepted or rejected by Arrow. I/we understand that if we fail to provide any information requested or do not agree to any of the possible uses or disclosure of our information as detailed in the PDS, our application may be rejected by Arrow and Arrow is released and indemnified in respect of any loss or liability arising from its inability to accept an application due to inadequate or incorrect details having been provided. I/we agree that Arrow may provide details of our investment to the adviser group or adviser nominated by the means and in the format that they direct.

If the application is signed by more than one person, who will operate the account: ☐ Any to sign ☐ All to sign together

Signature A		Signature A	
Name	Date (DD/MM/YY)	Name	Date (DD/MM/YY)

If a Company Officer or Trustee, you MUST specify your title:

<input type="checkbox"/> Director	<input type="checkbox"/> Sole Director and Company Secretary
<input type="checkbox"/> Trustee	Other (please specify)

If a Company Officer or Trustee, you MUST specify your title:

<input type="checkbox"/> Director	<input type="checkbox"/> Sole Director and Company Secretary
<input type="checkbox"/> Trustee	Other (please specify)

PART 9: PAYMENT DETAILS

Only cheques or bank drafts in Australian dollars and drawn on a bank or financial institution in Australia will be accepted.

Please ensure that you submit the correct amount. Incorrect payments may result in your application being rejected.

Your cheque or bank draft must be made payable to **Sandhurst Trustees – APIF Offer** and crossed **Not Negotiable**.

Drawer	Cheque No.	
BSB No.	Account No.	Amount \$

PAFPO_P3 of 3

Investor Identification Forms

In 2006 the Federal Government enacted the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF). The purpose of this legislation is to enable Australia's financial sector to maintain international business relationships, detect and prevent money laundering and terrorism financing by meeting the needs of law enforcement agencies and to bring Australia in line with international standards.

12.1 Why does this legislation affect Arrow?

As AFM is the responsible entity for investment products, we have to meet stringent investor identification and verification requirements. This means that prior to units in any Arrow Primary Infrastructure Fund being issued, we must be 'reasonably satisfied' that investors are who they claim to be.

12.2 What do you need to do?

If you invest in the Fund through a financial adviser or an IDPS facility then they will request and collect any verification materials. If you are investing directly, you need to complete the identification form which relates to the type of entity making the investment:

Type of Entity Investing	Forms to be completed	Pages
Individual / Joint Investors (each applicant must complete a form)	IDENTIFICATION FORM 1: Individual & Sole Traders Form	87-88
Australian Companies	IDENTIFICATION FORM 2: Australian Companies Form	89-90
Trusts, Trustees and Self Managed Super Funds	IDENTIFICATION FORM 3: Trusts, Trustees & SMSFs Form	91-96

Not on the list?

If you are investing via a type of entity not listed in Section 12.2, please phone Boardroom on 1300 737 760 to discuss which form is appropriate for your needs.

We may request additional information from you where we reasonably consider it necessary to satisfy our obligations under the AML/CTF Act, and applications will not be processed until the necessary information is provided.

12.3 Who is allowed to certify AML/CTF Identification documents?

- ▶ a Justice of the Peace
- ▶ a member of the Institution of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants
- ▶ a person who is enrolled on the roll of the Supreme Court of a State or Territory, or High Court of Australia, as a legal practitioner (however described)
- ▶ a judge of a court or a magistrate
- ▶ a permanent employee of Australia Post employed in an office supplying postal services to the public with 5 years continuous service
- ▶ a full time teacher at a school or tertiary institution
- ▶ a police officer
- ▶ a person who, under a law in force in a State or Territory, is currently licenced or registered to practice one of the following occupations: Chiropractor, Dentist, Medical practitioner, Nurse, Optometrist, Pharmacist, Physiotherapist, Psychologist, Veterinary surgeon
- ▶ an officer with, or authorised representative of, a holder of an Australian financial services licence, having 2 or more continuous years of service with one or more licensees
- ▶ any other persons mentioned in Part 1 and Part 2 of the Statutory Declarations Regulations 1993 – Schedule 2

IDENTIFICATION FORM 1: INDIVIDUALS & SOLE TRADERS

GUIDE TO COMPLETING THIS FORM Complete one form for each individual nominated on your application form. Complete all applicable sections of this form in BLOCK LETTERS.

SECTION 1A: PERSONAL DETAILS / INDIVIDUAL 1

Surname		Date of Birth	
		dd/mm/yyyy	
Full Given Name(s)			
Residential Address (PO Box is NOT acceptable)			
Suburb	State	Postcode	Country

COMPLETE THIS PART IF INDIVIDUAL IS A SOLE TRADER

Full Business Name (if any)		ABN (if any)	
Principal Place of Business (if any) (PO Box is NOT acceptable)			
Suburb	State	Postcode	Country

SECTION 1B: PERSONAL DETAILS / INDIVIDUAL 2

Surname		Date of Birth	
		dd/mm/yyyy	
Full Given Name(s)			
Residential Address (PO Box is NOT acceptable)			
Suburb	State	Postcode	Country

COMPLETE THIS PART IF INDIVIDUAL IS A SOLE TRADER

Full Business Name (if any)		ABN (if any)	
Principal Place of Business (if any) (PO Box is NOT acceptable)			
Suburb	State	Postcode	Country

(Go to Section 2)

IDF1_P1 of 2

IDENTIFICATION FORM 1: INDIVIDUALS & SOLE TRADERS continued**SECTION 2: IDENTIFICATION DOCUMENTS** (certified copies to be provided)

Please complete Part I (if you do not own a document from Part I, then complete Part II or III.)

PART I: ACCEPTABLE PRIMARY ID DOCUMENTS

Tick	Select ONE valid option from this section only
<input type="checkbox"/>	Australian State / Territory driver's licence containing a photograph of the person.
<input type="checkbox"/>	Australian passport (a passport that has expired within the preceding 2 years is acceptable).
<input type="checkbox"/>	Card issued under a State or Territory for the purpose of proving a person's age containing a photograph of the person.
<input type="checkbox"/>	Foreign passport or similar travel document containing a photograph and the signature of the person.*

PART II: ACCEPTABLE SECONDARY ID DOCUMENTS

This should only be completed if you do not own a document from Part I.

Tick	Select ONE valid option from this section	Tick	
<input type="checkbox"/>	Australian birth certificate	<input type="checkbox"/>	Australian citizenship certificate
<input type="checkbox"/>	Pension card issued by Centrelink	<input type="checkbox"/>	Health card issued by Centrelink
Tick	AND ONE valid option from this section		
<input type="checkbox"/>	A document issued by the Commonwealth or a State or Territory within the preceding 12 months that records the provision of financial benefits to the individual and which contains the individual's name and residential address.		
<input type="checkbox"/>	A document issued by the Australian Taxation Office within the preceding 12 months that records a debt payable by the individual to the Commonwealth (or by the Commonwealth to the individual), which contains the individual's name and residential address.		
<input type="checkbox"/>	A document issued by a local government body or utilities provider within the preceding 3 months which records the provision of services to that address or to that person (the document must contain the individual's name and residential address).		
<input type="checkbox"/>	If under the age of 18, a notice that: was issued to the individual by a school principal within the preceding 3 months; and contains the name and residential address; and records the period of time that the individual attended that school.		

PART III: ACCEPTABLE FOREIGN ID DOCUMENTS

This should only be completed if you do not own a document from Part I.

Tick	BOTH documents from this section must be presented
<input type="checkbox"/>	Foreign driver's licence that contains a photograph of the person in whose name it issued and the individual's date of birth.*
<input type="checkbox"/>	National ID card issued by a foreign government containing a photograph and a signature of the person in whose name the card was issued.*

*Documents written in a language that is not English must be accompanied by an English translation prepared by an accredited translator.

IMPORTANT: Please attach a certified, legible copy of the ID documentation you are relying upon to confirm your identity (and any required translation).

IDF1_P2 of 2

IDENTIFICATION FORM 2: AUSTRALIAN COMPANIES

GUIDE TO COMPLETING THIS FORM Complete all applicable sections of this form in BLOCK LETTERS.
Foreign Companies registered with ASIC are required to contact AFM to obtain an Identification Form.
Only send the **completed sections** of this form with the application form.

SECTION 1A: AUSTRALIAN COMPANY DETAILS (to be completed if company is an Australian Company)

1.1 General Information

Full name as registered by ASIC			ACN
Registered office address (PO Box is NOT acceptable)			
Suburb	State	Postcode	Country
Principal Place of Business (if any) (PO Box is NOT acceptable)			
Suburb	State	Postcode	Country

1.2 Regulatory/Listing Details (Tick the following categories which apply and provide the information requested)

<input type="checkbox"/>	Regulated company (licensed by an Australian Commonwealth, State or Territory statutory regulator)	
tick if applicable	Regulator name	Licence details
<input type="checkbox"/>	Australian listed company	
tick if applicable	Name of market / exchange	
<input type="checkbox"/>	Majority-owned subsidiary of an Australian listed company	
tick if applicable	Australian listed company name	Name of market / exchange

1.3 Company Type (Tick only ONE of the following categories)

<input type="checkbox"/>	Public	The form is now COMPLETE
<input type="checkbox"/>	Proprietary	Continue to Section 1.4

1.4 Directors (only needs to be completed for proprietary companies)

This section does NOT need to be completed for public and listed companies.

<input type="checkbox"/>	Number of Directors – Provide full name of each Director	
1.	Full given name(s)	Surname
2.	Full given name(s)	Surname
3.	Full given name(s)	Surname
4.	Full given name(s)	Surname

If there are more directors, provide details on a separate sheet.

IDF2_P1 of 2

IDENTIFICATION FORM 2: AUSTRALIAN COMPANIES continued**1.5 Shareholders** (only needs to be completed for proprietary companies that are not regulated companies as selected in Section 1.2)

Provide details of ALL individuals who are beneficial owners through one or more shareholdings of more than 25% of the company's issued capital

SHAREHOLDER 1

Full Given Name(s)		Surname	
Residential Address (PO Box is NOT acceptable)			
Suburb	State	Postcode	Country

SHAREHOLDER 2

Full Given Name(s)		Surname	
Residential Address (PO Box is NOT acceptable)			
Suburb	State	Postcode	Country

SHAREHOLDER 3

Full Given Name(s)		Surname	
Residential Address (PO Box is NOT acceptable)			
Suburb	State	Postcode	Country

SHAREHOLDER 4

Full Given Name(s)		Surname	
Residential Address (PO Box is NOT acceptable)			
Suburb	State	Postcode	Country

If there are more shareholders, provide details on a separate sheet.

IDF2_P2 of 2

IDENTIFICATION FORM 3: TRUSTS, TRUSTEES & SMSFs

GUIDE TO COMPLETING THIS FORM Complete all applicable sections of this form in BLOCK LETTERS.

Section 1 (all parts) – all trusts. AND select and complete one of the following sections for

ONLY ONE of the trustees: Section 2 (applicable parts) – selected trustee is an Individual

or Section 3 (applicable parts) – selected trustee is an Australian Company.

Only send the **completed sections** of this form with the application form.

SECTION 1A: TRUST DETAILS

1.1 General Information

Full name of trust

Full business name (if any)

Country where trust established

1.2 Type of Trust (select only one of the following trust types and provide the information requested)

<input type="checkbox"/>	Registered managed investment scheme		
tick if applicable	<input type="text"/>	Provide Australian Registered Scheme Number (ARSN)	➔ Go to Section 1B
<input type="checkbox"/>	Regulated trust (e.g. an SMSF)		
tick if applicable	<input type="text"/>	Provide name of the regulator (e.g. ASIC, APRA, ATO)	➔ Go to Section 1B
<input type="checkbox"/>	Government superannuation fund		
tick if applicable	<input type="text"/>	Provide name of the legislation establishing the fund	➔ Go to Section 1B
<input type="checkbox"/>	Other trust type		
tick if applicable	<input type="text"/>	Trust description (e.g. Family, unit, charitable, estate)	Complete Section 1.3 & 1.4

1.3 Beneficiary Details (only complete if "Other trust type" is selected in section 1.2 above)

Do the terms of the trust identify the beneficiaries by reference to membership of a class?

<input type="checkbox"/>	YES	Provide details of the membership class/es	
tick if applicable	<input type="text"/>	(e.g. unit holders, family members of named person, charitable purpose)	➔ Go to Section 1.4
<input type="checkbox"/>	NO	How many beneficiaries are there?	Provide full name of each beneficiary below
1.	<input type="text"/>	Full given name(s)	Surname
2.	<input type="text"/>	Full given name(s)	Surname
3.	<input type="text"/>	Full given name(s)	Surname
4.	<input type="text"/>	Full given name(s)	Surname
5.	<input type="text"/>	Full given name(s)	Surname

If there are more beneficiaries, provide details on a separate sheet.

IDF3_P1 of 6

IDENTIFICATION FORM 3: TRUSTS, TRUSTEES & SMSFs continued**1.4 Trustee Details** (only complete if "Other trust type" is selected in Section 1.2)

DO NOT complete if the trust is a registered managed investment scheme, regulated trust (e.g. SMSF) or government superannuation fund.

How many trustees are there?		Provide full name and address of each trustee below
------------------------------	--	---

TRUSTEE 1

Full given name(s) or Company name

Surname

Residential address if an individual trustee or company registered office address (PO Box is NOT acceptable)

Suburb

State

Postcode

Country

TRUSTEE 2

Full given name(s) or Company name

Surname

Residential address if an individual trustee or company registered office address (PO Box is NOT acceptable)

Suburb

State

Postcode

Country

TRUSTEE 3

Full given name(s) or Company name

Surname

Residential address if an individual trustee or company registered office address (PO Box is NOT acceptable)

Suburb

State

Postcode

Country

TRUSTEE 4

Full given name(s) or Company name

Surname

Residential address if an individual trustee or company registered office address (PO Box is NOT acceptable)

Suburb

State

Postcode

Country

TRUSTEE 5

Full given name(s) or Company name

Surname

Residential address if an individual trustee or company registered office address (PO Box is NOT acceptable)

Suburb

State

Postcode

Country

If there are more trustees, provide details on a separate sheet.

IDF3_P2 of 6

IDENTIFICATION FORM 3: TRUSTS, TRUSTEES & SMSFs continued**SECTION 1B: TRUST IDENTIFICATION DOCUMENTS** (certified copies to be provided)

For a registered managed investment scheme, regulated trust (eg SMSF) or government superannuation fund (as selected in Section 1.2) AND if the Trust has an Australian Business Number (ABN): **NO Trust documentation is required.**

Please complete If "other trust" (as selected in Section 1.2) OR the Trust does not have an Australian Business Number (ABN):

Tick	Acceptable Documents (use ONE of the following to verify the Unincorporated Association)
<input type="checkbox"/>	A certified copy or certified extract of the Trust Deed.
<input type="checkbox"/>	A notice issued by the Australian Taxation Office within the last 12 months (eg a Notice of Assessment).
<input type="checkbox"/>	A letter from a solicitor or qualified accountant that confirms the name of the trust.

Documents written in a language that is not English, must be accompanied by an English translation prepared by an accredited translator.

IMPORTANT: Please attach a certified, legible copy of the ID documentation used to verify the Trust.

Complete ONLY ONE of the following sections, as required, to collect the additional information about the identity of ONLY ONE of the trustees:

- **Section 2 (applicable parts) – where the selected trustee is an individual.**
- **Section 3 (applicable parts) – where the selected trustee is an Australian Company**

SECTION 2A: INDIVIDUAL DETAILS (to be completed if selected trustee is an Individual)

Surname		Date of Birth	
		dd/mm/yyyy	
Full Given Name(s)			
Residential Address (PO Box is NOT acceptable)			
Suburb	State	Postcode	Country

IDENTIFICATION FORM 3: TRUSTS, TRUSTEES & SMSFs continued**SECTION 2B: INDIVIDUAL TRUSTEE IDENTIFICATION DOCUMENTS** (certified copies to be provided)

Please complete Part I (or if the trustee does not own a document from Part I, then complete either Part II or III).

PART I: ACCEPTABLE PRIMARY ID DOCUMENTS

Tick	Select ONE valid option from this section only
<input type="checkbox"/>	Australian State / Territory driver's licence containing a photograph of the person.
<input type="checkbox"/>	Australian passport (a passport that has expired within the preceding 2 years is acceptable).
<input type="checkbox"/>	Card issued under a State or Territory for the purpose of proving a person's age containing a photograph of the person.
<input type="checkbox"/>	Foreign passport or similar travel document containing a photograph and the signature of the person.*

PART II: ACCEPTABLE SECONDARY ID DOCUMENTS

This should only be completed if the individual does not own a document from Part I.

Tick	Select ONE valid option from this section	Tick	
<input type="checkbox"/>	Australian birth certificate	<input type="checkbox"/>	Australian citizenship certificate
<input type="checkbox"/>	Pension card issued by Centrelink	<input type="checkbox"/>	Health card issued by Centrelink
Tick	AND ONE valid option from this section		
<input type="checkbox"/>	A document issued by the Commonwealth or a State or Territory within the preceding 12 months that records the provision of financial benefits to the individual and which contains the individual's name and residential address.		
<input type="checkbox"/>	A document issued by the Australian Taxation Office within the preceding 12 months that records a debt payable by the individual to the Commonwealth (or by the Commonwealth to the individual), which contains the individual's name and residential address. Block out the TFN Before scanning, copying or storing this document.		
<input type="checkbox"/>	A document issued by a local government body or utilities provider within the preceding 3 months which records the provision of services to that address or to that person (the document must contain the individual's name and residential address).		

PART III: ACCEPTABLE FOREIGN ID DOCUMENTS

This should only be completed if the individual does not own a document from Part I.

Tick	BOTH documents from this section must be presented
<input type="checkbox"/>	Foreign driver's licence that contains a photograph of the person in whose name it issued and the individual's date of birth.*
<input type="checkbox"/>	National ID card issued by a foreign government containing a photograph and a signature of the person in whose name the card was issued.*

*Documents written in a language that is not English must be accompanied by an English translation prepared by an accredited translator.

IMPORTANT: Please attach certified, legible copies of the ID documentation used to verify the individual trustee (and any required translation).

If the selected trustee is an individual, the form is now **COMPLETE**.

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IDENTIFICATION FORM 3: TRUSTS, TRUSTEES & SMSFs continued

SECTION 3A: AUSTRALIAN COMPANY DETAILS (to be completed if selected trustee is an Australian Company)**3.1 General Information**

Full name as registered by ASIC			ACN
Registered office address (PO Box is NOT acceptable)			
Suburb	State	Postcode	Country
Principal Place of Business (if any) (PO Box is NOT acceptable)			
Suburb	State	Postcode	Country

3.2 Regulatory/Listing Details (Tick the following categories which apply and provide the information requested)

<input type="checkbox"/>	Regulated company (licensed by an Australian Commonwealth, State or Territory statutory regulator)	
tick if applicable	Regulator name	Licence details
<input type="checkbox"/>	Australian listed company	
tick if applicable	Name of market / exchange	
<input type="checkbox"/>	Majority-owned subsidiary of an Australian listed company	
tick if applicable	Australian listed company name	Name of market / exchange

3.3 Company Type (Tick only ONE of the following categories)

<input type="checkbox"/>	Public	If the trust is a registered managed investment scheme, regulated trust (eg SMSF) or government superannuation fund, the form is now COMPLETE If 'Other trust type' is selected in Section 1.2 above, ➡ Go to Section 3.4.
<input type="checkbox"/>	Proprietary	➡ Go to Section 3.4

3.4 Directors (only needs to be completed for proprietary companies)

This section does NOT need to be completed for public and listed companies.

<input type="checkbox"/>	Number of Directors – Provide full name of each Director	
1.	Full given name(s)	Surname
2.	Full given name(s)	Surname
3.	Full given name(s)	Surname
4.	Full given name(s)	Surname

If there are more directors, provide details on a separate sheet.

If the company is a regulated company (as selected in Section 3.2) AND the trust type selected in Section 1.2 is:

- a registered managed investment scheme, regulated trust (eg SMSF) or government superannuation fund, **the form is now COMPLETE.**

Otherwise, ➡ Go to Section 3.5

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IDENTIFICATION FORM 3: TRUSTS, TRUSTEES & SMSFs continued**3.5 Shareholders** (only needs to be completed for proprietary companies that are not regulated companies as selected in Section 3.2)

Provide details of ALL individuals who are beneficial owners through one or more shareholdings of more than 25% of the company's issued capital

SHAREHOLDER 1

Full Given Name(s)		Surname	
Residential Address (PO Box is NOT acceptable)			
Suburb	State	Postcode	Country

SHAREHOLDER 2

Full Given Name(s)		Surname	
Residential Address (PO Box is NOT acceptable)			
Suburb	State	Postcode	Country

SHAREHOLDER 3

Full Given Name(s)		Surname	
Residential Address (PO Box is NOT acceptable)			
Suburb	State	Postcode	Country

SHAREHOLDER 4

Full Given Name(s)		Surname	
Residential Address (PO Box is NOT acceptable)			
Suburb	State	Postcode	Country

If there are more shareholders, provide details on a separate sheet.

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