

Information Memorandum

35 Paget Street WEST MACKAY QLD



For Sale

Prepared by:

Andrew Kelly

Childcare Broker

Australian Childcare Brokers

9/121 Newmarket Road

Windsor QLD 4030

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Investment Executive Summary

LICENCE:	74 Place
LAND SITE:	2,796m ²
BUILDING AREA:	539m ² + Externals
PARKING:	Ample on site – estimated at 14
BUILDING SERVICES:	Fully air conditioned, security, industrial waste bins and fire extinguisher
CONSTRUCTED:	1993. Opened February 1994
BUILDING:	Low Maintenance Rendered Brick
ROOF:	White Colour Bond
OCCUPANCY:	Average Occupancy 87.5% (June to Dec 15)
LEASE TERM:	10 Years
OPTION:	1 x 10 year option 2 x 5 years options
LEASE COMMENCED:	1 March 2016
TENANT FINANCIALS:	Exceptional. P/L will be provided upon signing confidentially agreement
LAYOUT:	4 Rooms- Purpose Built
AGES:	15 weeks - School age
REVIEWS:	3% and market review option
MARKET REVIEWS:	Market reviews at the commencement of each further term All options have a ratchet clause
OUTGOINGS:	Triple net. All out goings, Land tax, and GST are paid by the tenant
RENTAL (Net pa):	\$148,000 + GST
ESTIMATED RETURN ON INVESTMENT:	6% net pa
AUCTION:	River Room Crown Casino Melbourne

Tenant Overview

This childcare investment opportunity is secured by an extremely successful business – Hot Tots Educational Centre – that is in turn owned by a company that currently operates a total of 4 centres state wide.

This operator has been established for over 10 years with annual turnover of \$6m.

While the owners are Brisbane based, they travel to all centres regularly and provide the professional guidance, the required policies and procedures and staff motivation to have their occupancy in their centres running at high levels of 80% - 100% depending upon the time of the year.

The business owners are adamant that they will run the BEST childcare centre in the catchment by providing the highest quality early childhood education in the community - based on the best facilities, employing passionate and dedicated educators, and providing structured educational programs. It is an easy choice for parents to make, when considering which childcare centre their child is going to attend.

Much like operating a motel A successful childcare centre is built on providing value, a quality product, training and leadership.

The business owners have actively sought out opportunities state wide, and while they have traditionally focussed on going concern businesses – leasehold and freehold combined centres – they have continued to expand and go from strength to strength, utilising the above pillars of providing value, a quality product, training and leadership. Today, the business owners are actively looking for other high quality leasehold opportunities to continue to expand across the state.

The childcare sector remains extremely strong due to the security of the industry and the transparency of running a leasehold business. For this reason and the positive reporting by the federal productivity commission in 2015, the sector remains the darling of all Australia's banks and in turn all educated investors.

Location & Population- West Mackay

The Mackay Regional Council comprises the City of Mackay, North to Midge Point, South to St Lawrence and West to Clermont with an area encompassing in excess of 90,000 square kilometers. The region comprises beaches, islands, hinterlands, gorges, mountains and lowlands. The region as a whole is home to 143,000 friendly and welcoming people, and the relaxed tropical city of Mackay has a population in excess of 90,000. Mackay is a diverse community that welcomes newcomers from all parts of the world.

It is no wonder the region can offer such an abundant range of services and facilities. The vibrant developing community can proudly boast being a City where people can pursue a wide range of interests and lifestyles in a secure environment.

Mackay region has economic diversity and a progressive community attitude towards development. The Mackay Region is the largest sugar cane producing area in Australia and the Port of Mackay has the largest bulk export sugar terminal in the world. The Bowen Basin to Mackay's West provides an enormous natural resource, producing 85% of Australia's coal.

The diversity of the region spreads beyond primary industries alone, a maturing tourism industry is a large economic driver. The region attracts a large number of domestic visitors each year.

Mackay region's weather is one of its top attractions. Summers consist of warm to hot tropical weather (December to March expect humidity), while the remainder of the year provides invariably blue skies, sunshine and cool nights. With the Great Barrier Reef, the Coral Sea and around 80 tropical islands on its doorstep, Mackay offers an unmatched location and lifestyle within one of the most exciting growth regions in Australia.

Mackay is an extremely pretty and liveable city; big enough to have everything you need and small enough to provide the lifestyle you desire.

Source: www.communityprofile.com.

Catchment & Local Amenities

35 Paget St West Mackay is extremely well located within an established and quiet residential subdivision, and within an easy drive to required family amenities.

It is important to realise that childcare is a destination business, i.e. Exceptionally well presented centres, that provide superb facilities at competitive daily rates, will always encourage parents to drive an extra distance to an A grade facility rather than a 'lesser' centre around the corner.

For this reason the location of this property will continue to remain of enormous appeal to the current tenant and if required the future demand will remain extremely high.

It is important to understand that leasing rates for childcare facilities vary widely, and are dependent on the location, exposure, quality of the building and the catchment. For these reasons alone, this centre will certainly achieve a higher future rental when comparing to any other competing centres within the catchment – ie If a new tenant is required at the end of the lease in 30 years.

This superb childcare investment is central to most major employment hubs and numerous social and community facilities such as;

- The major thoroughfare of the Bruce Highway - 300m
- The Mackay train Station - 400m
- Mackay central business district – 2km
- Numerous local commercial business precincts – 500m – 1.5km
- Central Qld University campus – 2.1km
- West Mackay State School – 846 Children enrolled from 5-12 years of age – 1.5km
- Mackay Regional Botanic Gardens – 1.2km
- Paget Industrial Precinct- 500m-1.5km



Map & Centre Location Specifics

Whitsundays Coast Line



Property Location



Hot Tots is in a prime location, located in the West Mackay district, approximately two kilometres south west of the Mackay Central Business District. Within a one and a half kilometre radius of the centre is commercial, retail development and industrial facilities. This includes a new Bunnings Warehouse (Archibald Street) and Coles Shopping complex (Paradise Road). Hot Tots is also within close proximity to the Mackay Airport and Mackay City Gates.

High Visibility Features

1. Paget Street runs parallel to the well known Paradise Road, with this being a local arterial road for the district leading from the Mackay City area and further on to the airport precinct.
2. Proximity of adjacent Archibald Street which rises across a railway bridge provides an extensive view of the centre to all traffic heading east and west upon Archibald Street, which is a main thoroughfare for the West Mackay district
3. Paget Street frontage 86.5m and Southern Boundary (facing Archibald Street) 98.1m
4. Extensive new highly visible and colorful signage was completed in October 2015 to showcase the centre to the high volume of passing traffic

Centre Improvements

- Full internal painting of the building completed in December 2015
- SunSmart approved childcare centre – large shaded outdoor adventure playgrounds
- Building signage completed in October 2015
- Freestanding metal clad double bay storage shed

Potential to expand

The centre is positioned on a substantial parcel of land - 2,796m². Subject to further investigation and approvals, the investor could potentially take advantage of expanding the centres capacity, for example adding a nursery for an 8 additional places as per shaded area (traditional land size is generally 2000m² - 2400m² for a 75 place centre, to give a better understanding of the centres potential).

Any additional increase in licence capacity is an increase in future rental.



Due Diligence Data

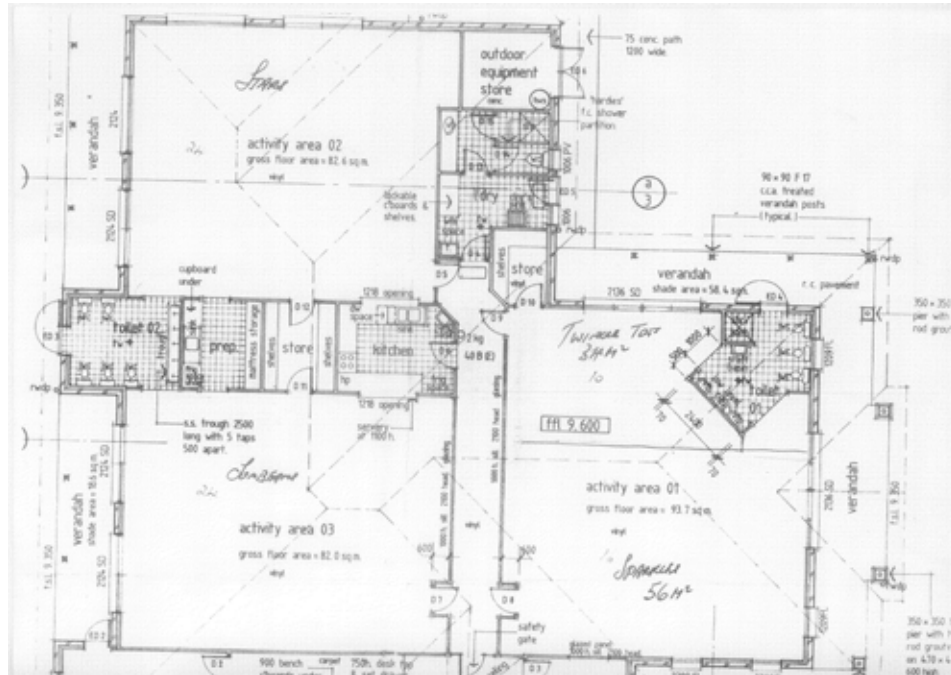
1. Site Layout Plan
2. Building Floor Plans
3. Service Approval Documentation
4. Leasehold Business Hot Tots QLD DETE Assessment & Rating
5. Registered Plan
6. Certificate of Currency - Childcare Insurance Policy

Site Layout Plan

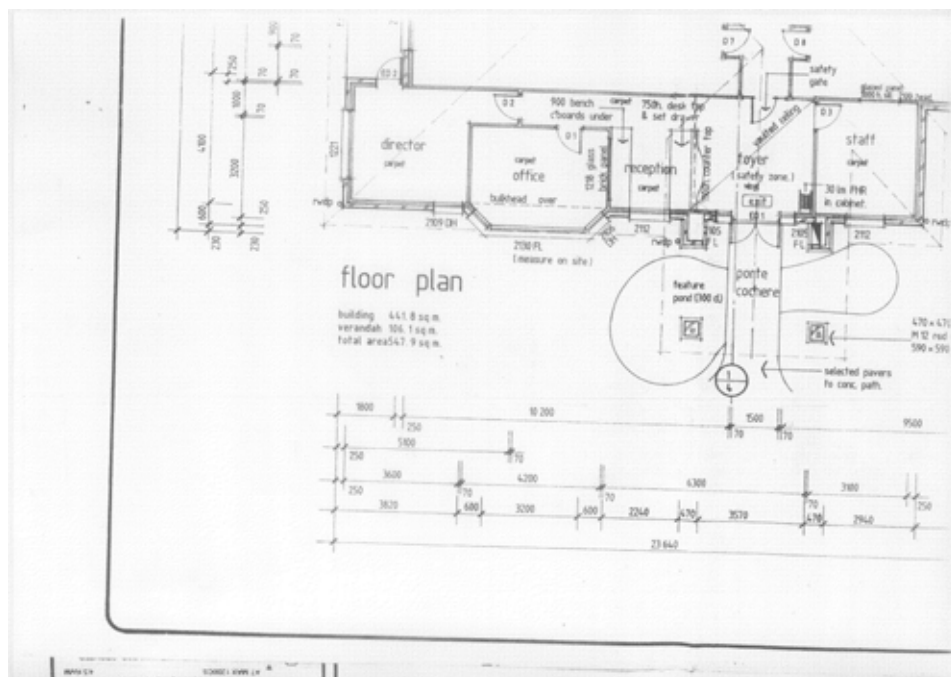


Building Floor Plans

Layout 1



Layout 2



Building Report

Full report available upon request

Hot Tots Educational Centre - Building Report

Page 2

DEFECT INSPECTION - BUILDING REPORT

Complies with AS4349.0-2007 Inspection of Building General Requirements.

CLIENT & SITE DETAILS

Client:

Phone:

Email Address:

Invoice Number:

BSBPI: 3085.

Re: Building at:

35 Paget Street WEST MACKAY.

DETAILS OF INSPECTION AGREEMENT

Agreement Number:

BSBPI: 3085.

Date of Agreement:

19th February 2016.

Are there Special Requirements/Conditions requested by the Client/Client's Representative regarding the Inspection and Report:

No.

Were there any changes to the Inspection Agreement:

No.

Date the Changed Agreement was accepted:

Not applicable.

The Purpose of the Inspection: The purpose of this inspection is to identify the major defects and safety hazards associated with the property at time of the inspection. The advice is limited to the reporting of the condition of the building elements in accord with Appendix C AS4349.1 - 2007 except for Strata Title Properties where the inspection will be according to Appendix B of AS4349.1 - 2007. **The report does not include an estimate of the cost of rectification of the Defects.** The overall condition of this building has been compared to similarly constructed and reasonably maintained buildings of approximately the same age.

DETAILS OF INSPECTION

Date of Inspection:

22nd February 2016.

Weather Conditions at the Time of Inspection:

Overcast, Showering at times.

Recent Weather Conditions:

Overcast, Raining at times.

IMPORTANT NOTE: During dry weather it is difficult to detect any leaks in a building or to determine the complete effectiveness of surface drainage water drainage, it is recommended further inspection is carried out by a plumber in wet weather conditions to make a complete evaluation

Service Approval Documentation



Section 48, Education and Care Services National Law

Service Approval

NAME OF EDUCATION AND CARE SERVICE
Hot Tots Educational Centre

LOCATION OF EDUCATION AND CARE SERVICE
35 Paget Street,
MACKAY QLD 4740

DATE APPROVAL GRANTED
1 September 2013

SERVICE APPROVAL NUMBER
SE-00000488

NAME OF APPROVED PROVIDER
Naspur Corporation Pty Ltd ATF Crossley Family Trust

MAXIMUM NUMBER AND AGE RANGE OF CHILDREN

- This service is approved to provide education and care to 74 children from 15 months up to and including school children.*

*The maximum number of children may only be exceeded in the circumstances set out in regulation 123(5) of the Education and Care Services National Regulations.

WAIVERS
N/A

PRESCRIBED CONDITIONS
The approval is granted subject to the conditions as set out in Section 51 of the *Education and Care Services National Law* and any conditions prescribed in the Education and Care Services National Regulations.

OTHER CONDITIONS

- This service is approved to continue to use an educator to child ratio of 1:5 for children from 15 months to 24 months of age. This ratio applies for children from 15 months of age in place of Regulation 123(1)(a) until 31 December 2017.

Issued by: Leanne McBean

Signature: 

Title: Early Childhood Manager
Central Queensland Region
Department of Education, Training and Employment

DEPARTMENT OF EDUCATION, TRAINING AND EMPLOYMENT

Leashold Business Hot Tots

QLD DETE Assessment & Rating

Service Approval Number: SE-00000488
Assessment and Ratings ID: 00009189

HOT TOTS EDUCATIONAL CENTRE

has achieved the following ratings:

Quality Area 1	Educational program and practice RATING: Meeting National Quality Standard
Quality Area 2	Children's health and safety RATING: Meeting National Quality Standard
Quality Area 3	Physical environment RATING: Meeting National Quality Standard
Quality Area 4	Staffing arrangements RATING: Meeting National Quality Standard
Quality Area 5	Relationships with children RATING: Exceeding National Quality Standard
Quality Area 6	Collaborative partnerships with families and communities RATING: Exceeding National Quality Standard
Quality Area 7	Leadership and service management RATING: Meeting National Quality Standard

The overall rating for a service is determined by the combination of the Quality Area ratings achieved.

If a service is rated below the National Quality Standard in any Quality Area, the overall rating will reflect the lowest Quality Area rating. To achieve an overall rating of Exceeding National Quality Standard, a service needs to achieve Exceeding National Quality Standard in four or more Quality Areas of which two must be from Quality Area 1, Quality Area 5, Quality Area 6 or Quality Area 7.

This service is rated overall at
Meeting National Quality Standard

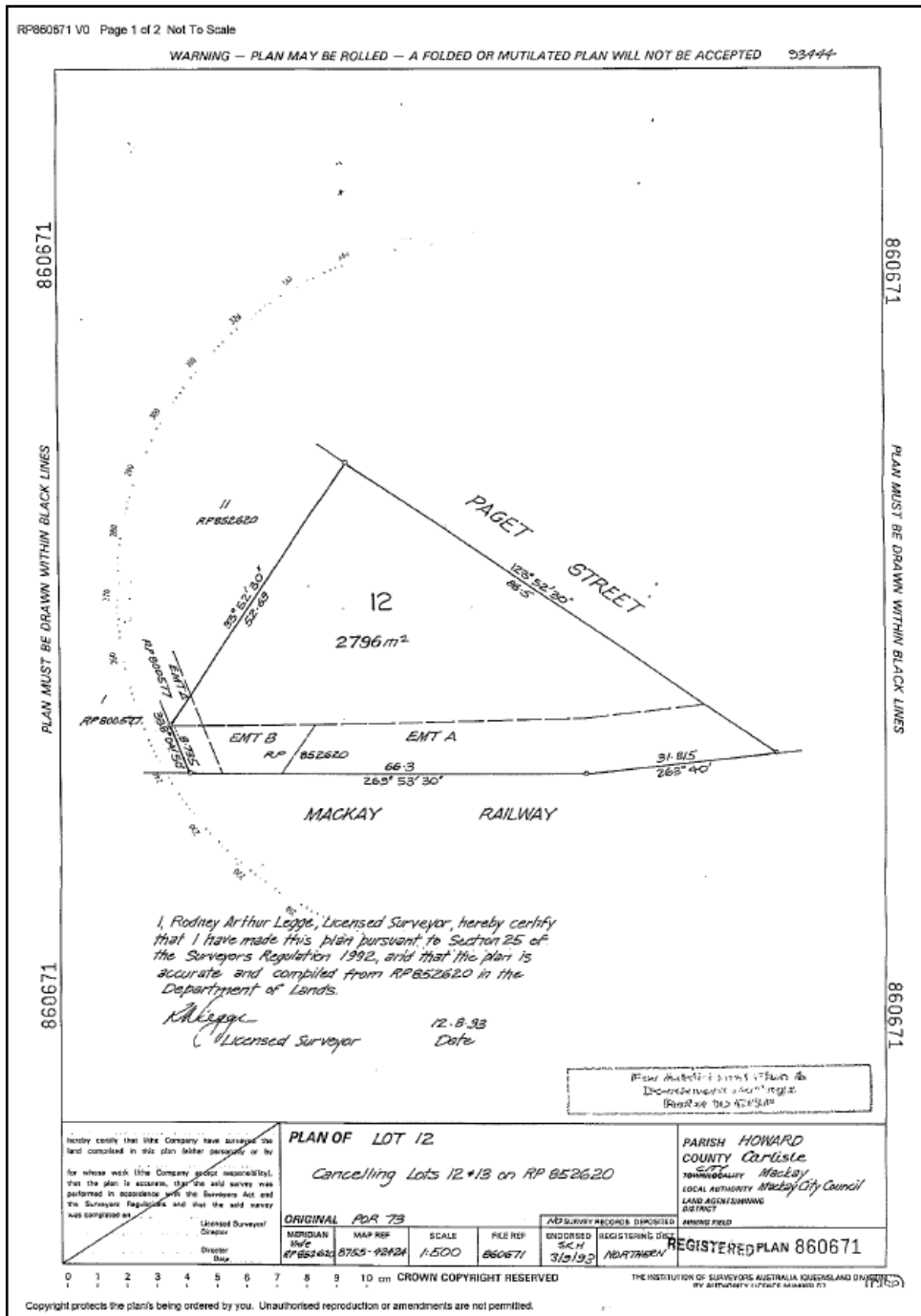
Department of Education, Training and Employment
Date of issue: 12/03/2015

This service has been assessed against the *National Quality Standard for Early Childhood Education and Care and School Age Care* and these ratings have been awarded in accordance with the *Education and Care Services National Law Act 2010* and the *Education and Care Services National Regulations 2011*

Departmental Reference Number 15/93280

Uncontrolled copy. Refer to the Department of Education, Training and Employment Policy and Procedure Register at <http://ppr.det.qld.gov.au> to ensure you have the most current version of this document.

Registered Plan



Registered Plan

WARNING — PLAN MAY BE ROLLED — A FOLDED OR MUTILATED PLAN WILL NOT BE ACCEPTED 93444

Council of the CITY of HACKAY certifies that all the requirements of this Council, the Local Government Acts and all By-Laws have been complied with and approves this Plan of Subdivision

Dated this NINETEENTH day of AUGUST, 1993.

[Signature] Mayor SK
[Signature] Town SK
 Town Clerk

(We) COASTONE PTY LTD
 (Names in full)
 as Proprietors of the land TO
 as Lessees of Minerals in the land
 agree to this plan and dedicate the land as shown hereon to public use.

Signature of Proprietors and Lessees the certify they are the correct Officers to affix the Seal.
 Rule out which is inapplicable.

Previous Title
CT 161 N 1533 F6/225 Lot 12 on RP 852620
CT 161 N 1533 F6/226 Lot 13 on RP 852620

CT Allocations

CT	Lot
1533 ~ 226	12
1533 ~ 226	12

This survey has been examined and may be used for land dealings.

Surveyor General
Date

Lot	Vol.	Fol.	Lot	Vol.	Fol.	Lot	Vol.	Fol.
10	1533	107						

Lodged by M. McKay
Mackay

Received Registrar of Titles

Fees Payable
 Postal fee and postage 58
 Legt. Exam. & Ass. 36
 New Title
 Encl. on Deeds
 Photo Fee
 Total 14
 Short Fees Paid

Rec. No. 205336
 RECEIVED \$ 136.00
 DATE 23/8/93

T697972T \$100.00
 23 AUG 1993
 10:07 AM
 4244 PLAN

File Ref. 860671
 Deposited 23/8/93 SKH
 Audited 3/10/93 SKH
 Passed 3/10/93 SKH
 Survey Records: File/Field Notes
 Charted 1/1
 Original Grant 16788 (R/T)
 51 OCT 1993 N.P. dC

Particulars entered in Register Book
 Vol. 1533 Folio 225/226 \$108

at 10-12 dmv
27 SEP 1993
 REGISTRAR OF TITLES

860671

REGISTERED BY AN 860671

Certificate of Currency - Childcare Insurance Policy



AIB INSURANCE BROKERS

AFS Licence No. 246282 ABN 87 009 635 527

78 Primary School Court, Maroochydore
PO Box 2082, Sunshine Plaza QLD 4558
Phone 07 5409 4600 Fax 07 5429 1082

Email Barbara.wilkes@aibinsurance.com.au

CERTIFICATE OF CURRENCY

INSURANCE COMPANY: Ansvar Insurance Limited
TYPE OF POLICY: Child Care Insurance
POLICY NUMBER: ACD40150582735
INSURED: Naspur Corporation Pty Ltd – John & Sarah Crossley T/as
Hot Tots Education Childcare
INTERESTED PARTIES: Bankwest
PERIOD: 21/06/2015 – 21/06/2016
SITUATION: 35 Paget Street Mackay 4740
OCCUPATION: Child Care Centre
COVER DETAILS: Building \$1,450,000; Contents \$180,000
Public Liability : \$20,000,000
EXCESS: As Per Policy

IMPORTANT NOTICE: This document does not reflect the policy terms and conditions. You must refer to the policy contract for specific details.

Signed: *Barbara Wilkes*

Date: 25 June 2015

DISCLAIMER: In providing this certificate, we do not guarantee that the insurance outlined will continue to remain in force for the period referred to as the policy may be cancelled or altered by either party to the contract at any time in accordance with the terms and conditions of the policy or in accordance with the terms of the "Insurance Contracts Act". We accept no responsibility or liability to advise any party who may be relying on this certificate of such alteration to or cancellation of the policy of insurance.

Title Search

CURRENT TITLE SEARCH
DEPT OF NATURAL RESOURCES AND MINES, QUEENSLAND
Request No: 22886631
Search Date: 26/02/2016 15:26
Title Reference: 21551217
Date Created: 01/10/1993

Previous Title: 21533225
21533226

REGISTERED OWNER

Interest

Dealing No: 709314485 24/01/2006

JOHN MARCEL CROSSLEY
SARAH JANE EMMA CROSSLEY

99/100
1/100

AS TENANTS IN COMMON

ESTATE AND LAND

Estate in Fee Simple

LOT 12 REGISTERED PLAN 860671
Local Government: MACKAY

EASEMENTS, ENCUMBRANCES AND INTERESTS

1. Rights and interests reserved to the Crown by
Deed of Grant No. 10112050 (POR 73)
2. EASEMENT IN GROSS No 601069546 (T631556L) 07/10/1992
BURDENING THE LAND
TO COUNCIL OF THE CITY OF MACKAY
OVER EASEMENT A ON RP800577
3. EASEMENT IN GROSS No 601484500 (T671297R) 20/04/1993
BURDENING THE LAND
TO COUNCIL OF THE CITY OF MACKAY
OVER EASEMENT A ON RP852620
4. EASEMENT IN GROSS No 601484501 (T671298V) 20/04/1993
BURDENING THE LAND
TO COUNCIL OF THE CITY OF MACKAY
OVER EASEMENT B ON RP852620
5. LEASE No 709314488 24/01/2006 at 16:16
NASPUR CORPORATION PTY LTD A.C.N. 116 967 152 TRUSTEE
UNDER INSTRUMENT 709314488
OF THE WHOLE OF THE LAND
TERM: 07/11/2005 TO 06/11/2010 OPTION 5 YEARS
6. MORTGAGE No 709314493 24/01/2006 at 16:17
BANK OF WESTERN AUSTRALIA LTD A.B.N. 22 050 494 454

ADMINISTRATIVE ADVICES - NIL

CURRENT TITLE SEARCH
DEPT OF NATURAL RESOURCES AND MINES, QUEENSLAND
Request No: 22886631
Search Date: 26/02/2016 15:26
Title Reference: 21551217
Date Created: 01/10/1993
UNREGISTERED DEALINGS - NIL

CERTIFICATE OF TITLE ISSUED - Yes 27/01/2006 709314496 Certificate No. 3

Caution - Charges do not necessarily appear in order of priority

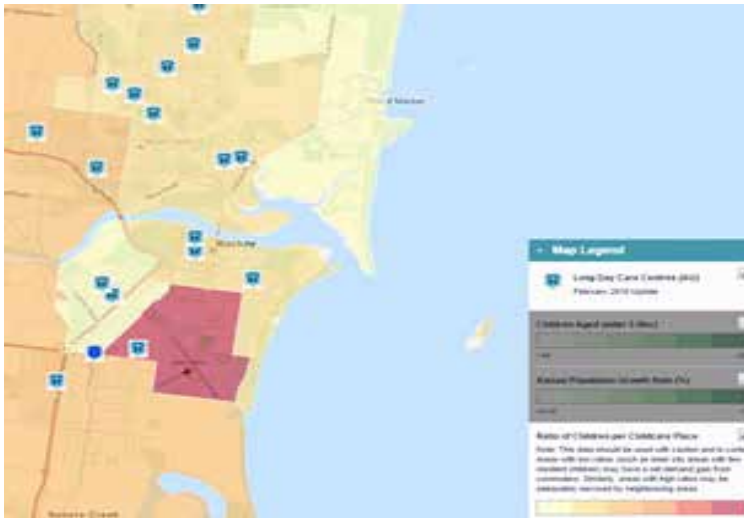
** End of Current Title Search **

COPYRIGHT THE STATE OF QUEENSLAND (DEPT OF NATURAL RESOURCES AND MINES) [2016]
Requested By: D-ENQ SAI GLOBAL

Catchment Due Diligence Data

All data below is as of January 25th 2016

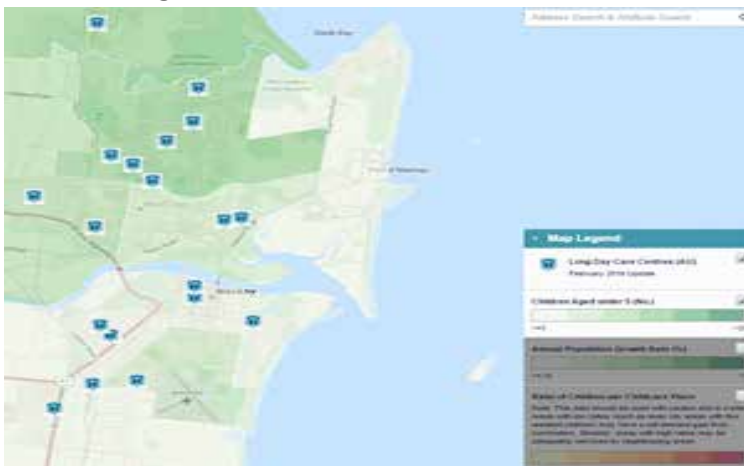
Ratio of Children per Childcare Place



Annual Population Growth Rate (%)



Children Aged under 5 (No.)



Photos



Photos



Photos



Photos



Photos



Photos



Photos



Photos



Agent Profile

Andrew Kelly

Childcare Broker

An experienced specialist in the Childcare sector

After a very successful 23 year career, as an international designer goldsmith, Andrew decided that a change of career was warranted, and diligently pursued a new path within the generalised commercial real estate industry.

The commercial property sector, provided enormous experience and rewards, in both sales and leasing of all aspects of commercial property, and after identifying a niche in the market, 2011 saw Andrew utilise this credibility to transition into the specialised area of the childcare industry.

Andrew is extremely professional and knowledgeable when dealing with clients, whether it's an owner, who is considering selling a property and/or business or an investor looking to enter the sector, and it is via this proven ability, that he has managed to achieve the award of #2 ranked Australian Commercial Real Estate Salesman Of the Year award for 2014.

As 83% of the childcare industry is owned and run by family based small businesses it requires a highly confidential attitude and an ability to be able to deal with owners of all demographics, from large publicly listed REITs – Real Estate Investment Trusts - through to directors of centres, who are keen to commit to the ownership of their own business.

For any advice on buying or selling childcare assets, or to simply discuss the industry in general, Andrew is always willing to help.



Contact Agent:

Andrew Kelly

Childcare Broker

Australian Childcare Brokers

9/121 Newmarket Road

Windsor QLD 4030

P 07 3357 3888 **M** 0423 222 244

E andrew.acb@randw.com.au

W www.australianchildcarebrokers.com.au

Disclaimer

This confidential memorandum is being given to you for the sole purpose of evaluating the possible property at 35 Paget St West Mackay and is not to be used for any other purpose or made available to any other party without the prior written consent.

This Memorandum was prepared by Richardson & Wrench Commercial Brisbane North (ABN 82 009 953 851) based on information supplied by the Owner and Richardson & Wrench Commercial Brisbane North. It contains select information about the property and the real estate market but does not contain all the information necessary to evaluate the acquisition of the Property. The financial projections contained herein (or in any other Confidential Information) are for general reference only. They are based on assumptions relating to the overall economy and local competition, among other factors. Accordingly, actual results may vary materially from such projections. Various documents have been summarised herein to facilitate your review; these summaries are not intended to be a comprehensive statement of the terms of such documents.

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The Owner expressly reserves the right, at its sole discretion, to reject any offer to purchase the Property, to terminate any negotiations with any party at any time with or without written notice and to negotiate with one or more prospective buyers at any time and to enter into a purchase and sale agreement for the sale of the Property and accept back up offers at any time without prior notice to the recipient or other prospective purchasers. The Owner shall have no legal commitment or obligation to any prospective purchaser unless or until a written sale agreement has been fully executed, delivered and approved by the Owner and any conditions to the Owner's obligations there under have been satisfied or waived.

The Owner has retained Richardson & Wrench Commercial Brisbane North as its advisor and will be responsible for any commission due to Richardson & Wrench Commercial Brisbane North in connection with a transaction of the Property pursuant to a separate agreement. Richardson & Wrench Commercial Brisbane North is not authorized to make any representation or agreement on behalf of the Owner. Each prospective purchaser will be responsible for any claims for commissions by any broker.

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Richardson & Wrench Commercial Brisbane North will arrange all contacts for appropriate due diligence by potential purchasers of the Property. All inquiries or requests for information should be submitted or directed by Richardson & Wrench Commercial Brisbane North. Neither the Owner nor the management of the Property should be contacted directly under any circumstance.