



Information Memorandum

Properties & Pathways Pty Ltd invites you to invest in:

9 BRYANT DRIVE, TUGGERAH, NEW SOUTH WALES

- Securely leased until 2022 by Officeworks (part of ASX listed Wesfarmers group) and Nick Scali (ASX listed).
- Attractive yield with an estimated **5 year average net return of 10.50% p.a**
- Well located property in an established large-format, bulky goods precinct
- Huge potential upside with 1,237sqm of vacant lettable area which extrapolates to approx. **\$1-\$2million of potential capital growth when fully leased.**
- Dominant site situated across the road from Tuggerah Super Centre & Bunnings Warehouse (who recently expanded to 13,500sqm in 2014)
- Neighbouring retailers include: The Good Guys, Spotlight, Fantastic Furniture, Rivers, Petstock, Lay Z Boy & many more
- Long lease tenure of 6 further years with options to extend.

PROPERTIES
& PATHWAYS



Properties & Pathways Pty Ltd
A: 2 Chidley Road, City Beach, WA 6015
T: (08) 9285 0396
F: (08) 9285 0397
E: alan@doggett.net.au
E: cal@doggett.net.au
ABN 18 321 741 809
AFSL 438152

Date of issue: March 2016

www.propertiesandpathways.com.au

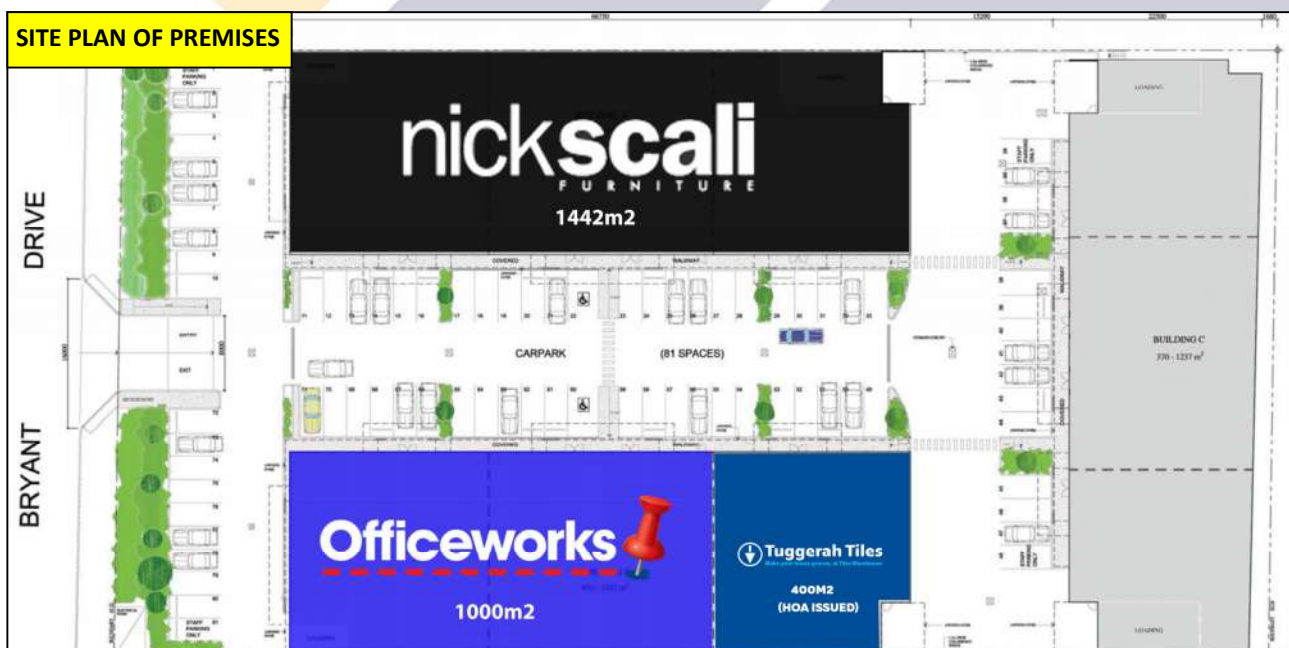
REASONS WHY 9 BRYANT DRIVE, TUGGERAH IS IDEAL FOR INVESTMENT

- Secure rental return from a well located property in Tuggerah's established large format retail precinct
- Strong lease covenants to:
 - Officeworks (Wesfarmers owned) with over 150 stores across every state and territory in Australia
 - Nick Scali with over 40 showrooms across Australia and guaranteed by ASX listed Nick Scali Limited
- Great diversification of risk from multiple tenancies on long leases providing diversified income streams
- The location is poised for significant growth with the following major developments:
 - Bunnings Warehouse's recent expansion to 13,500sqm which anchors the entire area (see page 8)
 - A newly constructed 6 storey office/medical building due for completion in June 2016 and only 250m away which is already 90% leased off the plan
 - Tuggerah Super Centre is undergoing a \$10million refurbishment to activate another 10,000sqm
- **Huge potential capital growth from realising the additional rent (approx. \$185,000 p.a) which can be achieved from leasing the vacancy. While some may view the vacancy as a risk, we see this as a major opportunity. It is a calculated value-add platform structured into the deal allowing us to drastically improve investor return beyond 10% p.a. whilst still offering a steady 6.7% p.a. in the meantime.**

THE PROPERTY

The property is comprised of 3 large freestanding showrooms (totalling 4,118sqm) situated on 8,094sqm of land. These showrooms sit directly across from the Tuggerah Supercentre (home to 18 bulky good retailers) and only 600m from Tuggerah Train Station. The property was built in late 2007 and has been well maintained with some recent capital expenditure which offers great depreciation benefits. It has 65 metres of street frontage and 81 in-front car parks to compliment the tenants.

Each building is a well-designed regular shape, with strategically positioned garage roller doors for direct truck access and customer pick up facilities at both ends of each building.



Please refer to page 9 for Disclaimer, Risk Factors & Other Important notices.

TENANCY SCHEDULE

Tenant	Area	Term	Option	Start Date	Expiry	\$/sqm	GROSS Rent	Escalations	Security	
Nick Scali - ASX Listed	1,442sqm (Building 1)	7 years (6 remaining)	5 + 5	1/03/2015	28/02/2022	\$204.00	\$294,070	CPI	Company	
Officeworks (Wesfarmers) - ASX Listed	1,039sqm (Building 2)	7 years (6 remaining)	5 + 5 + 5 + 5	17/02/2015	16/02/2022	\$170.00	\$176,630	\$10,390 p.a until 2020 then lesser of CPI & 3%	Company	
Tuggerah Tiles	Approx. 400sqm (Building 2)	5 years	5 + 5	1/07/2016	30/06/2021	\$220.00	\$88,000	3.5% fixed	5 month Bank Guarantee + Director Guarantees	
Less Centre Outgoings:							\$20.01	\$82,402		
Total CURRENT Net Rent:								\$476,298		

ASSUMING THE VACANCY IS LEASED AT A CONSERVATIVE MARKET RENT (\$150/sqm GROSS)

Vacant	1,237sqm (Building 3)					\$150.00	\$185,550			
TOTAL	4,118sqm						Total FULLY LEASED NET Rent: \$661,848			

NOTES TO TENANCY SCHEDULE

- We have taken a very conservative approach to the estimated rent we could achieve on the vacancy. The premises has already had offers for smaller space at \$220/sqm and continues to receive interest from local parties. We understand the entire vacancy could let anywhere between \$160/sqm to \$175/sqm gross. *Historically, the centre has leased their stores for approx. \$220/sqm (and above) which gives our property a distinct advantage from a tenants perspective as we're able to offer externalised space with in-front car parking, next to national retailers for only \$160/sqm.*
- The additional rental income translates into significant capital appreciation (discussed in more detail on page 5 & 6).



LOCATION

The subject property fronting 9 Bryant Drive is located in the active regional hub of the Central Coast. Tuggerah is a business hub, major shopping area and financial district for the Wyong Shire and is strategically positioned on the Sydney - Newcastle Freeway approximately 90km North of Sydney. Tuggerah is a huge attraction for the Central Coast and has a significant catchment area of residents all attracted to Westfield Tuggerah and the Tuggerah Super Centre which caters to their shopping and purchasing needs.

Tuggerah Super Centre was recently acquired by Aventus in December 2014 and is currently undergoing a \$10mil refurbishment/development which is designed to activate another 10,000sqm of retail space on the top floor. Aventus has a proven track record of bulky goods shopping centres and are regarded as the 'Westfield' of the bulky goods space.

Bunnings Warehouse also completed an expansion to 13,500sqm at the same time which anchors their footprint and shows their commitment to the area.

These two recent developments are expected to boost activity and attract even more big name retailers to the area which will fuel growth and put upwards pressure on rent.

ZONING

The property was recently rezoned for large format usage under B5 zoning. This allows the following extensive list of uses which will allow us to target a wider range of retailers and potential tenants:

- Bulky goods, child care centres, garden centres, hardware and light building supplies & landscaping material supplies
- Hotel & motel accommodation, neighbourhood shops and plant nurseries
- Respite day care centres, rural supplies, self-storage units and sewerage reticulation systems
- Timber yards, vehicle sales or hire and warehouse or distribution centres
- Offices



Please refer to page 9 for Disclaimer, Risk Factors & Other Important notices.

THE INVESTMENT—ACQUISITION

	Cost (\$)
Purchase Price (PP)	\$7,540,000
Estimated Costs:	
Stamp Duty & Transfer	\$468,500
Settlement & Legal Costs	\$10,000
Other Due Diligence Costs	\$25,000
Loan Establishment Fee	\$22,500
AFSL Compliance Costs	\$6,000
Valuation	\$10,000
Reserve Fund *	\$200,000
Establishment Fee (1.65% of PP excl. GST)	\$124,500
Total Funds Needed	\$8,406,500
Less: Mortgage at 60% of Purchase Price (approx.)	\$4,524,000
Equity required to be raised (approx.)	\$3,882,500

* Any surplus remaining post settlement will accumulate as reserve fund to offset any unforeseen expenditure.

INVESTMENT STRATEGY

We intend to lease the entire vacant building to a national retailer on a long tenure who will feed off the established retail platform created by Nick Scali, Officeworks and Tuggerah Tiles.

Through lengthy discussions with various valuers, leasing agents and other professionals in the area, we expect a vacancy period of between 6 and 12 months and a market related incentive level of approximately 15%. This is why we propose to raise an additional \$200,000 (shown as a reserve fund above) in order to cover the lease incentive costs.

We will aim to extend the overall lease tenure of the property by securing a lease of 7 years or above which will provide an even greater degree of longevity and stability to the investment. Naturally, this has the capacity to substantially increase the property value (see page 6 for more detail).

Contingent on the leasing exercise (explained above), we would assume a long term view of passive rent collection. Please see sensitivity analysis of estimated investor return from this investment strategy (illustrated in the table below):

	Investor return in YR 1	Investor return in YR 2	Investor return in YR 3	Average return over 6 years
Assuming vacant for 12 months	6.7%	10.5%	11.1%	10.5%
Assuming vacant for 24 months	6.7%	6.9%	11.1%	10.1%

As you can see, even if the 1,237sqm premises remains vacant for the entire first year of ownership, investor return will still be approx. 6.7% p.a in the first year with huge upside available as soon as the vacancy is leased.

Please note, any investment strategy is subject to change, with such change dependant on (but not limited to) the available opportunities, development potential, tenant composition, lease structure, risk analysis, access to finance and the general economic climate over the life of the asset and at the time of the decision.

CAPITAL GROWTH

Assuming we successfully let the vacancy, there will be significant capital appreciation of the property derived from the additional rental income and the overall security & composition of the tenancy profile. We will only know exactly what this appreciation might be once the exercise is complete, however, from preliminary discussions and calculations, we anticipate the capital value of the property could increase anywhere from \$1million to \$2million when fully leased.

INCOME, RETURN & DEPRECIATION

Settlement is due on 6th June 2016 after which time the investors will receive income distributions quarterly in arrears. Please note, all figures published herein are pre-tax and 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. We confirm there has also been significant capital works at the premises which we will benefit from in the form of depreciation deductions.

Please note, this syndicate is primarily a long-term hold and may be relatively illiquid when compared to other investment alternatives. Investors need to be aware and satisfy themselves of this.

MANAGEMENT & STRUCTURE

- Properties & Pathways Pty Ltd ('the syndicator') is the licensee, holding AFSL 438152 and is also the trustee company.

Directors:	Alan Doggett
	Cal Doggett
- P&P Solutions Pty Ltd is the management company (with the same director group) 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
 - * Quarterly distributions
 - * Development potential and feasibility
 - * Overall capital works and property maintenance
 - * Acquisition and/or sale of the property
 - * Various other management items
 - * 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.
- Pathway Five Unit Trust: issues units assigning ownership entitlement. Investors effectively acquire units and become Unit holders who 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.

Properties & Pathways Pty Ltd operates a unique syndicate structure which is canvassed by way of the Unit Trust Deed & Deed of Loan. The structuring allows the managers to acquire a direct interest in the property (together with the investor group) by acquiring 25% of the units in the Unit Trust. This gives the syndicate managers a vested interest in the prosperity of the property and the syndicate itself. For further information, please contact Properties & Pathways (details on page 7).

FINANCE & VALUATION POLICY

Properties & Pathways Pty Ltd has appointed Structured Property Finance to negotiate acceptable commercial terms for the loan facility. From preliminary discussions, the banks have indicated finance on the following terms:

- Loan amount between 60% to 65% of the purchase price (on a non recourse basis)
- Fixed loan term and fixed interest rates of 3 to 5 years
- Interest will be paid from the net rental income of the property
- Loan will be in the name of Properties & Pathways Pty Ltd atf the Pathway Five Unit Trust
- Non-recourse loan i.e. the lender will secure the loan against the land and buildings only and not individual investors
 - In effect, the investors are NOT required to provide guarantee over the property
- Security – A first ranking mortgage to be registered over the land
- Anticipated fixed interest rate at settlement between 3.90% and 4.10% pa.

Properties & Pathways Pty Ltd intends to re-value the property prior to the expiration of the finance facility or when the trustee believes there has been a material change to the value of the property.

PURCHASING ENTITY & APPLICATIONS

The property is purchased by Properties & Pathways Pty Ltd as trustee for The Pathway Five 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 Unit Trust Deed (available upon request) which outlines more comprehensively the way in which the syndicate operates. The Deed of Loan is also available upon request.

Should you wish to participate in the Pathway Five Syndicate please notify us and we will guide you through your application which will require completion of the following documents and disclosures (majority of which are Australian legislative requirements to protect each investor):

- Completing the attached '**Investor Details**' in the name of your investing entity and supply full identification (Passport or Australian Driver's License) of the responsible individual/s for that entity
- Completing and signing the attached '**Application for Units**' in the name of your investing entity
- Certifying you are a 'wholesale' investor by getting your accountant to complete an **Accountant's Certificate** in the attached form on Page 13. (Please disregard if you have supplied this within the last 2 years for previous syndications) Please note: If you do not qualify for the 'wholesale' criteria, please contact us immediately.
- Emailing and/or mailing the above named attachments to the email address below or mailing address on the front cover of this Information Memorandum.

Application for units will not be accepted until funds have been received, either by cheque, or via deposit into the following Attorney 's Trust Account:

Account Name:	Stephen Josland Barrister & Solicitor - Trust Account
Bank:	ANZ Bank
BSB:	016 460
Account No:	4981 31998

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

If you require assistance or have any queries, please contact **Cal Doggett** at cal@doggett.net.au or on (+61) 439 886 931.

WESTFIELD TUGGERAH - Only 1.5km away

The largest shopping centre in Tuggerah with hundreds of speciality stores, including the following major retailers:

- Convenience: Big W, Target, JB Hi-Fi, Kathmandu, ANZ, Bankwest, Australia Post etc.
- Supermarkets: Coles, Woolworths & ALDI plus Dan Murphy's & BWS etc.
- Food outlets: The Coffee Club, Gloria Jeans, Hungry Jacks & Bakers Delight etc.
- Other retailers: David Jones, Adairs, Cotton On, Pillow Talk, Event Cinemas, EB Games and many others.



DETAILED BIRDS EYE VIEW



TUGGERAH SUPERCENTRE

Home to national bulky goods and large format retailers such as:

- Bunnings Warehouse
- The Good Guys
- Fantastic Furniture
- Spotlight
- Rivers, and many more.

DISCLAIMER

Whilst this document includes information about Properties & Pathways Pty Ltd (P&P), the nature of the investment, the Property and other matters, it is not exhaustive in its contents and should not be considered as such.

All projections and forecasts in this document are for illustrative purposes only using those sources as described. They are based on the opinions of, and the assumptions and qualifications made by the directors of P&P as at the date of this document. Actual results may be materially affected by changes in economic and other circumstances.

Any reliance placed upon the accuracy of projections, forecasts and other information provided in this document, and the appropriateness of opinions, assumptions and qualifications used, is a matter for your own commercial judgment. No representation or warranty is made that any projections, forecasts, values, assumptions or estimates contained in this document can or will be achieved.

Notwithstanding that parties other than P&P are named in this document, none of those other parties were involved in the preparation or issue of this document and therefore, none of those other parties has any responsibility for its contents.

P&P and its directors, officers, employees, advisers and representatives:

- a. give no warranty and make no representation in respect of the contents of this document; and
- b. accept no responsibility for the accuracy, reliability or completeness of the information provided in this document.

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. the investment is relatively illiquid when compared to other investment alternatives;
- e. the purpose of the Information Memorandum is to provide details in relation to the Trust's proposed investment property and 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;
- 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 Directors and their advisors. **Investors should appreciate that many factors (including, but not limited to, loss of tenant, interest rate fluctuations, market conditions, projected returns, regulatory changes, illiquid investment, environmental risk, leasing risk, valuation risk, unexpected capital expenditure and destruction of buildings) which affect these projections are outside the Trustee'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.

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.

CONFLICTS OF INTEREST

The Directors and staff of P&P or members of their families or entities which they control or have an interest in may also invest in the Unit Trust. They may also indirectly benefit from any management fees charged in relation to the management of the Trust.



INVESTOR DETAILS

PURCHASING ENTITY

Purchasing Entity Name: _____

Address of Purchasing Entity: _____

TFN of Purchasing Entity: _____ (N/A for non-resident investors)

ABN of Purchasing Entity: _____ (N/A for non-resident investors)

Associated Individuals of Purchasing Entity: _____

Address of Associated Individuals: _____

(Please provide a copy of Identification for the associated individuals)

INVESTMENT

Amount Invested (\$): _____

ACCOUNT DETAILS OF INVESTING ENTITY (for receipt of quarterly distributions)

Account Name: _____

BSB: _____

Account Number: _____

AUTHORISATION & ACKNOWLEDGEMENT

Signature: _____

Position: _____

Name: _____

Date: _____

APPLICATION FOR UNITS

I/WE _____ (“Applicant”)

Hereby apply for _____ ordinary class Unit(s) of one dollar each par value in The Pathway Five Unit Trust (“Trust”) and hereby tender a cheque for \$ _____ being the subscription moneys in relation to such units.

AND I/WE hereby agree and undertake to be bound by the terms of the Trust Deed creating the Trust (“Deed”) as varied or supplemented from time to time and, make the following acknowledgements:

1. Acknowledgment of No Disclosure Provided

The Applicants (or their associated entities) acknowledge that they are sophisticated, wholesale investors for the purposes of section 708(8) of the Corporations Act and that notwithstanding section 761G(7) of the Corporations Act, the financial product or financial service provided to the Applicants is not deemed to be provided to the Applicants as retail clients, in that they each have:

- a. invested in the Trust a minimum amount of \$500,000.00; or
- b. net assets of at least \$2.5 million; or
- c. had a gross income for the two years prior to entering into the Deed of at least \$250,000.00 for each such financial year; and
- d. provided to the Trustee a certificate certifying as correct either of the matters referred to in (b) or (c) above, such certificate having been provided by a qualified accountant as defined in the Corporations Act and dated no more than 24 months prior to entering into the Deed.

2. 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. the investment is relatively illiquid when compared to other investment alternatives;
- 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 pursuant to clause 1 above 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.

3. Acknowledgment of AML / CTF Identification Requirements

The Applicants acknowledge and certify that they have provided to the Trustee the proof of identification required by the Trustee and that all documents so provided are true and correct.

4. Acknowledgment of Privacy Policy

The Applicants acknowledge that by applying to invest in the Trust they are providing personal information to the Trustee. The Privacy Act regulates the way in which the Trustee collects, uses, keeps secure and gives people access to their personal information. The Trustee is bound by the National Privacy Principles and will collect and store personal information from Applicants in a safe and secure manner. Personal information of Applicants will be used to process each application and, if such application is successful, to administer and report on each Applicant's holding of Units and the progress of the Trust's activities. Personal information of Applicants may also be provided to other persons to enable the Trustee to provide services to the Applicants (for example, service providers, consultants and advisors) or to persons that Applicants authorise to act on their behalves in relation to their investment (for example, the financial advisors, accountants or lawyers of Applicants). The Trustees may also disclose personal information of Applicants to others as permitted under the law. Applicants personal information will be added to a mailing list of the Trustee and used for future marketing of investment opportunities promoted by the Trustee

DATED this _____ day of _____ 20 _____

SIGNED by the said Applicant(s)

Individual(s) _____

Company _____
Director _____
Director/Secretary _____

ACCOUNTANT'S CERTIFICATE

ACCOUNTANT'S LETTERHEAD

Date

Attention: Mr. C Doggett

Director

Properties & Pathways Pty Ltd

2 Chidley Road,

City Beach, WA, 6015

I am qualified to provide this statement as a qualified accountant in accordance with the provisions of the Corporations Act.

(Name of client) is a client of mine / this practice and I am in a position to certify the following:

1. (Name of client or participating entity) has assets of at least \$2.5 million; or
2. Has had an income of at least \$250,000 pa over the past two years; or
3. Controls a company or trust which meets the requirements of either clauses 1 or 2.

Yours sincerely

Name of Accountant

(Qualifications)