

## Logic participates in significant Australian Real Estate recapitalization

Logic was one of the underwriters in the ING Real Estate Entertainment Fund (IEF.AX) recapitalization and purchased stock at \$.09 AUD in August, 2010.

IEF is an Australian Real Estate Trust concentrated in entertainment clubs, bars and Australia's largest pub group Panthers Entertainment which is comprised of 15 separate sites throughout New South Wales. As noted in the chart, the Australian real estate market as a whole has moved down since late 2008 and IEF has followed suit. After a two year calm, the Australian Real Estate Trust market is currently facing numerous mergers and acquisitions, and in particular, ING has stated that they are restructuring funds and it is expected IEF management agreement will be internalised. What separates IEF from the rest of the market is its heavy discount to NAV, its share holder value-enhancing restructuring and significant hidden assets.

Logic Fund Management visited Sydney in October, 2010 and had the opportunity to investigate these assets. In our analysis, the freehold pubs and clubs are under valued on an income yield basis alone. The freeholds could also provide significant additional value by partnering with tenants to unlock unvalued real estate. The IEF portfolio as a whole includes assets which are likely to be valued materially greater than book value once the real estate opportunities in Sydney and surrounding areas are taken into account.

### IEF vs Standard Australian Property Trust:

Stock	Price (\$AUD)	Current NAV	Discount to NAV
IEF	.10	.20	+ 50 %
S&P ASX 200 Property Accumulation Index	92.7 Notional	100 Notional	6.7 % Notional



Source: Big Charts, October 14, 2010

Shares on Issue	606,332,684
Market Cap	60.6 Million
Net Tangible Assets	.20 c
Discount to NAV	50+ %
Debt	164 Million

#### Disclaimer:

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### Key Investment Features:

- Significant discount to NAV in comparison to other Australian Real Estate Trusts.
- Significant undervalued assets and undeveloped land holdings.
- Shareholder value positive restructuring.
  - Internalized management contract.
  - Improved debt profile.
  - Likely resumption of dividends. We estimate this could be an approximate yield of 15 % vs market average of 6 %.
- ING Real Estate Trusts are in play as ING withdraws from the market. Analysts are predicting finalization of a deal soon.

### Logic Recommends:

Adding to any portfolio for both perspective yield and capital gain.