



Information Memorandum

Properties & Pathways Pty Ltd invites you to invest in:

THE VILLAGE SHOPPING CENTRE, SANDSTONE POINT, QLD

- Above 10% Net Return to investors in the first year
- IGA anchored centre also with BWS and other national retailers
- Secure lease covenants to Metcash (ASX listed) and ALH group (current owner of over 460 retail liquor outlets across Australia)
- Average annual escalations of 3.5% p.a
- Weighted average lease expiry (WALE) above 7.5 years
- Long lease terms with 15 years to IGA (8 years remaining), 10 years to Medical Centre and BWS liquor store (both with 8 years remaining) and all with 5 year options.

PROPERTIES
& PATHWAYS



Date of issue: May 2013

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INVESTMENT OBJECTIVE

The Pathway Three Unit Trust (“the Syndicate”) is providing investors with an opportunity to acquire a well located retail property offering a high yielding income stream and robust capital growth.

Pathway Three Pty Ltd (trustee company) is the purchasing entity and acts as a trustee for the syndicate.

It is proposed to acquire The Village Shopping Centre (“the Property”) for the following reasons:

- High yielding, secure return of a well located retail property;
- Strong leasing covenants from major national tenants (including IGA & BWS);
- Tenant mix for diversification of rental risk;
- Secure rental platform with over 70% of income derived from IGA, BWS, Medical Centre & Pharmacy all with 8 years remaining on their leases;
- Significant depreciation benefits from recently constructed (2006 completion) building which should also minimise initial term maintenance costs;
- Long Weighted Average Lease Expiry (‘WALE’) of over 7.5 years;
- Potential for significant capital growth over the term of the syndicate;
- Potential for increased rental income from further 500sq.m development; and
- Strategic layout, position and location to service the surrounding area.



THE PROPERTY

The Village Shopping Centre is a 9,236 sq.m (approx.) site area comprising ample parking to compliment a solid trading supermarket, 7 further retail tenancies and 1 ATM fronting Bestmann Road. The total Gross Lettable Area (GLA) of these tenancies is 2,287sq.m (approx.). The centre incorporates an excellent mix of convenient retail including:

- IGA supermarket;
- Medical centre (featuring a comprehensive pathology service & collection point)
- Pharmacy;
- BWS liquor store;
- Take-away seafood restaurant;
- Newsagent (lotto registered);
- Hair studio;
- Century 21 real estate;
- Bakery & cafe; and
- Suncorp ATM.

The Village provides excellent car parking with approximately 158 A-grade and easily accessible car parks. This presents a favourable ratio of 1 bay per 14 sq.m (approx.) of net lettable area (NLA). The tenancies all face into the car park making it convenient for shoppers.

The Village was purpose built in 2006 and along with the low maintenance costs and attractive depreciation this brings, it also provides the opportunity for additional future expansion subject to council approval. The opportunity to add an additional 500 sq.m (approx.) of NLA provides long term development upside & potential income growth. This development can be seen in the bottom right hand corner of the image (highlighted in blue).

The site is also strategically positioned to offer easy truck access for delivery of goods to IGA and other retailers. The truck access largely minimises disturbance to the car park which can often be problematic with shopping centres of this nature.



TENANCY SCHEDULE

The Village Shopping Centre’s tenancy schedule:

Tenant	Area (sq.m)	Term	Option	Start Date	Expiry	Net Rent	Escalations
IGA	1207	15	3 x 5	18/11/2006	17/11/2021	\$ 300,901	3.00%
Bake House & Café	136	7	1 x 5	15/02/2012	14/02/2019	\$ 56,872	4.00%
Madame D Hair Studio	68	5		01/07/2010	30/06/2015	\$ 32,448	4.00%
Century 21 Real Estate	68	5	1 x 5	01/02/2013	30/01/2018	\$ 30,600	4.00%
Medical Centre & Pharmacy	421	10	1 x 5	01/12/2011	30/11/2021	\$ 169,000	4.00%
BWS Liquor - ALH Group	210	10	3 x 5	28/09/2011	27/09/2021	\$ 77,250	CPI
Newsagent	106	8	1 x 5	01/06/2008	30/05/2016	\$ 52,702	4.00%
Salt N Battered Fish & Chips	70	3	1 x 3	01/07/2012	30/06/2015	\$ 30,000	4.00%
Suncorp Metway ATM	1	5		03/10/2010	02/10/2015	\$ 13,506	3.00%
Totals	2287					\$ 763,279	

LOCATION

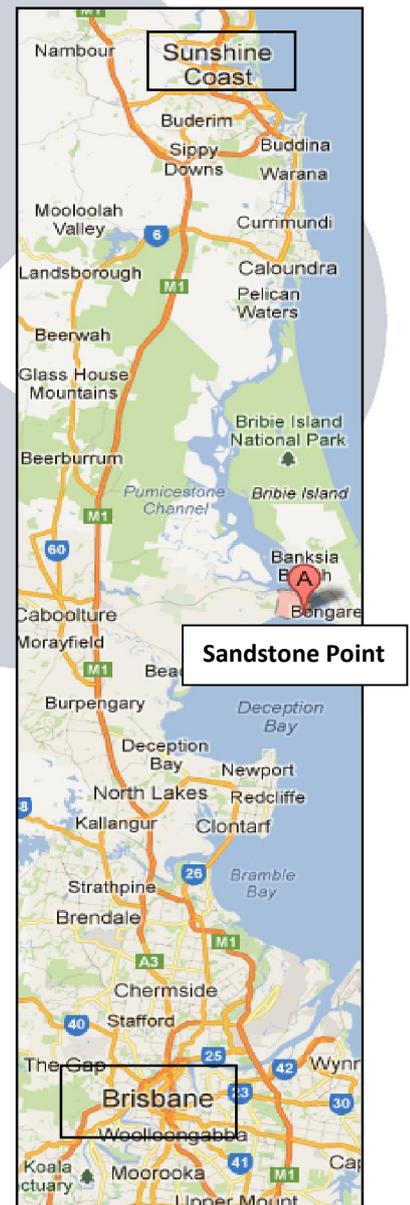
The Village Shopping Centre is located within the established and growing residential suburb of Sandstone Point, an outer Brisbane suburb situated within close proximity to Bribie Island. The Stockland residential estate that the centre is located in, is referred to as ‘Pebble Beach’.

Sandstone Point is approximately 52 km north of Brisbane and 2 km south west of Bribie Island.

Surrounding development consists predominantly of low density residential housing with the locality benefitting from strong annual residential growth. Furthermore, the site is positioned between Pebble Beach recreation reserve and Pebble Beach retirement community village which provide a wealth of foot traffic for the centre.

The IGA Supermarket is the only supermarket in Sandstone Point and only supermarket on the mainland between Bribie Island and Caboolture, making it attractive and convenient for get-in-get-out shoppers.

Bestmann Road connects to Bribie Island Road, which provides direct access to the Bruce Highway running south to Brisbane and north to the Sunshine Coast.



CATCHMENT AND SURROUNDING AREA

“The Village caters for the convenience and weekly shopping needs of the Sandstone Point and surrounding communities. The centre forms a strategic role as the focal point for the Sandstone Point community, and is surrounded by a range of community facilities and activities including the sporting and recreational facilities adjacent” – Urban Economics Report of February 2013

The following benefits were identified in the Independent Urban Economics Report of February 2013:

- The Village offers high visibility frontage to through-traffic on Bestmann Road, the main road providing access to Sandstone Point and a link to Bribe Island Road and connecting to the expanding residential estate in the West.;
- The community of the adjacent retirement village presents a captive market for the shopping centre, with residents enjoying prioritised access and close proximity to the medical facilities;
- The location, layout, mix and scale of the centre promotes the centre’s convenient orientation in meeting the top-up shopping and service needs of the surrounding community; and
- Modest growth in the population and demand for retail facilities within the Trade Area is projected, suggesting ongoing capacity for existing retailers to improve trading performance, and opportunities for modest expansion of retail to cater for the top-up and convenience shopping and service needs of the population.

“Growth in the population is unlikely to be sufficient to warrant the addition of significant major weekly shopping facilities within the Trade Area at least in the short to medium term, suggesting that The Village is strategically located to cater for the Trade Area population’s top-up shopping and service needs.” – Urban Economics Report of February 2013

MANAGEMENT & STRUCTURE

- Properties & Pathways Pty Ltd (“the syndicator”): is the licensee with licence pending.

Directors: Alan Doggett—Director
 Cal Doggett—Director

Pathway Three Pty Ltd (“the Syndicate Manager”): is the trustee company which will be responsible for the asset and syndicate management, including but not limited to:

- * Finalisation of lease negotiations & renewals;
- * Re-financing and finance terms;
- * All dealings with financial institutions;
- * Monthly and/or quarterly distributions;
- * Development potential and feasibility;
- * Overall capital works and property maintenance;
- * Acquisition and/or sale of the property;
- * Various other management items; and
- * Will appoint a leading commercial real estate company to manage the property, including collection of rent, payment of outgoings and the day to day management.

Directors: Alan Doggett—Director
 Cal Doggett—Director

- Pathway Three Unit Trust: issues units assigning ownership entitlement. Unit holders are governed by the unit trust deed which regulates the operation, distribution, administration, transfer of units and other general legalities of the unit holders, both individually and collectively.

THE INVESTMENT—ACQUISITION

Purchase Price		\$8,250,000
Estimated Costs:	Stamp Duty & Transfer	\$465,000
	Settlement & Legal Costs	\$43,000
	Due Diligence Costs	\$25,000
	Loan Establishment Fee (0.5% of mortgage)	\$25,000
	AFSL Compliance Costs	\$24,000
	Valuation	\$12,000
	Syndicate Fee	\$136,000
Total		\$8,980,000
Less: Mortgage at 60% of Purchase Price		\$4,950,000
Equity required to be raised		\$4,030,000

Any surplus remaining after settlement will accumulate in the account to offset any continuing or unforeseen expenditure.

FINANCE

Pathway Three Pty Ltd has appointed Structured Property Finance to negotiate acceptable commercial terms for the loan facility. We have received indicative financing terms from two Australian banks to fund the acquisition of the property on the following terms:

- Loan amount of approx. \$4.950 million (equal to 60% of the purchase price);
- Fixed loan term of 3 or 5 years;
- Interest will be paid from the net rental income of the property;
- Loan will be in the name of Pathway Three Pty Ltd atf the Pathway Three Unit Trust;
- Non-recourse loan i.e. the lender will secure the loan against the land and buildings only;
- Security – A first ranking mortgage to be registered over the land; and
- Anticipated fixed interest rate at settlement between 5.50% and 6.00% pa.

INCOME & RETURN

Minimum Cash distributions to investors as a percentage return on equity invested is forecast to be:

YEAR	YR 1	YR 2	YR 3	YR 4	YR 5
Current Annual Return (fully let)	10.02%	10.47%	10.97%	11.49%	12.03%
Return (with 2% vacancy factor)*	9.74%	10.21%	10.70%	11.21%	11.74%

* As this is a multi tenanted property it is prudent to allow a vacancy factor for the event of a tenant vacating and a resultant loss of income from that tenant. We have assumed a prescribed vacancy factor for a retail property of this nature to be approx. 1.5% - 2.0% of the net rent.

Investors will receive income distributions monthly or quarterly in arrears.

Please note the following:

- These figures do not account for the depreciation/amortization of the property and the associated tax benefits of this expense which improves the after tax position of the cash distributions; and
- These figures do not take into account any movement in the current economy and are based solely on existing annual rental escalations.

PURCHASING ENTITY & APPLICATIONS

The property is purchased by Pathway Three Pty Ltd as trustee for The Pathway Three Unit Trust. Units in the unit trust must be purchased by investors who would like to take part in the syndicate. Please refer to the attached Unit Trust Deed which outlines more comprehensively the way in which the syndicate operates.

Should you wish to participate in the Pathway Three Syndicate please notify us and we will direct you through your application for units which will require completion of the following documents and disclosures (majority of which are legislative requirements to protect investors):

- Completing the attached '**Investor Details**' in the name of your investing entity and supply full identification of the responsible individual/s for that entity;
- Signing the attached '**Unit Trust Deed**' in the name of your investing entity;
- Completing and signing the attached '**Application for Units**' in the name of your investing entity;
- Certify you are a wholesale investor by getting your accountant to complete an **Accountant's Certificate** in the attached format. (If you do not qualify for these criteria please contact us immediately);
- Email and/or mail the abovenamed attachments to the email address below or mail address on the front cover of this Information Memorandum; and
- Application for units will not be accepted until funds have been received, either by cheque, or via deposit into the following bank account:

Account Name:	PATHWAY THREE PTY LTD
BSB:	306 089
Account No:	311961-0

Please note, these funds may only be withdrawn through authority by the transferring attorney in order to effect settlement.

If you require assistance in completing any of the required forms, please contact either Alan Doggett or Cal Doggett on alan@doggett.net.au or cal@doggett.net.au, respectively.



ACKNOWLEDGMENT OF RISK

The Applicants acknowledge that:

- a. they are aware of the risks of property investment;
- b. they have made their own assessment of the Trust's proposed investment property;
- c. they view the Trust as a long term investment;
- d. there is only a limited secondary market for the sale of their Units;
- e. the purpose of the Information Memorandum, if one has been provided, is to provide details in relation to the Trust's proposed investment property and the Trust and it is not a disclosure document pursuant to the provisions of the Corporations Act;
- f. any advice that may have been provided by the Trustees pursuant to the Information Memorandum or otherwise is general financial product advice only in relation to the Trust's proposed investment property;
- g. the Trustees have relied on the acknowledgements of the Applicants that they are sophisticated, wholesale investors and that the financial product or financial service is not deemed to be provided to them as retail clients and specifically that the Trustees have not given any personal advice or been provided with or taken into account any Applicants' objectives, financial situation or needs; and
- h. any representation made by the Trustees was made in good faith but they have not relied upon any representation as an inducement to acquire their interests in the Trust's proposed investment property.

The financial projections in this Information Memorandum have been prepared using various assumptions which have been made based on the best estimates of the Managers and their advisors. Investors should appreciate that many factors (including, but not limited to, market conditions, interest rate fluctuations, regulatory changes, leasing risk, valuation risk, unexpected capital expenditure and destruction of buildings) which affect these projections are outside the Manager's control and cannot be foreseen. Accordingly the actual results may differ from those projected. The projected results demonstrate the expected return of the Trust before tax and other non-cash deductions are taken into account.

PRIVACY STATEMENT

By applying to invest in the Syndicate, you are providing personal information to P&P. The Privacy Act 1988 (Cwth) regulates the way P&P collects, uses, disposes, keeps secure and gives people access to their personal information.

P&P is committed to respecting the privacy of your personal information. P&P has adopted a privacy policy, which states how P&P manages personal information. You can obtain a copy of that policy by writing to us.

P&P collects, holds and uses personal information in order to process your application, and if your application is successful, administer your holding in the Syndicate.

CONFIDENTIALITY

This Memorandum (and the information contained in it) is confidential. It is not intended for and should not be distributed to any other person. By receipt of the Memorandum, the Recipient agrees that it will not transmit, reproduce or make available the Memorandum (or any information contained in it) to anyone other than its professional advisers, without the prior written consent of P&P. Any such disclosure to the advisers of the Recipient must be on a confidential basis, for the purposes only of assessing the information contained in it as adviser to the Recipient.

DISCLAIMER

The Memorandum has been prepared by P&P and each Recipient must make its own independent assessment and investigation of the business opportunity and should not rely on any statement or the adequacy or accuracy of any Information.

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

ANTI MONEY LAUNDERING AND COUNTER TERRORISM ACT

If you are a new investor with P&P, before we can accept your application it will be necessary to provide certified photographic identification of your identity. This is a legislative requirement. If you are making an application as a company, Trust or Superannuation Fund we will require details of the registration of the entity and certified photographic identification of at least one of the directors if a company or details of the Trustee and beneficiaries of the Trust and certified photographic identification of the Trustee. Further details of the requirements can be obtained from P&P.