CVC Property Managers

7 June 2010

Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

By: e-lodgement

Attention: Company Announcement

Unitholders Meeting

As previously advised CVC Property Fund (ASX: CJT) is holding a unitholders meeting, to be held on 30 June 2010 at Level 42, Suncorp Place, 259 George Street, Sydney. A copy of the Notice of Meeting circulated to unitholders is attached.

The purpose of the unitholders meeting is to seek approval to implement a recapitalisation strategy to convert $7.1 million of loans provided by CVC Limited into units.

In addition to the debt conversion the Fund will also be undertaking a rights issue allowing existing unitholders to subscribe for 1.5 units for every 1 unit held at a price of 1.2 cents per unit.

For further information please contact:

Alexander Beard
Director, CVC Property Fund (02) 9087 8000

John Hunter
Company Secretary

CVC Property Fund

ARSN 107 276 184

Notice of Meeting of Unitholders

(incorporating an Explanatory Memorandum)

To be held at

Date:	**Wednesday 30 June 2010**
Time:	**2.00pm**
Place:	**Level 42, Suncorp Place 259 George Street SYDNEY NSW 2000**

The Notice of Meeting and Explanatory Memorandum is dated 7 June 2010

This is an important document. If you are in any doubt how to deal with this document, please consult your legal, financial or other professional advisor

Independent Directors' letter to Unitholders

7 June 2010

Dear Unitholder

As announced to ASX today, CVC Property Fund is implementing a recapitalisation strategy to:

- deleverage and strengthen the Fund's balance sheet and reduce its interest costs;
- increase the yield return for Unitholders; and
- increase the attractiveness of the Fund to investors for future investment and growth.

A key element of the recapitalisation strategy is a proposed debt reduction by converting a $7.1 million loan from CVC Limited (**CVC Term Loan**) into 220,261,651 units at a conversion price of 3.22 cents per unit.

The proposed conversion price represents the net tangible assets per Unit before the Fund acquired the properties located at 357 - 373 Warringah Road, Frenchs Forest, New South Wales and Unit 2 1464 Ferntree Gully Road, Knoxfield, Victoria on 31 March 2010.

Conversion of the CVC Term Loan requires Unitholder approval and this document contains a notice which convenes a meeting of Unitholders to be held on 30 June 2010 to consider and, if thought fit, approve the conversion.

The Fund has obtained an independent expert's report from UHY Haines Norton Corporate Finance Pty Ltd which concludes that the conversion is fair and reasonable for Unitholders who are not associated with CVC.

The conversion proposal has the support of the independent directors of the Fund. Before making any decision on how to vote on the resolution to be put to the meeting, you should read these documents carefully and seek professional advice if required.

Yours sincerely

KW McGrath	**JTC Lau**
Non-executive Director	Non-Executive Director

Notice of General Meeting

Notice is given that a general meeting of the members of CVC Property Fund ARSN 107 276 184 (the **Fund**) will be held at 2.00pm (Sydney time) on 30 June 2010 at Level 42, Suncorp Place, 259 George Street, Sydney.

The business to be considered at the meeting is set out below. This Notice of Meeting should be read in conjunction with the accompanying Explanatory Memorandum. A Proxy Form also accompanies this Notice of Meeting.

Agenda

Resolution 1 - To approve the issue of 220,261,651 units to CVC Limited

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That for the purposes of section 611, item 7 of the Corporations Act 2001 (as modified by section 604 of the Act), Listing Rule 10.11 and for all other purposes, the issue by the Fund of 220,261,651 units at an issue price of 3.22 cents per unit to CVC Limited on the terms and conditions in the Explanatory Memorandum, is approved."

Voting exclusion statement

The Fund will disregard any votes cast on resolution 1 by CVC Limited and its associates. However, the Fund will not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Notes

Persons entitled to vote

Under regulation 7.11.37 of the Corporations Regulations 2001, the Directors have determined that the unitholding of each Unitholder for the purposes of ascertaining their voting entitlements at the meeting will be as it appears in the unit register at 7.00pm Sydney time on 28 June 2010.

Proxies

Votes at the Meeting may be given personally or by proxy, attorney or representative.

A Unitholder entitled to attend and vote at the meeting has the right to appoint no more than two proxies.

A Unitholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

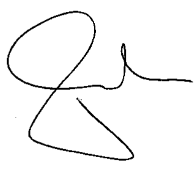
If the Unitholder appoints two proxies and the appointment does not specify the proportion or the number of the Unitholder's votes each proxy may exercise, each proxy may exercise one half of the Unitholder's votes. If the Unitholder appoints two proxies, neither proxy may vote on a show of hands.

A proxy need not be a Unitholder of the Fund.

A proxy form must be signed by the Unitholder or his or her attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed by a director, company secretary, sole director and sole company secretary or under the hand of a duly authorised officer or attorney.

The proxy form (and any Power of Attorney under which it is signed) must be received by the Fund by fax on +612 9087 8088 or by mail or delivery to the Fund's registered office at Level 42, Suncorp Place, 259 George Street, Sydney, New South Wales 2000 no later than 48 hours before the commencement of the meeting, that is by no later than 2.00pm Sydney time on 28 June 2010. Any proxy form received after that time will not be valid for the scheduled meeting.

By order of the Directors of the Responsible Entity



John Hunter
Company Secretary
7 June 2010

Explanatory Memorandum

1 Introduction

General

This explanatory memorandum has been prepared for the information of Unitholders in connection with the business to be conducted at a meeting of Unitholders to be held at 2.00pm on Wednesday 30 June 2010 at Level 42, Suncorp Place, 259 George Street, Sydney. It forms part of the notice of meeting and must be read together with that notice.

Unitholders should read this document in full and if they have any questions, obtain professional advice, before making any decision in relation to the resolution to be put to the meeting.

Purpose of the meeting

The purpose of the meeting is to consider a proposed resolution to permit CVC Limited to convert its $7.1 million loan to the Fund into 220,261,651 Units, and to approve the subsequent increase of CVC and its associates' voting power from 52.59% to 84.63%.

2 Background

CVC Term Loan

In October 2007 the Fund borrowed a total of $5 million of mezzanine debt - $2.5 million each from CVC Limited and Trinity Limited - to assist with the acquisition of the property located at 8 Rodborough Road, Frenchs Forest, New South Wales (the **Ricoh building**). Those loans were secured by a second ranking mortgage over the property.

On 30 September 2008, as part of the separation agreement between CVC Limited and Trinity Group, CVC Limited purchased the loan provided by Trinity Limited together with the entitlement to accrued interest.

On 27 November 2008, CVC Limited made a further advance to the Fund of $1.05 million as required under the senior loan facility with the National Australia Bank.

The accrued but unpaid interest on the outstanding principal amounts is in the order of $1.05 million.

The Fund estimates that the total monies owing by the date of the meeting will be in the order of $7.1 million.

The monies owing by the Fund to CVC Limited in respect of the Ricoh building financing are referred to as the **CVC Term Loan**.

CVC Bridging Loan

On 31 March 2010 the Fund announced to ASX that it had acquired properties at 357 - 373 Warringah Road, Frenchs Forest, New South Wales and Unit 2 1464 Ferntree Gully Road, Knoxfield, Victoria for a combined acquisition price of $43.2 million (**Properties**). The acquisitions were funded by a combination of senior finance from the National Australia Bank and a short term facility provided by CVC Limited (**CVC Bridging Loan**).

Debt reduction and recapitalisation strategy

Today the Fund announced a debt reduction and recapitalisation strategy which has the following elements:

- **(Conversion of CVC Term Loan)** A reduction of $7.1 million CVC Term Loan by converting the monies owing into 220,261,651 Units at an issue price of 3.22 cents per Unit.
- **(Rights issue)** A renounceable rights issue to raise funds to reduce the CVC Bridging Loan (**Rights Issue**). Under the Rights Issue, Unitholders will be entitled to subscribe for 1.5 new Units for each Unit that they hold on the record date at an issue price of 1.2 cents per Unit. The funds raised will be used to reduce part of the CVC Bridging Loan.

3 Regulatory background

Unitholder approval

The proposed conversion of the CVC Term Loan (**Conversion**) requires the following Unitholder approvals:

- takeover approval (under Chapter 6 of the Corporations Act); and
- related party approval (under Listing Rule 10.11).

Takeover approval

If the Conversion is approved by Unitholders, CVC Limited will be issued with 220,261,651 Units and its relevant interest in Units the Fund will increase from 52.59% to 84.63%.

Subject to a number of exceptions, section 606 of the Corporations Act (as modified by section 604) prohibits a person acquiring a relevant interest in voting interests in a registered managed investment scheme (ie Units in the Fund) if that person’s (or someone else’s) voting power in the scheme would increase from a starting point that is above 20% and below 90%. One of the exceptions to this general prohibition is where Unitholders approve the increase in accordance with section 611, item 7 of the Corporations Act 2001.

Accordingly, Unitholder approval is required under the Corporations Act to enable CVC Limited's interest in the Fund to increase as a result of the proposed Conversion.

'Voting power' is calculated by aggregating the voting interests (ie Units) in which a person and their Associates have a relevant interest. In broad terms, a person has a relevant interest in voting interests if the person can control the vote or disposal of those voting interests. A person is also deemed to have the same relevant interest in voting interests held by a company in which the person has at least a 20% holding.

The requirement for Unitholder approval under section 611, item 7 of the Corporations Act 2001 is intended to protect the rights of Unitholders other than CVC and its Associates. In order to obtain Unitholder approval pursuant to section 611, item 7, Unitholders must be provided with all information that is known to the Fund or the CVC Unitholders (or their Associates) that is material to the decision on how to vote on the resolution. In particular, the Corporations Act 2001 requires that Unitholders be informed as to:

- the identity of the person proposing to make the acquisition and their Associates; and
- the voting power and the maximum extent of the increase in voting power of each acquirer and their Associates that would result from the acquisition.

Related party approval

Listing Rule 10.11 provides that a listed entity must not issue or agree to issue any securities to a related party (which includes an entity that controls the Fund and its directors and their associates) without the approval of Unitholders. Accordingly, Unitholder approval is required under the Listing Rules to enable CVC Limited to be issued with Units in the Fund on the Conversion.

The Fund considers that the proposed Conversion is occurring on reasonable arm's length terms and, accordingly, no separate approval is required under Chapter 2E of the Corporations Act.

4 Effect of Conversion and Rights Issue on capital structure and voting power

General

The Rights Issue and CVC's participation in it does not require shareholder approval. However, as the Conversion is intended to occur in combination with the Rights Issue, the Directors consider it appropriate in the interests of full disclosure to disclose the effect on the Fund of both the Conversion and the Rights Issue.

Conversion

If the Conversion is approved by Unitholders, CVC Limited will be issued with 220,261,651 Units and its relevant interest in Units the Fund will increase from 52.59% to 84.63%.

Rights Issue

CVC Limited's voting power in the Fund may also be increased under the Rights Issue if:

- the CVC Unitholders take up part or all of their entitlements under the Rights Issue and other Unitholders do not participate; and
- not all Unitholders participate in the Rights Issue and take up their entitlements.

CVC has advised the Fund that CVC does not presently intend to hold a relevant interest in 90% or more of the total issued Units in the Fund. Accordingly, CVC has advised that the CVC Unitholders presently intend only to take up such a number of their entitlements under the Rights Issue which, in aggregate, will not give CVC a relevant interest in more than 90% of all of the Units in the Fund. CVC's intentions in relation to the Fund are set out later in this document.

Pro-forma capital structure

The table below illustrates the potential effect of the Conversion and the subsequent Rights Issue on the capital structure of the Fund, assuming that no non-CVC Unitholders participate in the Rights Issue and CVC Unitholders subscribe for 170,181,041 Units under the Rights Issue (**Proposed Recapitalisation**):

Transaction	Units on issue		Percentage ownership	
	Non-CVC	CVC[1]	Non-CVC	CVC[1]
Units currently on issue	50,089,676	55,558,512	47.41%	52.59%
Units to be issued on Conversion	Nil	220,261,651	15.37%	84.63%
Units to be issued under Rights Issue	Nil [2]	170,181,041[3]	10.10%	89.90%
Total	50,089,676[2]	446,001,204[3]	10.10%	89.90%

Notes:

1. Relevant interest of CVC.
2. Assuming that no non-CVC Unitholders participate in the Rights Issue.
3. Assuming that CVC Unitholders subscribe for 170,181,041 Units under the Rights Issue

Pro-forma 5op 5 Unitholders after Proposed Recapitalisation

Assuming that no non-CVC Unitholders participate in the Rights Issue and CVC Unitholders subscribe for 170,181,041 Units under the Rights Issue, the top 5 Unitholders of the Fund would be as follows:

No.	Unitholder	Unitholding percentage
1	CVC Limited	77.99%
2	CVC Mezzanine Finance Pty Ltd	11.92%
3	Balzac Investments Pty Limited	1.70%
4	Mr Trevor Laurence Dean & Barbara Jean Dean	1.16%
5	Melbourne Corporation of Australia Pty Ltd	0.94%

Compulsory acquisition

Although CVC has advised the Fund that CVC does not presently intend to hold a relevant interest in 90% or more of the total issued Units in the Fund, after the Proposed Recapitalisation, it would be possible for CVC, six months after the Proposed Recapitalisation, to acquire a 90% interest by acquiring additional Units in the Trust without Unitholder approval under the 'creep rule' in section 611, item 9 of the Corporations Act.

If CVC has a relevant interest in 90% or more of the Fund, it will have the right to compulsorily acquire the remaining securities for cash (section 664A of the Corporations Act) in accordance with the following requirements:

- the right to compulsorily acquire the Units exists for the six month period commencing on the date that the person's interest reaches 90% (or more);
- if CVC elects to proceed to compulsory acquisition it must give Unitholders an independent expert's report as to whether its proposed terms of compulsory acquisition give fair value for the Units;

- the Units may be compulsorily acquired if either holders of less than 10% (by value) of the remaining Units object to the compulsory acquisition, or a court approves the compulsory acquisition (which will occur if the court finds that the person offered the remaining Unitholders fair value for their Units).

Consolidation

Due to the large number of Units that will be on issue as a result of the Proposed Recapitalisation, the Responsible Entity intends to consolidate the Units on a 1:20 basis immediately following the Rights Issue (**Consolidation**). Any fractional entitlements to Units of 0.4 and below will be rounded down, while 0.5 and above will be rounded up.

On completion of the Proposed Recapitalisation and the Consolidation, the total number of Units in the Fund will be reduced from 496,090,880 Units to 24,804,544 Units (subject to rounding). The proportional interest that each Unitholder has in the Fund will not change because of the Consolidation.

5 Effect of the Proposed Recapitalisation Conversion on financial position

To illustrate the effect of the Proposed Recapitalisation on the Fund, the following summary unaudited pro forma historical consolidated balance sheet has been prepared based on the Fund's reviewed accounts for the half year ending 31 December 2009, which were prepared in accordance with AIFRS.

The financial information is presented in an abbreviated form insofar as it does not include all of the disclosures required by AIFRS applicable to annual financial reports prepared in accordance with the Corporations Act.

However, the accounting policies adopted in the preparation of the summary pro forma historical consolidated balance sheet are consistent with the accounting policies adopted and described in the Fund's annual report for the year ended 30 June 2009 and should be read in conjunction with that report.

The summary pro forma historical consolidated balance sheet reflects the following pro forma adjustments:

- the issue of 220,261,651 Units on Conversion;
- the repayment of the $7,082,110 CVC Term Loan;
- Rights Issue to raise $2,042,172 to repay part of the CVC Bridging Loan; and
- the acquisition of the Properties.

The Fund's actual position on completion of the Proposed Recapitalisation Conversion may differ from the position illustrated in the summary pro forma consolidated historical balance sheet due to the factors set out above.

The table below sets out the pro forma historical consolidated balance sheet prepared on the basis described above.

	31 December 2009 $'000	Pro-forma $'000
CURRENT ASSETS		
Cash and cash equivalents	68,764	68,764
Trade and other receivables	2,028,322	29,322
Current tax assets	17,887	17,887
Total current assets	**2,114,973**	**115,973**
NON-CURRENT ASSETS		
Investment property	24,800,000	68,900,000
Total non-current assets	**24,800,000**	**68,900,000**
TOTAL ASSETS	**26,914,973**	**69,015,973**
CURRENT LIABILITIES		
Trade and other payables	120,926	120,926
Interest bearing liabilities	23,109,317	-
Total current liabilities	**23,230,243**	**120,926**
NON-CURRENT LIABILITIES		
Interest bearing liabilities	-	57,897,786
Total non-current liabilities	**-**	**57,897,786**
TOTAL LIABILITIES	**23,230,243**	**58,018,712**
NET ASSETS	**3,684,730**	**10,997,261**
UNITHOLDERS EQUITY	**3,684,730**	**10,997,261**

Effect on assets per Unit (pre-consolidation)

The table below provides information about the effect of the acquisition of Properties and the Proposed Recapitalisation on the Fund's gearing and net assets per Unit (pre-consolidation) based on the reviewed accounts at 31 December 2009.

	Before Proposed Recapitalisation	After Proposed Recapitalisation
Gearing ratio[1]	97.56%	84.28%
Net tangible asset backing per Unit[2]	1.66 cents per Unit	2.21 cents per Unit
Adjusted earnings per Unit[3]	Nil cents per Unit	0.17 cents per Unit

Notes:

1. Gearing ratio means net debt (total borrowings less cash and cash equivalents) divided by net debt plus total equity.
2. Net tangible assets per Unit means the Fund's total net tangible assets minus total liabilities as disclosed in the reviewed consolidated balance sheet of the Fund for the half year ending 31 December 2009, divided by the number of Units on issue.
3. Adjusted earnings means the Fund's total income as disclosed in the reviewed consolidated income statement of the Fund for the half year ending 31 December 2009, adjusted for the following transactions:
   - exclusion of the once off expense of $2,062,562 in relation to the impairment of investment properties; and
   - revenue of $4.3 million per annum from the Properties and an interest expense of $2.8 million for the Properties.

6 Discussion and analysis of Proposed Recapitalisation

Benefits to the Fund and Unitholders

The advantages of the Conversion and Proposed Recapitalisation generally are as follows:

- it deleverages and strengthens the Fund's balance sheet and reduces its interest costs;
- increases the yield return for Unitholders; and
- increases the attractiveness of the Fund to investors for future investment and growth.

Disadvantages to the Fund and Unitholders

The disadvantages of the Conversion and Proposed Recapitalisation generally are as follows:

- the Conversion is highly dilutive to those existing Unitholders;
- the Rights Issue will be highly dilutive to those existing Unitholders who do not participate in the Rights Issue; and
- CVC will increase its interest in the Fund significantly (from 52.59% to 89.9%) and may, 6 months later, be able to acquire sufficient Units to be able to compulsorily acquire the Units of the remaining Unitholders for fair value.

Current intentions of CVC for the future of the Fund

In August 2008 CVC advised the Responsible Entity that it did not intend to hold controlling stakes in investment entities which the Responsible Entity manages. CVC also advised that it intended to reduce its percentage holding over time to 37.8% or lower through dilution from future capital raisings and that it would not vote on any resolution in respect of any of its Units in excess of 37.8%.

Market conditions since August 2008 have prevented CVC from reducing its percentage holding in the Fund. This has required CVC to change its investment strategy.

As a result, CVC has now advised the Responsible Entity that whilst it remains CVC's investment philosophy generally not to hold controlling stakes in investment entities which it manages, CVC:

- has withdrawn its undertaking previously given not to exercise its voting power in respect of all of the Units in which it has a relevant interest from time to time in its absolute discretion;
- now reserves the right and is entitled, to exercise all of the rights attaching to any Units in which it has a relevant interest, in its absolute discretion.

However, CVC has advised the Fund that CVC still does not presently intend to hold a relevant interest in 90% or more of the total issued Units in the Fund and that the CVC Unitholders presently intend only to take up such a number of their entitlements under the Rights Issue which, when in aggregate will not give CVC a relevant interest in more than 90% of all of the Units in the Fund.

CVC's present intentions in respect of the Fund are:

- **(implement announced objectives & strategy)** to implement the Fund's recapitalisation, investment objectives and strategy as advised to the market.
- **(grow the Fund)** as part of the implementation of the Fund's recapitalisation, new investment objectives and strategy, to cause the Fund to raise additional equity or debt capital to fund new acquisitions and new investment and development activities as required and dilute its interest.
- **(no other material changes)** except as disclosed, there is no present intention to enter into any related party transactions with the Fund, to materially recapitalisation the employment arrangements of the Fund, or to redeploy any of its fixed assets.

Independent expert's report

The Fund has commissioned UHY Haines Norton Corporate Finance Pty Ltd to prepare an independent expert's report on whether the Conversion is fair and reasonable to Unitholders who are not associated with CVC. Haines Norton has concluded that the Conversion is fair and reasonable to Unitholders who are not associated with CVC. A copy of the report is annexed to this Notice of Meeting.

Recommendations of the Independent Directors

The Independent Directors (with Messrs Beard and Gould not voting, owing to their personal interests), believe that the Conversion and Proposed Recapitalisation generally is in the best interests of the Existing Unitholders (excluding CVC) as a whole (refer to paragraph 7 for further information).

7 Directors' recommendations

Directors

The Directors of the Fund are Messrs V Gould (Chairman), KW McGrath, ADH Beard and JTC Lau. The Independent Directors are KW McGrath and J Lau.

Disclosure of material personal interests

Mr Gould also has or could be regarded as having a material personal interest in the Conversion because he is the chairman of and shareholder in CVC.

Mr Beard has or could be regarded as having a material personal interest in the Conversion because he is a non-executive director of and shareholder in CVC.

Accordingly, neither Mr Beard nor Mr Gould have participated in nor had any involvement, as a Director of the Responsible Entity, in the Responsible Entity's consideration of the Conversion and do not make any recommendation in relation to any of the resolutions to be put to the meeting.

Disclosure of interests in Units

The interests in Units held by the Directors directly or by director-related entities are as follows:

Director	Number of Units held
Mr Gould	4,687,500
Mr Beard	1,250,000
Mr McGrath	Nil
Mr Lau	Nil

Payments to Directors

Except as disclosed in this document, in connection with the Conversion:

- no payment or other benefit has been given or is proposed to be given to any Director or to any Associate of the Director as compensation for the loss of or as consideration for or in connection with his or her retirement from office in the Fund; and

- no agreement or arrangement has been made between any Director or to any Associate of the Director in connection with or conditional upon the outcome of the vote on the proposed resolutions.

Dealings in Units in the Fund by the Directors or their associates over the past 4 months

There have been no dealings in Units by the Directors or any of their associates or CVC or any of its associates over the past four months.

Other interests

Other than as stated in this document, the Directors have no interest in the resolution to be considered by Unitholders.

Recommendations

The Independent Directors (with Messrs Beard and Gould not voting, owing to their personal interests), believe that the Conversion is in the best interests of the Existing Unitholders (excluding CVC) as a whole for the reasons set out in this document.

In making their recommendations, the Independent Directors advise Unitholders to read this document in its entirety and to seek their own legal and financial advice.

8 Specific information in respect of the Conversion

Prescribed information- section 611, item 7 of the Corporations Act

In accordance with section 611, item 7 of the Corporations Act, the Fund provides the following information:

(**The persons making the acquisition**) CVC Limited will be making the acquisition under the Conversion. Its associate is its wholly owned subsidiary, CVC Mezzanine Finance Pty Limited.

(**Full particulars of the Units in the Fund to which the CVC and its associates are or will be entitled immediately before and after the Conversion**)

Acquirer	Pre- Rights Issue and Conversion		Post Rights Issue and Conversion	
	Relevant Interest	Voting power (%)	Relevant Interest	Voting power (%)
CVC Limited	18,996,012	17.98%	386,879,641	77.98%
CVC Mezzanine Finance Pty Ltd	36,562,500	34.61%	59,121,563	11.92%

(**Increase in voting power of CVC and its associates as a result of the Rights Issue and Conversion**) If the Conversion and the Rights Issue proceed CVC Limited may increase its voting power in the Fund, which includes its indirect interest through CVC Mezzanine, from 52.59% to a maximum of 89.9%.

(**The intentions of CVC regarding the future of the Fund if Unitholders agree to the Conversion**) CVC has advised the Independent Directors that its current intentions for the future of the expanded Fund if the Conversion proceeds are those set out in section 4.

Prescribed information- Listing Rule 10.13

In accordance with Listing Rule 10.13, the Fund provides the following information:

Number of Conversion Units to be issued:	220,261,651 Units
Issue price of Conversion Units:	The issue price for the Conversion Units is 3.22 cents per Unit.
Name of the allottee:	CVC Limited
Relationship between the allottee and the Fund	CVC Limited has a relevant interest in 52.59% of the Fund.
The terms of the Conversion Units:	All of the Units to be issued will be fully paid ordinary Units in the Fund that rank pari passu with all other Units on issue.
The use (or intended use) of the funds raised from the issue of Conversion Units:	Funds raised will be used to repay in full the debt owing to the allottee.
Date of allotment and issue:	No later than one month after the date of this meeting.

The effect of obtaining Unitholder approval is that the issue of the Conversion Units, will not be counted towards the Fund's 15% placement capacity under Listing Rule 7.1.

9 Glossary

The following words and expressions used in the notice of meeting and this Explanatory Statement have the following meanings unless the context requires otherwise:

ASIC means the Australian Securities & Investments Commission.

Associate has the meaning given to that expression for the purposes of Division 2 of Part 1.2 of the Corporations Act.

ASX means ASX Limited ACN 98 008 624 691.

Conversion means the conversion of the CVC Loan into 220,261,651 Units.

Corporations Act means the Corporations Act 2001 and the Corporations Regulations.

CVC means CVC Limited ACN 002 700 361.

CVC Bridging Loan means a $24.0 million short term facility provided by CVC to the Fund to part fund the acquisition of the Properties.

CVC Mezzanine means CVC Mezzanine Finance Pty Ltd ACN 110 359 692.

CVC Term Loan means a $7.1 million loan from CVC to the Fund.

CVC Unitholders means CVC Limited and CVC Mezzanine Finance Pty Ltd.

Director means a director of the Responsible Entity.

Fund means CVC Property Fund ARSN 107 276 184.

Independent Directors means Mr KW McGrath and Mr JTC Lau.

Listing Rules means the Listing Rules of the ASX.

Proposed Recapitalisation means the Conversion and proposed Rights Issue assuming that no non-CVC Unitholders take up their entitlements and the CVC Unitholders take up 170,181,041 Units

Properties means Unit 2 1464 Ferntree Gully Road, Knoxfield, Victoria and 357 - 373 Warringah Road, Frenchs Forest, New South Wales.

Responsible Entity means CVC Property Managers Limited ACN 066 092 028.

Rights Issue means the Fund's 1.5: 1 renounceable rights issue, with an issue price of 1.2 cents per Unit.

Trinity Group means a stapled entity comprising the Trinity Stapled Security Trust and Trinity Limited and its controlled entities.

Unit means a fully paid unit in the Fund.

CVC PROPERTY FUND

ARSN 107 276 184

Registered Office: Level 42 Suncorp Place, 259 George Street Sydney NSW 2000, Australia
Phone: (02) 9087 8000 Fax: (02) 9087 8088

PROXY FORM

I, ………………………………………………………………………………………….

(FULL NAME, BLOCK LETTERS)

of ……………………………………………………………………………………………

being a member of the CVC Property Fund.

SECTION A

HEREBY APPOINT ………………………………………………………………………………….

of ………………………………………………………………………………………….

or, failing him/her, the Chair of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Fund to be held at 2.00pm (Sydney time) on Wednesday 30 June 2010 (Sydney time), or at any adjournment thereof. The proxy so appointed shall represent all my/our voting rights except those (if any) specified in B below.

SECTION B <u>(DO NOT COMPLETE THIS SECTION UNLESS YOU WISH TO APPOINT TWO PROXIES)</u>

AND I FURTHER APPOINT ……………………………………………………………………………

of ………………………………………………………………………………………….

as my proxy to vote for me/us and on my/our behalf at the said meeting or at any adjournment thereof. The proxy, appointed by this Section B, shall represent my/our voting rights in respect of …………………… Units.

I/ we instruct my/our proxy to vote as indicated below in respect of the resolutions:

	A			B		
	For	**Against**	**Abstain**	**For**	**Against**	**Abstain**
Resolution 1 – Approval of issue of 220,261,651 units to CVC Limited						

If you do not wish to direct your proxy how to vote, please place a mark in the box:

By marking this box you acknowledge that the Chair of the Meeting may exercise your proxy even if he/ she has an interest in the outcome of the resolutions and votes cast by him/ her other than as proxy holder will be disregarded because of that interest. The Chair of the Meeting will vote all undirected proxies in favour of all resolutions.

Signed this……………………………………day of ……………………………………………2010.

……………………………………………………… ………………………………………………………

Signature of Unitholder(s) Signature of Witness

14 May 2010

The Directors
CVC Property Managers Limited
Level 42, 259 George Street
SYDNEY NSW 2000

Dear Sirs,

Re: Independent Experts Report and Financial Services Guide

1. Introduction

The Independent Experts Report ("Report") has been prepared by UHY Haines Norton Corporate Finance Pty Ltd ("UHYHNCF") at your request in respect of the following transaction:

<u>Debt for equity conversion – CVC Property Fund</u>

The issue of units by CVC Property Fund ("CJT") in a debt for equity conversion of $7,082,110 to CVC Limited, at a conversion price of $0.0322 per unit.

2. Purpose of the Report

Our Report has been prepared at the request of the Directors of CVC Property Managers Ltd (the responsible entity) in order to assist the Unit holders of CVC ("Unit holders") in their decision whether to accept the proposed debt for equity conversion ("the Proposed Transaction").

The purpose of the report is to express an opinion as to whether the Proposed Transaction is fair and reasonable to Unit holders. The Report is to be included in an Explanatory Memorandum to be sent to all Unit holders.

A rights issue is planned to take place in conjunction with the Proposed Transaction. The rights issue will be used to retire a portion short term loan facility used to fund the purchase of two properties at a total cost of $45,745,000 on 31 March 2010. This report does not incorporate an opinion on the rights issue.

3. Approach

In order to assess whether the Proposed Transaction is fair and reasonable we have:

- Assessed whether the Proposed Transaction is fair by considering the value of a unit in CJT before the Proposed Transaction and after the Proposed Transaction;
- Assessed whether the Proposed Transaction is reasonable by considering other advantages and disadvantages of the Proposed Transaction to Unit holders;

4. Summary and Opinion

In our opinion, and for the reasons set out in Section 13 of this report, the Proposed Transaction is fair and reasonable.

Fair

Table 4.1 sets out a summary of our valuation of a unit in CJT before the Proposed Transaction and after the Proposed Transaction.

Table 4.1				
Summary of Valuation Analysis	Before Transaction		After Transaction	
	Low $	High $	Low $	High $
Orderly realisation of asset, sale within 12 months	0.0037	0.0070	0.0172	0.0192
Orderly realisation of assets, assuming sale in 5 years	Nil	Nil	0.0271	0.0398
DCF Methodology, assuming a perpetual income stream	Nil	Nil	0.0032	0.0338

As the value of a unit in CJT is greater after the Proposed Transaction than before, we consider the Proposed Transaction to be fair to the Unit holders of CJT.

Reasonable

In Section 13.2 we determined that the Proposed Transaction is reasonable for Unit holders of CJT by considering:

- Financial advantages and disadvantages of the Proposed Transaction; and
- Alternatives, including the position of the Unit holders if the Proposed Transaction did not proceed.

The key advantages are:

- Reduction of interest bearing debt;
- Assist CJT in achieving an improved yield.

A disadvantage of the Proposed Transaction is the dilution of Unit holders' interests, other than CVC Limited and CVC Mezzanine Pty Limited, from 47.4% ownership to 15.4% after the conversion of debt to equity.

We are unaware of any alternative proposal to that mentioned above.

Report Structure

Our Report is set out in the following main sections:

5. **Basis of evaluation**
6. **Summary of the industry**
7. **Profile of CJT**
8. **Impact of the Proposed Transaction**
9. **Valuation approach**
10. **Valuation of CJT before the Proposed Transaction**
11. **Valuation of CJT after the Proposed Transaction**
12. **Summary of valuation results**
13. **Evaluation and conclusion**

Appendix 1 – Declarations and disclosures

Appendix 2 – Sources of information

Appendix 3 – Financial Services Guide

Appendix 4 – Calculation of WACC

Appendix 5 – Glossary of terms

5. Basis of evaluation

Our Report has been prepared at the request of the Directors of CVC Property Managers Ltd in order to assist the Unit holders of CJT ("Unit holders") in their decision whether or not to approve the Proposed Transaction.

The purpose of the report is to express an opinion as to whether or not the offer price inherent in the debt for equity conversion transaction offered by the Directors is fair and reasonable to the Unit holders. The Report is to be included in the Explanatory Memorandum ("EM") to be sent to all the Unit holders.

In assessing whether or not the Proposed Transaction is fair and reasonable, we have had regard to common market practice and to the RG111 in relation to Independent Expert's Reports.

For the purposes of our Report, we have assessed fair and reasonable as two distinct criteria, having regard to RG111 which states:

- An offer is considered "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer; and
- An offer is considered "reasonable" if it is fair or, where the offer is "not fair", it may still be "reasonable" if the expert believes that there are sufficient reasons for the security holders to accept the offer in the absence of any higher bid before the close of the offer.

5.1 Fairness

RG111 defines an offer as being "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer.

Accordingly, part of our assessment will be the determination of the fair value of CJT units prior to the Proposed Transaction and the fair value of the CJT units after the Proposed Transaction.

"Fair value" in this context is considered to be "the amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length".

A comparison of the fair value of a CJT unit before the Proposed Transaction, together with the value of a CJT unit after the Proposed Transaction, is set out in Section 13.1.

5.2 Reasonableness

RG111 considers an offer to be reasonable if either:

- The debt for equity conversion offer price is fair; or
- Despite not being fair, there are sufficient reasons for the Unit holders to accept the debt for equity conversion offer price in the absence of any proposal.

To assess the reasonableness of the Proposed Transaction, we considered the following factors in addition to determining whether the Proposed Transaction is reasonable:

- Whether the Proposed Transaction is fair;
- The relative advantages and disadvantages to Unit holders of the Proposed Transaction; and
- Any alternatives to the Proposed Transaction, including the position of Unit holders if the Proposed Transaction does not proceed.

6. Summary of the industry

The global economic, credit and financial crisis experienced in the last 2 years has resulted in a significant slowing of economic growth. Also, credit has become expensive and lenders have become more conservative, thus making loan finance harder to obtain. Furthermore, there has been a general re-rating of risk. All of the above factors have led to a lack of buyers for investment properties. However, the recent recapitalisation of a number of the larger real estate investment trusts have taken some of the pressure off the sector and the consequent need to raise capital through asset sales.

The S&P/ASX200 Property index has fallen over the period from a peak of 2,564 on 5 June 2007 to a low of 536 on 10 March 2009. The index has since risen to a close of 884.9 on 13 May 2010. This represents a 65.5% decrease from the peak of 2007.

The vast majority of entities within the sector continue to a trade at a discount to net tangible assets (“NTA”). Furthermore, a number of entities within the sector have performed some form of capital raising exercise over the last 18 months. The offer price has been at a significant discount to NTA in many cases, and some even at a discount to the market traded price thus representing a further discount to NTA.

6.1 CJT in comparison with the sector

Due to the comparatively small size of CJT, it is very hard to compare CJT to other entities with a similar asset profile and size within the REIT sector. At 31 December 2009, CJT had an office building and an undeveloped industrial site totalling $24.8M with a market capitalisation of approximately $3.1M. The next smallest fund by investment asset size had approximately $153.4M of predominantly office building assets at 31 December 2009. The next smallest fund by market capitalisation was an industrial property fund with approximately $18.1M at 31 December 2009.

Thus, the next smallest asset holding was approximately 6.2 times larger, and the next smallest market capitalisation was approximately 5.8 times larger at 31 December 2009.

As CJT now holds four assets, of which only three generate rental income, it is still difficult to compare CJT to the remainder of the sector as it is significantly smaller in asset size and quantity.

7. Profile of CVC

7.1 Fund history and operations

CJT is an Australian managed property fund that currently engages in the management of four properties – three office/warehouse buildings and one undeveloped industrial site.

CJT generates income from one source which is the rental income from the three office/warehouse properties.

CJT generates 100% of income from rent and tenancy related outgoings.

CJT was previously known as Taragon Property Fund (TPG) and changed its name in January 2007.

Following approval by the unit holders in December 2006, CJT successfully conducted a $7.5m capital raising to acquire a development site in the Sydney suburb of Belrose. A second acquisition, a modern office/warehouse building leased 100% to Ricoh Australia was completed in October 2007.

As at 31 March 2010, CJT had borrowings from National Australia Bank, which attracts an interest rate of BBSY plus 1.85% per annum and is secured by a first ranking mortgage over the properties at 8 Rodborough Road Frenchs Forest NSW, 1 Narabang Way Belrose NSW, 353-373 Warringah Road Frenches Forest, NSW and 1464 Ferntree Gully Road Knoxville, VIC with an expiry date of 31 October 2012. The terms of the loan facility is as follows:

- Loan to valuation ratio of 55%; and
- Interest cover on the first ranking of the mortgage of 1.3 times

7.2 Directors and key personnel

Table 7.1 sets out the Directors and key personnel of the responsible entity (CVC Property Management Limited) of CJT:

Table 7.1		
Directors and key personnel Name	Title	Date of appointment
Vanda Russell Gould	Chairman and Executive Director	28 April 2009
Alexander Damien Beard	Executive Director	23 December 2005
Kim Warren McGrath	Non-Executive Director	10 December 2004
John Tak Ching Lau	Non-Executive Director	28 April 2009
John Andrew Hunter	Secretary	21 March 2006

A summary of the Directors and key personnel's qualifications and experience is set out below:

Vanda Russell Gould (Chairman and Executive Director. Appointed 28 April 2009)

- B.Com (Uni. of NSW), M.Com (Uni. of NSW).
- Fellow of the Institute of Chartered Accountants in Australia; Fellow of the CPA Australia; Fellow of the Australian Institute of Management; Australian Financial Services Licence holder.
- During the past three years Mr Gould has also served as a Director and Chairman of CVC Limited, Cyclopharm Limited and Vita Life Sciences Limited, as well as numerous private and public companies including educational establishments.

Alexander Damien Beard (Executive Director)

- B.Com (Uni of NSW)
- Fellow of the Institute of Chartered Accountants in Australia and Member of the Australian Institute of Company Directors.
- During the past three years Mr Beard has also served as Chairman of Cellnet Limited and as Director of the following other listed companies: CVC Limited, mNet Group and Blue Energy Limited

Kim Warren McGrath (Non-Executive Director)

- BEc(Hons), LLB (ANU), Dip Fin Services (AFMA), Fin Analysis Cert (UTS), FAIT FAICD CPA and Solicitor (England/Wales and Victoria), Adv Management Prog (Oxon) and ASIC PS146/164 compliant
- During the past three years Mr McGrath has also served as a Director of the following other listed companies: Redbank Mines Limited, Oil Basins Limited and Strategic Energy Resources Limited.

John Tak Ching Lau (Non-executive Director)

- MAppFin (Macq), BBus (UTS), Ad Dip Property (Valuation), Dip Bus (Real Estate Management), Cert IV in Ass & Workplace Training, ASIC PS146/164 compliant, LVal, LREA, PAAPI, Justice of Peace (NSW)
- Mr Lau is currently a Director of a private company group with its main focus being in residential property development since the early 1990's.

John Andrew Hunter (Company Secretary)

- B.Com. (ANU), M.B.A (MGSM)
- Member of the Institute of Chartered Accountants in Australia

7.3 Capital structure and Unit holders

The following tables display the current unit holders before the Proposed Transaction and after the Proposed Transaction. Table 7.2 displays the maximum dilution after the Proposed Transaction but before the rights issue.

Table 7.2				
Capital Structure	Pre transaction		Post transaction	
Unit Holder	Number of units	% of total units on offer	Number of units	% of total units on offer
CVC Mezzanine Pty Ltd	36,562,500	34.61%	36,562,500	11.22%
CVC Ltd	18,996,012	17.98%	239,257,663	73.41%
Minority Interest	50,089,976	47.41%	50,089,676	15.37%
Total	105,648,488	100.00%	325,909,838	100.00%

As at 31 December 2009, CJT had 105,648,188 units on issue. CJT's unit price on the Australian Stock Exchange at 13 May 2010 was $0.016.

7.4 Historical unit price movement

Table 7.3				
Unit Price Performance	Unit Price History			
	High	Low	Last Trade	Volume
	$	$	$	$
March 2009	0.008	0.008	0.008	66,667
April 2009	0.008	0.008	0.008	-
May 2009	0.040	0.025	0.040	76,667
June 2009	0.040	0.040	0.040	1,733,596
July 2009	0.040	0.040	0.040	-
August 2009	0.040	0.040	0.040	-
September 2009	0.040	0.040	0.040	12,500
October 2009	0.020	0.020	0.020	5,000
November 2009	0.022	0.022	0.022	25,053
December 2009	0.030	0.025	0.030	1,217,447
January 2010	0.030	0.025	0.025	229,220
February 2010	0.020	0.020	0.020	125,000
March 2010	0.020	0.020	0.020	96,667
April 2010	0.020	0.020	0.020	-

During the period displayed in the above table, we note that there has been minimal volume traded in CJT units. As the CJT units are so thinly traded it is difficult to correlate the market price to the fair value. As such, the market price will no be considered further.

7.5 Financial performance

Table 7.4 sets out the financial performance of CJT for the financial years ended 30 June 2007, 2008 and 2009 together with the six months to 31 December 2008 and 31 December 2009.

Table 7.4					
Financial Performance	12 months ended 30 June 2007	12 months ended 30 June 2008	6 months ended 31 December 2008	12 months ended 30 June 2009	6 months ended 31 December 2009
	$	$	$	$	$
Revenue	**150,000**	**1,341,201**	**904,029**	**1,823,190**	**917,940**
Administrative expenses	(118,944)	(335,872)	(153,849)	(306,837)	(183,351)
Investment property related expenses	(27,881)	(170,909)	(96,256)	(285,905)	(66,890)
Total operating expenses	**(146,825)**	**(506,781)**	**(250,105)**	**(592,742)**	**(250,241)**
EBITDA	**3,175**	**834,420**	**653,924**	**1,230,448**	**667,699**
EBITDA %	2%	62%	72%	67%	73%
Loss on sale of property, plant and equipment	(113,304)	-	-	-	-
EBIT	**(110,129)**	**834,420**	**653,924**	**1,230,448**	**667,699**
EBIT %	(73%)	(62%)	72%	(67%)	(73%)
Interest income	154,881	105,235	17,192	19,520	1,285
Interest expense	-	(1,350,087)	(887,359)	(1,532,362)	(673,738)
EBT&Impairment	**44,752**	**(410,432)**	**(216,243)**	**(282,394)**	**(4,754)**
Impairment	-	(4,007,059)	(559,488)	(1,943,363)	(2,062,562)
Change in fair value of investments	2,317	(4,431,315)	-	-	-
Total fair value adjustment to asset values	**2,317**	**(8,438,374)**	**(559,488)**	**(1,943,363)**	**(2,062,562)**
Net profit/ (loss) before tax	**47,069**	**(8,848,806)**	**(775,731)**	**(2,225,757)**	**(2,067,316)**
Net profit/(loss) before tax %	31%	(660%)	(86%)	(122%)	(225%)
Tax expense	-	-	-	-	-
Net profit/(loss) after tax	**47,069**	**(8,848,806)**	**(775,731)**	**(2,225,757)**	**(2,067,316)**
Net profit/(loss) after tax %	31%	(660%)	(86%)	(122%)	(225%)

The trading result for the 2009 financial year was primarily due to the continuing impairment of investment property assets based on fair market value and increasing interest expense. The decrease in fair market value coincides with the general downturn in the Australian property and financial markets, as described in Section 6.

CJT generated a further net loss of $2,067,316 for the 6 months ended 31 December 2009. The loss was primarily due to further impairment of investment property assets and increased interest expense.

7.6 Financial position

Table 7.5 sets out CJT's balance sheets as at 30 June 2007, 2008 and 2009 and 31 December 2009.

Table 7.5 Balance Sheet	As at 30 June 2007	As at 30 June 2008	As at 30 June 2009	As at 31 December 2009
	$	$	$	$
Current Assets				
Cash and cash equivalents	3,020,196	962,884	396,385	68,764
Trade and Other receivables	77,691	24,561	6,903	2,028,322
Current tax assets	25,587	17,887	17,887	17,887
	3,123,474	**1,005,332**	**421,175**	**2,114,973**
Non-Current Assets				
Property, plant and equipment	15,319,452	10,000,000	8,500,000	-
Investment property	-	18,000,000	18,000,000	24,800,000
	15,319,452	**28,000,000**	**26,500,000**	**24,800,000**
Total Assets	**18,442,926**	**29,005,332**	**26,921,175**	**26,914,973**
Current Liabilities				
Trade and other payables	266,317	152,085	195,258	120,926
Interest bearing liabilities	-	20,875,444	6,773,871	23,109,317
	266,317	**21,027,529**	**6,969,129**	**23,230,243**
Non-Current Liabilities				
Interest bearing liabilities	-	-	14,200,000	-
Retention payable	1,350,000	-	-	-
	1,350,000	**-**	**14,200,000**	**-**
Total liabilities	**1,616,317**	**21,027,529**	**21,169,129**	**23,230,243**
Net Assets	**16,826,609**	**7,977,803**	**5,752,046**	**3,684,730**
Equity				
Unitholders equity	**16,826,609**	**7,977,803**	**5,752,046**	**3,684,730**

Net unit holder's equity decreased in the full year to 30 June 2009 and continued to decrease for the half-year to 31 December 2009 as a result of impairments recognised in adjusting the value of property investments to reflect fair market value.

8. Impact of the Proposed Transaction

CJT proposes to undertake a debt for equity conversion of its liability owing to CVC Limited. It is proposed that 220,261,651 units will be exchanged at $0.0322 per unit for a total consideration of $7,082,110.

8.1 Financial Position

Table 8.1 sets out the pro-forma financial position of CJT immediately after the Proposed Transaction. The pro-forma balance sheet is based on the unaudited balance sheet of CJT at 31 March 2010.

Table 8.1				
Balance Sheet	As at 31 December 2009	Unaudited balance sheet at 31 March 2010 before conversion	Effect of Debt for equity conversion transaction	Unaudited Pro forma balance sheet after the transaction
	$	$	$	$
Assets				
Cash	68,764	-	-	-
Deposit for property purchase	1,999,000	-	-	-
Investment properties	24,800,000	68,700,000	-	68,700,000
Other Assets	47,209	79,034	-	79,034
Total Assets	26,914,973	68,779,034	-	68,779,034
Liabilities				
Loan for deposit from CVC Ltd	1,999,000	-	-	-
Operating Loan from CVC Ltd	6,910,317	31,122,069	(7,082,110)	24,039,959
Bank Loan	14,200,000	35,900,000		35,900,000
Other liabilities	120,926	-	-	
Total Liabilities	23,230,243	67,022,069	(7,082,110)	59,939,959
Net Assets	3,684,730	1,756,965	7,082,110	8,839,075
Unit Holders Equity	3,684,730	1,756,965	7,082,110	8,839,075

Before the Proposed Transaction CJT will have net tangible assets of approximately $1,756,965 ($0.0166 net tangible assets per unit). After the Proposed Transaction CJT will have net assets of approximately $8,839,075 ($0.0271 net tangible assets per unit).

9. Valuation Approach

9.1 Valuation methodologies

In assessing the value of CJT prior to the Proposed Transaction and after the Proposed Transaction, we have considered a range of valuation methods. ASIC Regulatory Guide 111 *Content of Expert Reports* states that in valuing an entity the expert should consider the following commonly used valuation methodologies:

- The discounted cash flow method plus the estimated realisable value of any surplus assets;
- The value of trading operations based on the capitalisation of future maintainable earnings, added to the estimated realisable value of any surplus assets;
- The amount that would be available for distribution to security holders on an orderly realisation of assets; and
- Any recent genuine offers received by the company for any business units or assets as a basis for valuation of those business units or assets.

We consider each of these valuation methodologies below:

Discounted Cash Flows

The discounted cash flow method ("DCF") values a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value of the business remaining at the end of the forecast period.

The Directors has provided profit and loss forecasts, together with key cash flow assumptions in respect of CJT after the Proposed Transaction, inclusive of the full placement of units offered in the rights issue. DCF methods are commonly used to value early stage entities or projects. As CJT will undergo a capital restructure and will only hold a total of four property investment assets we have assumed that CJT is still in its 'early stages' in terms of realising its overall business strategy. Accordingly, we consider DCF to be one of the appropriate methodologies and have selected this as one of our methodologies for valuing CJT after the Proposed Transaction in conjunction with the orderly realisation method.

Capitalisation of Future Maintainable Earnings

The capitalisation of future maintainable earnings is a commonly used method for valuing entities or businesses with a long operating history and an identifiable earnings trend. A valuation based on this methodology requires the determination of three key features: future maintainable earnings, an appropriate capitalisation rate and the value of the surplus assets.

Capitalisation of earnings is an appropriate valuation method where the entity being valued has ongoing trading operations that generate a fair return. This method is not as suitable for start-up businesses or businesses with a volatile earnings pattern or which have significant capital expenditure requirements.

As CJT does not have a long trading history or a stable earnings pattern this method will not be considered further.

Realisation of Net Assets

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. The three main asset based methods are:

- Orderly realisation of assets method;
- Liquidation of assets method; and
- Net assets on a going concern method.

The first two methods estimate the fair market value of an entity by determining the amount that would be distributed to unit holders after the payment of all liabilities including realisation costs.

The net assets method of valuation is appropriate where the business operations incur losses or generates an insufficient return on investment, or when the entity being valued does not carry on any commercial trading activities.

There are no current plans to wind up CJT. CJT generated a trading loss for the 2009 financial year and is forecasting a trading loss for the 2010 financial year before the Proposed Transaction. However, a common goal in the REIT sector is capital appreciation, and CJT could potentially realise assets in the ordinary course of business in future periods. Therefore, this method will be used as a valuation method.

Alternative Acquirer

This valuation method considers the premium which an alternative acquirer (as a result of potential economic scale, reductions in competition, synergy with existing operations or other factors) would be prepared to pay for an entity.

We are not aware of any alternative offers.

10. Valuation of CJT before the Proposed Transaction

10.1 Overview

For the purpose of our opinion, fair market value is considered to be "the amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length".

10.2 Orderly realisation of assets method, sale within 12 months

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to unit holders after the payment of all liabilities including realisation costs.

In order to value CJT using the orderly realisation of assets method a determination of the following is required:

- An estimate of sale value of the investment property assets within 12 months;
- An estimate of any liabilities, including bank and related entity finance, owed at the time of sale;
- An estimate of any realisation costs at the time of sale.

Our considerations of each of these are discussed separately below.

10.2.1 Sale value of the investment property assets

Market valuations prepared by independent certified practising valuers have been used to establish an estimate of the current market values of the rental income producing properties. A Directors' valuation has been used to determine the value of the undeveloped Narabang Way property.

10.2.2 Liabilities

Financial forecasts for 12 months have been used to estimate liabilities.

10.2.3 Realisation Costs

Realisation costs have been estimated based on current fees reasonably expected to be incurred in the realisation of investment property assets.

10.3 Orderly realisation of assets method, assuming sale of current investment property assets in 5 years

We have estimated the value of CJT following an orderly realisation of assets in 5 years with the aid of the DCF methodology.

The DCF methodology estimates the fair market value by discounting future cash flows arising from the business to their Net Present Value ("NPV"). It requires an analysis of future cash flows, the capital structure, cost of capital, cost of debt and an assessment of the residual value after the properties have been sold. We have considered each of these matters below.

10.3.1 Future cash flows

The Directors of CJT have prepared a detailed profit and loss forecast for CJT for the five years ended 30 June 2015 assuming the rights issue proceeds. The Directors have also provided the material cash flow assumptions required to estimate cash flows arising from the business over the forecast period. We have applied the cash flow assumptions to the profit and loss forecast to arrive at a cash flow forecast for the five years ended 30 June 2015, assuming the asset rights issue does not proceed. We have reviewed the forecast provided by the Directors and the material assumptions that underpin it.

10.3.2 Capital expenditure

Directors estimate that there would be $500,000 capital expenditure required in the first forecast year, followed by $100,000 per annum to the end of the forecast period.

10.3.3 Tax

Real estate investment trusts do not attract income tax. Therefore, income tax has been ignored for the purposes of establishing a net present value of discounted cash flows.

10.3.4 Discount rate

We have selected a discount rate in the range of 13.27% to 14.37% based on the estimated WACC of CJT before the Proposed Transaction. In selecting this discount rate we have considered:

- The required risk free rate of return;
- CVC's equity beta per data published by Bloomberg, Commsec and Yahoo Finance;
- An appropriate company risk premium, including a consideration of a further premium that would result from the relatively small size of the Fund;
- The level of gearing of CVC before the Proposed Transaction;
- The requirement for mezzanine finance supplied at a premium to senior and the inability to refinance the mezzanine finance with financial institutions at market interest rates.

The details of the selected discount range are set out in Appendix 4.

10.3.5 Residual value after investment property sales

The Directors provided forecasts for the five years ended 30 June 2015. In determining an estimated residual value after investment property sales we have assumed that:

- The Rodborough Rd property will be vacant for a period of 8 months in 2014;
- The Rodborough Rd property will be rented for 4 months of 2015 prior to sale, as per the assumptions outlined in the Directors's profit and loss forecast;
- There will be 4 months worth of operating cash flows in 2015;
- The estimated sale value of the rental income producing properties has been derived by dividing the estimated market value of rent by a capitalisation rate determined by the Directors;
- As per the Directors' estimation, the value of the Belrose property, which is an undeveloped site, will not change in the forecast period.

The residual value is then determined by adding the forecast income to the forecast sale value and subtracting estimated operating costs and estimated realisation costs. The residual value is then discounted to net present value. Estimated liabilities are then subtracted from the total net present value to arrive at an enterprise value.

10.4. DCF Methodology, assuming a perpetual income stream

The DCF methodology estimates the fair market value by discounting future cash flows arising from the properties to their NPV. It requires an analysis of future cash flows, the capital structure and cost of capital and an assessment of the terminal value based on a perpetual growth rate. We have considered each of these matters below.

We have estimated the value of CJT using the DCF method of valuation and assuming a normalised perpetual stream of income from the Rodborough Rd property which has forecast vacancy within the next five years. As there are no vacancies forecast for the Warringah Rd and Ferntree Gully Rd properties the unadjusted forecast cash flows have been used in the DCF. Furthermore, no cash flow is forecast for the Narabang Way property. As such, the estimated sale value has been discounted to NPV in year five and added to the NPV of cashflows from the rental income producing properties.

10.4.1 Future cash flows

As per Section 10.3.1

10.4.2 Capital expenditure

As per Section 10.3.2

10.4.3 Tax

As per Section 10.3.3

10.4.4 Discount rate

As per Section 10.3.4

10.4.5 Terminal Value

Directors provided forecasts for the five years ended 30 June 2015 and have advised that it is not possible to reliably forecast cash flow beyond 30 June 2015. In order to arrive at a terminal value we have made a number of assumptions including:

- The Narabang Way property will remain undeveloped;
- A nominal growth rate of 2.7% per annum.

11. Valuation of CJT after the Proposed Transaction.

11.1 Orderly realisation of assets method, sale within 12 months

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to unit holders after the payment of all liabilities including realisation costs.

To value CJT using the orderly realisation of assets method requires the determination of the following:

- An estimate of sale value of the investment property assets within 12 months;
- An estimate of any liabilities, including bank and related entity finance, owed at the time of sale;
- An estimate of any realisation costs at the time of sale;

Our considerations of each of these are discussed separately below.

11.1.1 Sale value of the investment property assets

As per Section 10.2.1

11.1.2 Liabilities

As per Section 10.2.2

11.1.3 Realisation Costs

As per section 10.2.3

11.2. DCF Methodology, assuming sale of the current properties in 5 years time

As per Section 10.3

11.2.1. Future cash flows

As per Section 10.3.1

11.2.2 Capital expenditure

As per section 10.3.2

11.2.3 Tax

As per section 10.3.3

11.2.4 Discount rate

We have selected a discount rate in the range of 9.86% to 11.37% based on the estimated WACC of CJT after the Proposed Transaction. In selecting this discount rate we have considered:

- The required risk free rate of return;
- CJT's equity beta per data published by Bloomberg, Commsec and Yahoo Finance;
- An appropriate company risk premium, including a consideration of a further premium that would result from the relatively small size of the Fund;
- The level of gearing of CJT after the Proposed Transaction.

The details of the selected discount rates are set out in Appendix 4.

11.2.5 Residual value after investment property sales

As per section 10.3.5

11.3. DCF Methodology, assuming a perpetual income stream

As per Section 10.4

11.3.1 Future cash flows

As per Section 10.3.1

11.3.2 Capital expenditure

As per Section 10.3.2

11.3.3 Tax

As per Section 10.3.3

11.3.4 Discount rate

As per Section 11.2.4

11.3.5 Terminal Value

Directors provided forecasts for the five years ended 30 June 2015 and have advised that it is not possible to reliably forecast cash flow beyond 30 June 2015. In order to arrive at a terminal value we have made a number of assumptions including:

- The Narabang Way property will remain undeveloped;
- A nominal growth rate of 2.7% per annum.

12. Summary of valuation results

12.1 Minority Interest Discount

The DCF valuation methodology values a controlling interest in CJT after the Proposed Transaction. However, Unit holders will have a minority portfolio interest in CJT after the Proposed Transaction. Furthermore, the basis of our assessment of the Proposed Transactions is to compare the value of the a CJT unit, on a minority interest basis, before the Proposed Transaction with the value of a CJT unit, on a minority interest basis, after the Proposed Transaction.

Accordingly, it is appropriate to apply a discount for a minority interest to the value of CJT after the Proposed Transaction.

Minority discounts typically range between 15% to 30% (based on a typical control premium range of 20% to 40%). We have selected a minority discount of 20% to 25%, representing the mid point of the typical range, to apply to the value of the 100% interest in CJT after the Proposed Transaction.

We do not consider there to be any specific factors relating to CJT that would suggest a discount outside this mid point range would be appropriate.

12.2 Table of results

Table 12.1 sets out results of our valuations of CJT. The results in the 'Low' column have been determined using the low range discount rates, and the results in the 'High' column have been determined using the high range discount rates. A minority interest discount of 25% has been applied to the Post Transaction low range results, and a minority interest discount of 20% has been applied to the Post Transaction high range results.

Table 12.1 **Results of valuations**	**$** **Low**	**$** **High**
Pre- Proposed Transaction - Orderly realisation of assets within 12 months	0.0037	0.0070
Pre-Proposed Transaction – Orderly realisation of assets in 5 years	Nil	Nil
Pre-Proposed Transaction - DCF Methodology, assuming perpetual income stream	Nil	Nil
Post-Proposed Transaction – Orderly realisation of assets within 12 months	0.0172	0.0192
Post-Proposed Transaction – DCF Methodology, assuming sale of assets in 5 years	0.0271	0.0398
Post-Proposed Transaction – DCF Methodology, assuming perpetual income stream	0.0032	0.0338

13. Evaluation and conclusion

In order to assess whether the Proposed Transaction, is fair and reasonable to a Unit holder, we have had regard to the fairness and reasonableness of the Proposed Transaction as follows:

- Assessed whether the Proposed Transaction is fair by considering the value of a unit in CJT before the Proposed Transaction and after the Proposed Transaction;
- Assessed whether the Proposed Transaction is reasonable by considering other advantages and disadvantages of the Proposed Transaction to Unit holders; and
- Assessed any available alternatives to the Proposed Transaction, including the position of Unit holders should the Proposed Transaction not proceed.

13.1 Fairness

Valuation of a CJT unit, Pre Transaction and Post Transaction

Table 13.1 sets out a summary of our valuation of a unit in CJT prior to the Proposed Transaction and after the Proposed Transaction, including the impact of the asset purchases and rights issue.

Table 13.1				
Summary of Valuation Analysis	Before Transaction		After Transaction	
	Low $	High $	Low $	High $
Orderly realisation of assets, sale within 12 months	0.0037	0.0070	0.0172	0.0192
Orderly realisation of assets, assuming sale in 5 years	Nil	Nil	0.0271	0.0398
DCF Methodology, assuming a perpetual income stream	Nil	Nil	0.0032	0.0338

Costs of the Proposed Transaction

CJT has advised that the transaction costs in relation to the Proposed Transaction is expected to be in the region of $65,000 (excl. GST).

Conclusion of fairness

As the value of a unit in CJT is greater after the Proposed Transaction than before, we consider the Proposed Transaction fair to the Unit holders of CJT.

13.2 Reasonableness

In accordance with RG111 an offer is reasonable if it is fair. An offer might also be reasonable if, despite being not fair, the expert considers that there are sufficient reasons for the Unit holders to accept the offer in the absence of a superior alternative offer.

We have formed our opinion on the reasonableness of the Proposed Transaction based on an analysis of the likely advantages and disadvantages to Unit Holders of the Proposed Transaction proceeding.

13.2.1 Alternative Proposal

We are unaware of any alternative proposal.

13.2.2 Advantages of the Proposed Transaction

The likely advantages to Unit holders if the Proposed Transaction is approved include:

- Reduction of interest bearing debt;
- Assist CJT in achieving a commercial yield.

13.2.3 Disadvantages of the Proposed Transaction

A disadvantage of the Proposed Transaction is the dilution of Unit holders' interests, other than CVC Limited and CVC Mezzanine Pty Limited, from 47.4% ownership to 15.4%.

13.3 Opinion

In our opinion, in the absence of any other proposal, the Proposed Transaction is fair and reasonable to Unit holders. An individual unit holder's decision in relation to the Proposed Transaction may be influenced by his or her individual circumstances. If in doubt, Unit holders should consult an independent advisor.

Yours faithfully

Mark Nicholaeff
Director

Appendix 1 – Declarations and Disclosures

Qualifications

UHY Haines Norton Corporate Finance is beneficially owned by the partners of UHY Haines Norton in Sydney. UHY Haines Norton Corporate Finance Pty Ltd holds an Australian Financial Services License, which authorises us to provide general financial product advice for securities to retail and wholesale clients.

Mr. Mark Nicholaeff is a Director and authorised representative of UHY Haines Norton Corporate Finance Pty Ltd.

Reliance on this Report

This report has been prepared solely for the purpose of assisting the Unit holders of CJT in considering the Proposed Transaction. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose, including but not limited to investment or lending decisions in relation to CJT.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Directors of CJT and we have no reason to believe that this information was inaccurate, misleading or incomplete. UHY Haines Norton Corporate Finance Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit on the information and records supplied to us.

The opinion of UHY Haines Norton Corporate Finance Pty Ltd is based on economic, market and other considerations prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of out reliance on information supplied to us.

Independence and Disclosure of Interest

At the date of this report, none of UHY Haines Norton Corporate Finance Pty Ltd, UHY Haines Norton, UHY Haines Norton Directors, nor any other employee of UHY Haines Norton Corporate Finance Pty Ltd has any interest in the outcome of the Proposed Transaction, except that UHY Haines Norton Corporate Finance are expected to receive a fee of approximately $25,000 plus GST based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of whether CJT receives Unitholder approval for the Proposed Transaction, or otherwise.

Neither the signatory of this report nor UHY Haines Norton Corporate Finance Pty Ltd holds units or options in CJT. Neither the signatory of this report nor UHY Haines Norton Corporate Finance Pty Ltd has had within the past two years any business relationship material to an assessment of UHY Haines Norton Corporate Finance's Pty Ltd impartiality with CJT or their associates.

Consents

UHY Haines Norton Corporate Finance Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Explanatory Memorandum to be issued to Unit holders. Other that this report, UHY Haines Norton Corporate Finance Pty Ltd has not been involved in the preparation of the Explanatory Memorandum. Accordingly, we take no responsibility for the content of the Explanatory Memorandum as a whole.

Appendix 2 – Sources of Information

In preparing this report we have relied upon the following principal sources of information:

- Draft Notice of Meeting and Explanatory Memorandum;
- Audited financial statements of CJT for the years ended 30 June 2007, 2008, 2009;
- Audited financial statements for CJT for the 6 months ended 31 December 2009;
- Profit and loss forecasts to 30 June 2015;
- ASX announcements;
- Independent property valuations
- Information provided to us during discussion and correspondence with the the Directors of CJT.

Appendix 3 – Financial Services Guide

Overview

UHY Haines Norton Corporate Finance Pty Ltd, ACN 001155988 ("UHY Haines Norton Corporate Finance" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees. This FSG includes information about"

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 269158;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our complaints handling procedures and how you may access them.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence, which authorises us to provide general financial product advice for securities to retail and wholesale clients.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product to another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situations or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by the person who engages us to provide the report. Fees will be agreed on a fixed fee or time cost basis.

Except for the fees referred to above, neither UHY Haines Norton Corporate Finance Pty Ltd, not any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All out employees receive a salary

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

UHY Haines Norton Corporate Finance Pty Ltd is beneficially owned by the partners of UHY Haines Norton, Sydney.

Form time to time, UHY Haines Norton Corporate Finance Pty Ltd, UHY Haines Norton and UHY Haines Norton Sydney may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints Resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, UHY Haines Norton Corporate Finance Pty Ltd, Level 11, 1 York Street, Sydney, NSW, 2000.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of out determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Industry Complaints Service Limited ("FICS"). FICS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FICS are available at the FICS website www.fics.asn.au or by contacting them directly via the details set out below.

Financial Industry Complaints Service Limited
P O Box 579
Collins Street West
Melbourne VIC 8007

Toll Free: 1300 78 08 08
Facsimile: (03) 9621 2291

Contact Details

You may contact us using the details set out at the top of our letterhead on page 1 of this report.

Appendix 4 – Calculation of WACC and Comparable Company Analysis

The WACC represents the weighted rate of return required by providers of both debt and equity to compensate for the time value of money and the perceived risk of the associated cash flows. The Discount Rates required by providers of both debt and equity are weighted in proportion to the optimal proportions of debt and equity.

The WACC is calculated as follows:

WACC = [Re x (E/V)] + [Rd x (1 - tc) x (D/V)]

Where

WACC = post tax weighted average cost of capital

Re = required rate of return on equity

Rd = required rate of return on debt

E = market value of firm's equity

D = market value of firm's debt

V = market value of debt and equity (D + E)

Tc = corporate tax rate

Required rate of return on equity capital (Re)

The Capital Asset Pricing Model (CAPM) can be used to estimate the required rate of return or the cost of equity of a business.

The CAPM determines the cost of equity by the following formula:

Re = Rf + β(Rm – Rf) + α

The components of the formula are as follows:

Re Required return on equity or cost of equity;

Rf Risk free rate of return;

Rm The expected return from a market portfolio;

β Beta, a measure of the systematic risk of a stock; and

α Specific Company risk premium

Risk Free Rate (Rf)

The risk fee rate of return compensates investors for the time value of money.

In determining RF we have used the 10 year Commonwealth Government Bond rate as at 12 May 2010 of 5.48% (Source RBA). The Commonwealth Government bond rate is widely used and is an accepted benchmark for the risk free return.

Market Rate (Rm)

This represents the additional risk in holding the market portfolio of investments. The term (Rm-Rf) represents the additional return required, above the risk free rate, to hold the market portfolio of investments. (Rm-Rf) is known as the Equity Market Risk Premium.

There are a number of studies around the Equity Market Risk Premium with, generally, most estimates falling within a range of 4% to 8%.

Using our professional judgement, UHY Haines Norton Corporate Finance Pty Ltd has assessed the Equity Market Risk Premium (Rm-Rf) for CJT to be 6% to 8%.

This is consistent with the standard premium applied by most valuation practitioners when assessing the Market Rate in the current economic climate.

Beta (β)

The beta coefficient measures the systematic risk of a company compared to the market as a whole. A beta of 1 indicates that the company's risk is comparable to that of the market. A beta greater than 1 represents higher than market risk and a bet below 1 represents lower than market risk.

CJT is a listed entity and the beta data is publicly available. We have considered Bloomberg, Yahoo Finance and Commsec in determining an appropriate beta.

Specific company risk premium (α)

In considering an appropriate WACC for CJT, we have considered the specific risks of CJT after the Proposed Transaction which are not experienced by the comparable listed companies and are therefore not reflected in the reported betas derived from publicly available market data.

Specially, we have taken into consideration the following:

- Lack of asset diversification;
- Reliance on a very small number of income generating assets for cash flow;
- Lack of geographic diversification;
- Lack of refinancing options;
- Small market capitalisation in comparison with all other funds within the sector;
- Lack of trading volume in market securities.

Given that the above and using our professional judgement, we have selected a specific company risk premium of 6% to 9%.

Capital structure or Gearing Level (D/V)

The capital structure or gearing level adopted for the purposes of undertaking the valuation should generally reflect the level of debt that can be reasonably sustained by any company operating in a particular industry as opposed to the actual capital structure adopted by the business.

The optimal capital structure of a business is driven by two main considerations:

- The tax benefits of debt finance i.e. the deductibility of interest payments for the purposes of assessing corporate tax liabilities; and
- The financial risk to equity holders i.e. the risk of financial distress as a result of over-gearing.

Required rate of return on debt (Rd)

The rate of return required by providers of debt includes a risk premium over and above the risk free rate that reflects the debt risk that is specific to the business being valued. This risk effectively represents the risk of default on payments.

Corporate tax rate (tc)

Real estate investment trusts do not attract income tax. Therefore, income tax has been ignored for the purposes of establishing a net present value of discounted cash flows.

Assessment of the Discount Rate to be used in the valuation of CJT after the Proposed Transaction

Based on the assumptions set out above, we have assessed the WACC for CJT before the Proposed Transaction:

Appendix Table 4.2 Calculation of WACC	Low	High
Cost of Equity (CAPM) Risk free rate Beta Market risk premium Company specific risk factor Company size risk factor	 5.48% 2 6% 3% 3%	 5.48% 2 8% 4% 3%
Re	**23.48%**	**28.48%**
Cost of Debt (Rd)	**13%**	**14%**
Capital Structure Debt / (Debt + Equity) = D/V Equity / (Debt + Equity) = E/V	 **67,022,069/68,779,034** **1,756,965/68,779,034**	
Corporate tax rate	**Nil**	**Nil**
Cost of equity Component E / V x Re	 **0.00600**	 **0.00728**
Cost of Debt Component D / V x Rd	 **0.12668**	 **0.13642**
WACC (Post Tax, Nominal)	**13.27%**	**14.37%**

Based on the assumptions set out above, we have assessed the WACC for CJT after the Proposed Transaction, but before the asset purchases and rights issue.

Appendix Table 4.3 **Calculation of WACC**	**Low**	**High**
Cost of Equity (CAPM) Risk free rate Beta Market risk premium Company specific risk factor Company size risk factor	 5.48% 2 6% 2% 3%	 5.48% 2 8% 3% 3%
Re	**22.48%**	**27.48%**
Cost of Debt (Rd)	**8%**	**9%**
Capital Structure Debt / (Debt + Equity) = D/V Equity / (Debt + Equity) = E/V	 **59,939,959/68,779,034** **8,839,075/68,779,034**	
Corporate tax rate	**Nil**	**Nil**
Cost of equity component E / V x Re	 **0.02889**	 **0.03516**
Cost of Debt component D / V x Rd	 **0.06972**	 **0.07843**
WACC (Post Tax, Nominal)	**9.86%**	**11.37%**

Appendix 5 – Glossary of Terms

Beta	A measure of systematic risk of a stock; the tendency of a stock's price to correlate with changes in a specific index.
Capital Asset Pricing Model (CAPM)	A model in which the cost of capital for any stock or portfolio of stocks equals a risk free plus a risk premium that is proportionate to the systematic risk of the stock or portfolio.
Capitalisation	A conversion of a single period of economic benefits into value.
Capitalisation of Earnings Method	A method within the income approach whereby economic benefits for a representative single period are converted to value through division by a capitalisation rate.
Capital Structure	The composition of the invested capital of a business enterprise, the mix of debt and equity financing.
Cash Flow	Cash that is generated over a period of time by an asset, group of assets, or business enterprise. It may be used in a general sense to encompass various levels of specifically defined cash flows.
Cost of Capital	The expected rate of return that the market requires in order to attract funds to a particular investment.
Discount Rate	A rate of return used to convert a future monetary sum into present value.
Discounted Cash Flow Method	A method within the income approach whereby the present value of future expected net cash flows is calculated using a discount rate.
Equity	The owner's interest in property after deduction of all liabilities.
Equity Risk Premium	A rate of return added to a risk-free rate to reflect the additional risk of equity instruments over risk free instruments (a component of the cost of equity capital or equity discount rate).
Minority Discount	A discount for lack of control applicable to a minority interest.
Risk-Free Rate	The rate of return available in the market on an investment free of default risk.
RG111	Australian Securities and Investment Commission Regulatory Guide 111 Content of Expert Reports.
Weighted Average Cost of Capital (WACC)	The cost of capital (discount rate) determined by the weighted average, at market value, of the cost of all financing sources in the business enterprise's capital structure.