

Valuation Report

Property	Lessor's Interest – "Natural Beginnings Childcare" 21-23 FISHER ROAD, GORDONVALE QLD 4865.		
Prepared for	Christine Nieass. National Australia Bank Limited ABN 12 004 044 937 and its wholly owned subsidiaries.		
Instructed by	Christine Nieass. This valuation has been prepared in accordance with NAB's Valuation Instructions and can be relied upon by the National Australia Bank Limited ABN 12 004 044 937 and its wholly owned subsidiaries for mortgage security purposes.		
Purpose	First Mortgage Security.		
Applicant	Fisher Road Pty Ltd ATF Fisher Road Trust.		
Owner	Just Hire It Pty Ltd.		
Dates	Assessment Date	20 March 2018.	Inspection Date 20 March 2018.
ValEx ID	9374120.		
LMW ref	1803002281.		



National Property Valuers and Consultants

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Executive Summary

IMPORTANT: All data provided in this summary is wholly reliant on and must be read in conjunction with the information provided in the attached report. It is a synopsis only designed to provide a brief overview and must not be acted on in isolation. The Valuer/Firm (in addition to the principal valuer) has no Potential Conflict of Interest or Pecuniary Interest (real or perceived) relating to the subject property. For the purpose of this report "LMW" means the company identified on the front of this report.

1.1 Instructions and property details

Interest valued	Lessor's Interest.
Assessment type	Going Concern.
Basis for assessment	Going Concern – Lessor Interest – As Is subject to the existing lease.
Standing instructions	This valuation has been prepared in accordance with NAB's Valuation Instructions and can be relied upon by the National Australia Bank Limited ABN 12 004 044 937 and its wholly owned subsidiaries for mortgage security purposes.
Primary approach	Capitalisation.
Relevant dates	Assessment Date: 20 March 2018 Inspection Date: 20 March 2018
Specific instructions	Even though the lessor and lessee will be related parties, we have been specifically instructed to value the lessor's and lessee's interest in separate valuation reports.
Title searched	7 March 2018. Encumbrances are noted in the section Land Particulars.
Site identified by	The property has been satisfactorily identified by visual inspection and reference to the Registered Plan. Buildings are within the site boundaries.
Local authority/Zoning	Cairns Regional Council - Gordonvale Local Plan. Rural Residential.
Town planning scheme	The current town planning scheme is the CairnsPlan 2016.
Highest and best use	The highest and best use is considered to be its current use.
Areas	Site Area: 4,006 m ² Building Area: 550 m ²
Number of approved places	81 child places.
Applied capitalisation rate	7.50%.
Competition	There are no Long Day Care centres within the general locality of the subject, therefore competition is considered to be low. This is a positive for the subject centre given demand for spaces available is high.
Brief description	The subject property known as "Natural Beginnings Childcare" comprises an older style, child care centre facility that was refurbished in 2010 however provides 'jaded' improvements. The property currently operates with a Service Approval for 81 child places and has a five activity room configuration.
Major issues	<ul style="list-style-type: none"> – Upon settlement, the Lessee and Lessor will be separate entities but related parties. – Normally in a situation where the parties are related, we assume vacant possession, however this is not practical from the perspective that there is no lessee's interest on this basis. Thus, we have made a critical assumption that the current lease will continue. – Please note that the passing rental is slightly below market and given the balance term certain would be adopted as market by prudent investors. – The subject freehold interest is currently Under Contract to the tenant for \$1,550,000, excluding GST and the price is supported by other recent sales evidence.

1.2 Income summary

Net annual rental income	\$116,276
Rental per approved child place	\$1,436
Residual lease term	116 months (9.67 years)



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1.3 Recent sale history

Sale date/Price	3 March 2018.	\$1,550,000
Comment	I have sighted a signed copy of the Contract of Sale, which has a purchase price of \$1,550,000 excluding GST. Further details are provided in Section 9.2.	

1.4 Valuation (exclusive of GST)

Going Concern – Lessor Interest – As Is subject to the existing lease	\$1,550,000
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1.5 Analysed results

Analysed market yield	7.50%
Initial yield	7.50%
Pro rata rate per child place	\$19,136

1.6 Risk profile

The purpose of risk ratings is to alert the reader to anything that is readily apparent and known to the Valuer at the date of valuation and that may impact on the current market value or marketability of the subject property, limited to the Valuers area of professional expertise.

The indicators in this risk summary are drawn from opinions of the Valuer and are expressed as opinion not fact.

Category	Low	Low/Medium	Medium	Medium/High	High
Cash flow					
Asset					
Market					
Environment					
Management					

Valuer	Isabelle Kosecki AAPI CPV 4024 Valuer
Entity Office	LandMark White (Brisbane) Pty Ltd Brisbane



2.1 Cash Flow

- Expiry comment	The centre is leased for an initial 20 year term with a further ten year option available thereafter. The residual lease term, excluding options, is 9.67 years which is considered attractive to investors.
- Passing -v- Market rent	The passing rental of \$116,276 per annum plus GST reflects \$1,436 per approved child place. This is considered to be below market based on Direct Comparison, however given the capital works that need to be undertaken to the centre, it is considered suitable and has been adopted for this exercise.
- Competition	Competition within the area is considered low with no competing centres within Gordonvale or surrounding areas. This is a positive for the subject.
- Occupancy	The trend in occupancy is declining based on a week on week comparison with the previous year (refer to lessee's report and comments below).
- Tenant quality	The current tenant has been operating the centre for five years and has managed to maintain occupancy at good levels.
- Cash Flow risk rating	Low/Medium
- Comment	<i>Recent trends for occupancy have been falling on a comparison to the same period last year. We have mitigated this by adopting a market rental at the lower end of the range suggested by the sales however believe the purchaser will have to upgrade the centre (capital expenditure) to ensure strong occupancies continue into the future. We note that the location and demographics suggests a strong demand ratio of 1 place per 7.31 children, which would suggest there is a good prospect for a well-presented centre to achieve strong occupancy rates.</i>

2.2 Asset profile

- Site quality	The site area is 4,006 square metres, displaying an undulating and partly stepped slope down from Fisher Road to the rear boundary.
- Flooding	The subject is not impacted by flooding.
- Access quality	Vehicular access is from Fisher Road and is to be easy and direct.
- Exposure	The property is afforded limited exposure to the street frontage and passing traffic from either a north or south direction, however good signage is provided.
- Building design & construction	The centre has a functional layout but is limited in staff space. There are five activity rooms with an internal area of approximately 384 square metres plus approximately 166 square metres of verandahs. The centre would benefit from cosmetic refurbishment and perhaps additions to the centre to incorporate staff area and amenities.
- Facilities & services	The centre facilities, working through staff areas and into the playground space, are all in keeping with the age and style expected of such a facility. There is limited staff amenities/areas available. The centre external areas have a "tropical bush" theme.
- Current use	Compatible with the predominant land use in the location.
- Parking	Current parking provisions are considered adequate.
- Planning	Current use is in line with planning guidelines. There appears to be no adverse planning or environmental issues with this property.
- Asset risk rating	Medium
- Comment	<i>The subject is removed from the Cairns city centre, however is situated within relatively close proximity to schools and local amenities. The centre provides a 'jaded' style of child care accommodation and would benefit from cosmetic refurbishment. Upon settlement, the owner 'Les Gunn Properties' is planning a major facelift for the centre to improve the current appearance.</i>



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2.3 Market

- Supply/Demand There is a stable supply of child care centres on the market and demand remains solid, but mainly on well-placed centres.
- Volume of sales There has been a steady supply of freehold interest sales over the past 24 months, many of which are within the sub \$3,000,000 price bracket. The subject falls below this category which is a positive for the buyer pool.
- Market direction The market for lessor interest child care centres generally appears to be holding momentum, with positive signs for the wider investment property market continuing into 2018. The outlook in the short terms remains sound, but cautious.
- Marketability The location of the subject would be of reasonable appeal to investors, albeit a regional location. The profile of the property, fitout and equipment is a negative of the property. Overall, considering the specific traits of the property, I consider market demand for the subject would be good.
- Evidential support There is a moderate level of comparable evidence to support the valuation parameters adopted herein.
- Saleability Given a continuation of the market conditions that were experienced leading up to the date of valuation and a competent marketing campaign reflecting the nature of the property, I consider the property is saleable at valuation over a normal six month marketing period.
- Buyer profile The most likely buyer is an investor with an existing track record of owning child care centres.
- Market risk rating **Medium**
- *Comment* *The investor appetite for well leased centres, even in regional locations such as the subject remains strong,, particularly for centres with strong lease covenants. Although not to a national operator the current lease (adopted for this exercise) has a near 10 year WALE to a long term operator and would attract demand.*

2.4 Environment

- Environmental Issues None apparent.
- Uses The current use is not identified as a risk use in the API guidance notes.
- Environmental checklist The environmental checklist has been completed.
- Contaminated site I have checked the relevant contaminated sites database and the subject is not listed on either database.
- Asbestos I have not been issued with an Asbestos Materials Report and though no obvious signs of asbestos were noted during my inspection the valuation is subject to there being no areas of asbestos contamination affecting Workplace Health and Safety requirements and/or requiring significant monetary expenditure for remediation.
- Environmental risk rating **Low**
- *Comment* *There appears to be no apparent environmental risks associated with the subject.*



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2.5 Management risk

- Management experience A child care centre is a specialised business/real estate investment and is management sensitive; it is not a traditional real estate investment and its value includes alter alia, plant, equipment, furniture and goodwill. Poor management can lead to reduced profitability and this can reflect in the value of the Lessee's interest in the property via stress upon tenant affordability. The current tenant of the centre is an experienced operator and has been successfully operating the centre for approximately five years.
- Management risk rating Low/Medium
- *Comments* *The centre with one tenant is relatively easy to manage, however should the lease terminate, an agent active in the child care space would be best suited to find an alternative.*



Assumptions, Conditions and Limitations

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3.1 Special instructions

This valuation has been prepared in accordance with NAB's Valuation Instructions and can be relied upon by the National Australia Bank Limited ABN 12 004 044 937 and its wholly owned subsidiaries for mortgage security purposes.

3.2 Critical qualifications

- All investigations have been conducted independently and without influence from a third party in any way.
- Based on my observations, the site does not appear to be contaminated and I assume that no remediation works are required.
- Any objective information, data or calculations set out in the Valuation will be accurate so far as is reasonably expected from a qualified and experienced valuer, reflecting due skill, care and diligence (except where the information, data or calculation originates from a third party source).
- In undertaking my valuation I have relied upon various financial and other information submitted by the applicant. Where possible, within the scope of my retainer and limited to my expertise as a valuer, I have reviewed this information including by analysis against industry standards. Based upon that review, I have no reason to believe that the information is not fair and reasonable or that material facts have been withheld. However, my enquiries are necessarily limited by the nature of my role and I do not warrant that I have identified or verified all of the matters which a full audit, extensive examination or "due diligence" investigation might disclose. This valuation is conditional upon the information supplied being correct.
- I have conditioned my valuation on the basis that there are no side agreements or commissions relating to the purchase which may give rise to a special interest in the property or which may distort the purchase price. Whilst I have relied upon general market evidence and industry benchmarks in forming my opinion of value and have made specific enquiries as to the conditions of the sale, this valuation is subject to the purchase price indicated as being correct and reflects typical transaction conditions for a property of this nature.
- With respect to lease details, I note that all leases have been sighted. Should there be any variation, I reserve the right to review my valuation. This valuation is conditional upon there being no side agreements in relation to incentives whether it be by way of rental abatements, fitout contributions or cash payments. The right to any rental guarantee, security deposit, bank guarantee or any other form of guarantee provided in respect to any leases to which the property is subject will pass to a purchaser of the property.
- I have relied upon the building areas noted on a building plan provided by the applicant. Should any subsequent surveys indicate a variation to the areas adopted within, the matter should be referred to me for review of the valuation.
- I have not been provided with any reports relating to the condition of any plant, equipment, facilities or services at the property and assume for the purposes of my assessment that such are adequate for the continued ongoing utility of the property without the need for any specific short term capital expenditure.
- It should be noted that this valuation does not purport to be a structural survey of the improvements nor was any such survey sighted or undertaken. This valuation is conditional upon detailed reports in respect of the structure and serviced installations of the property not revealing any defects requiring significant expenditure. Additionally, in the absence of a Building Certificate issued by Council or other approved certifier, this valuation is conditional upon the property complying with all relevant statutory requirements in respect of such matters as health, building and fire safety regulations.
- As the valuation has not had any regard to the vendor's residency status or availability of a Clearance Certificate, implications if any, in respect to the Foreign Purchaser Capital Gains Tax have not been assessed.
- Unless stated otherwise in the Land Particulars section, no soil tests or environmental studies have been made available. Therefore, it should be noted that the valuation is subject to there being no surface or sub-surface soil problems including instability, toxic or hazardous wastes, toxic mould, asbestos or building material hazards in or on the property that would adversely affect its existing or potential use or reduce its marketability. Should any problems be known or arise, then the valuation should be referred to LMW for review as LMW deems appropriate.



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Unless stated otherwise within the Performance Summary section or the Risk Profile section, no Asbestos Materials Report has been provided. Should any such matters be known or discovered, no reliance should be placed on the assessment of value unless LMW has been advised of these matters and has confirmed that the assessment is not affected.

I am not an expert in this regard and if more detailed advice is required, an environmental consultant should be retained.

Verifiable assumptions relate to environmental issues, structural integrity of the improvements, compliance with applicable building regulations, condition of building services, zoning and encroachments, and can be confirmed by obtaining appropriate documentation relating to each.

Assumptions based upon opinion where included are detailed within the Market Comment, Leasing and Sales Evidence and Rationale sections of the report.

Should any of the assumptions upon which my valuation assessment is made prove to be incorrect or inaccurate, this report should be referred to LMW for reassessment.



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Land Particulars

4.1 Title details

Registered proprietor/Owner	Legal description	Encumbrances and interests
Just Hire It Pty Ltd.	Lot 32 on Registered Plan 857547, Local Government: Cairns, under Title Reference No. 21550160.	<ul style="list-style-type: none">– Rights and Interest reserved to the Crown by Deed of Grant No. 20092183 (POR 387).– Easement in Gross No. 601069487 burdening the land to Council of the Shire of Mulgrave over Easement A on RP857457.– Lease No. 711355197 to ELS WA Pty Ltd over the Whole of the Land. Term: 30/11/2007 to 29/11/2017. Options 10 Years.– Transfer No. 715812114 of Lease No. 711355197 to Les Gunn Properties Pty Ltd.

As my valuation reflects the freehold value, mortgages noted on the Certificate of Title have not been detailed.

The abovementioned Easement is for Council drainage (open waterway). In its current form, it does not appear to impact the site adversely.

Lease details are provided in Section 7.2.

Overall, there are considered to be no onerous covenants or interests reported on Title that adversely affect the value, marketability and continued utility of the property. If there are any encumbrances, encroachments, restrictions, leases or covenants which are not noted in this report, they may affect the assessment of value. If such matters are known or discovered, I should be advised and asked as to whether they affect my assessment of value.

The valuation is provided on the basis that the land is not subject to any encumbrances or restrictions on Title other than those noted here and that the property is unaffected by any road alteration proposals.

4.2 Statutory assessment of site value

Effective date	Value
30 June 2016	\$305,000

This valuation is used for rating and taxation assessments and is quoted here for information purposes only.

4.3 Town planning summary

Local authority	Cairns Regional Council.
Planning scheme	CairnsPlan 2016.
Local plan	Gordonvale Local Plan.
Zoning/Designation	Rural Residential.
Permissible uses	The current use appears to accord with the permissible uses under the zoning.
Other matters	Nil.

The planning information noted has been obtained from Cairns Regional Council. This information has been relied upon in my assessment of value and no responsibility is accepted for the accuracy of the planning information provided. Should the information prove incorrect in any significant respect, the matter should be referred to me for review of the valuation.



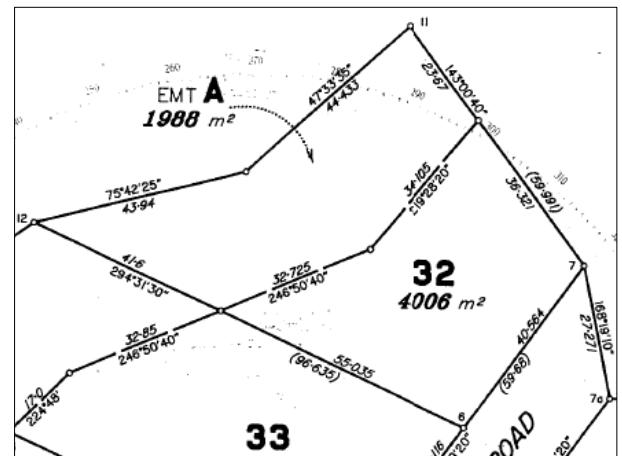
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4.4 Land area based on statutory plan

Fisher Road frontage	40.6 metres
Northern boundary	60.0 metres
Southern boundary	96.0 metres
Eastern boundary	88.4 metres
Total site area	4,006 square metres
Encumbered area	1,988 square metres
Useable area	2,018 square metres



Street map



Registered Plan

Whilst I have physically identified the boundaries of the subject property on inspection, I am not a qualified Surveyor and no warranty can be given without the benefit of a formal identification survey.

A copy of the Registered Plan is attached at Annexures.

4.5 Site description

Identification/Position	The site has been identified by reference to the Registered Plan and is located on the north-western side of Fisher Road, being the second allotment south-east of the intersection with Creswell Court.
Shape/Topography	The subject is irregular in shape and provides undulating topography and a partly stepped slope down from the street frontage.
Flood status	A search undertaken through the CairnsPlan 2016 interactive map indicates the subject is not impacted by flooding. This valuation is undertaken on the critical condition that property would not be adversely affected by flooding. Should the property be found to be adversely affected by flooding, the matter should be referred to me for review of the valuation as I deem appropriate.

The flooding information noted has been obtained from the CairnsPlan 2016 interactive mapping system. This information has been relied upon in my assessment of value and no responsibility is accepted for the accuracy of the flooding information provided. Should the information prove incorrect in any material respect, the matter should be referred to me for review of the valuation as I deem appropriate.



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4.6 Road description

- The subject property has frontage to Fisher Road which is a local residential thoroughfare generally running north to south in orientation. The main Bruce Highway is located approximately 600 metres to the east with this being the main direct route into Cairns.
- Fisher Road is a two lane, two way bitumen sealed road with concrete kerbing and channelling in the vicinity of the subject. Fisher Road carries low to moderate volumes of traffic.
- Vehicular access is directly from Fisher Road is easy and direct.
- The site has limited exposure to the street frontage and is situated below street level, providing low visibility to passing traffic from either a north or south direction. Good signage is provided.

It should be noted a Department of Main Roads search has not been sighted. This valuation is based on the critical condition that there are no Government Authority requirements for the land. It is recommended that any party relying on this valuation undertake its own searches in this regard.

4.7 Services

Electricity, sewerage, town water and telephone are all connected to the property.

4.8 Location and neighbourhood

- The site is located in Gordonvale approximately 23 kilometres south of Cairns.
- Originally a timber and dairy town, Gordonvale is now home to a growing residential and rural residential population.
- Development immediately surrounding the subject generally comprises residential properties, with a creek adjacent to the south. Gordonvale Primary School is located a short distance away and has a current enrolment of approximately 600 students.

The general locality of the subject is shown on the following maps:



Source: Google Maps



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4.9 Environmental issues

Issues	
Current use	Child care centre.
Existing issues raising concern	None noted.
Uses identified on API Guidance Note 1	Unknown.
Previous uses	Unknown.
Environmental report provided	No, an environmental report has not been provided.
Environmental checklist	The environmental checklist has been completed.
Statutory register	A search of the Queensland Environmental Management Register and Contaminated Land Register has been undertaken. The property <u>is not</u> listed on the Environmental Management Register. The property <u>is not</u> listed on the Contaminated Land Register.

It should be noted that an 'Asbestos Materials Report' has not been provided. Should any such matters be known or discovered no reliance should be placed on my assessment of value unless I have been advised of these matters and I have confirmed that my assessment is not affected.

No soil tests or environmental studies have been made available for my perusal. Therefore, it should be noted that my valuation is subject to there being no surface or sub-surface soil problems including instability, toxic or hazardous wastes, toxic mould, asbestos or building material hazards in or on the property that would adversely affect its existing or potential use or reduce its marketability. Should any problems be known or arise, than the valuation should be referred to me for comment and review of the valuation as deemed appropriate.



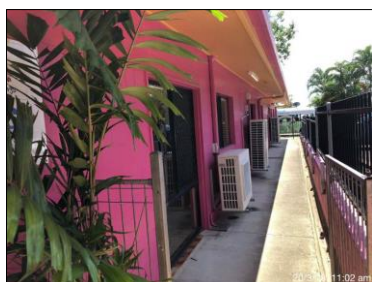
5.1 General

The subject property known as "Natural Beginnings Childcare" comprises an "L-shaped", single level, child care centre facility that was refurbished in 2010.

The property currently operates with a Service Approval for 81 child places and has a five activity room configuration.

5.2 Building construction details

Construction details



Footings	Reinforced concrete.
Floors	Reinforced concrete.
External walls	Predominantly painted masonry.
Internal walls	Plasterboard and masonry.
Ceilings	Plasterboard.
Roof	Metal sheeting.
Window frames	Aluminium framed.

5.3 Building areas

The building areas used below have been calculated from basic on-site measurements and also with reference to a building plan.

Building component	Area m ²
Internal building area	384
Verandah	166
Total	550

Should an accurate assessment be required the services of a surveyor should be engaged.

5.4 Accommodation

The centre layout is as follows:

- Covered entry area;
- Foyer;
- Reception;
- Administration office;
- Hallway;
- Kitchen (laminated benchtops and cupboards, sink, oven, hotplates, rangehood, dishwasher and storage space);
- Laundry (washing machine, clothes dryer, washtub, laminated benches and cupboards);
- *Baby Toddler Room* comprise two separate rooms with open play area, an attached sleep room, separate bottle preparation area/store room and shared children's bathroom with multiple junior toilets, junior hand basins, shower and change tables;
- *Junior Kindy Room* comprising open play area, access to walk-in storeroom plus a shared children's bathroom with multiple junior toilets, junior hand basins, shower and nappy change area;
- *Senior Kindy Room* comprising open play area and access to the shared children's bathroom (as mentioned above); and



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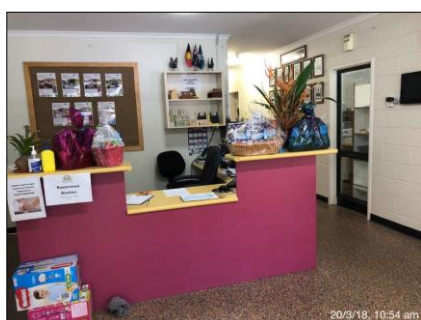
– *Pre-Prep Room* comprising open play area and a separate children’s bathroom with two junior toilets and two junior hand basins.

The basic finish of the centre is vinyl, non-slip flooring to activity rooms and staff areas. A combination of split system air-conditioning systems and ceiling fans are sporadically located throughout the centre.

The centre room configuration is detailed as follows:

Room	Age groups	Number of children
Baby Todds (2 rooms combined)	0 to 2 years	23
Junior Kindy	1.5 years to 2.5 years	16
Senior Kindy	2.5 years to 3.5 years	20
Pre-Prep	3 years to 5 years	22
Total		81

5.5 Picture gallery



Reception



Kitchen



Staff room



Laundry



Activity room



Children's bathroom



Prep room / nappy change area



Verandah area



Playground



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5.6 Other improvements

- General gardens, landscaping and turf (natural and astro turf);
- Outdoor play area including sandpits with shade sails over and a large rear yard including a cubby house, slippery slide and swings;
- The play area is divided into two separate areas (upper and lower sections) for the different age groups;
- Chook pen;
- Timber paling and “pool-style” fencing;
- Safety gates and “pool-style” aluminium fencing to entrance and play areas;
- Signage;
- Air-conditioning and ceiling fans; and
- Water play feature to playgrounds.

5.7 Parking

On-site parking for approximately 15 vehicles is provided with additional on-street parking. Overall considered to be sufficient for the current use.

5.8 Presentation, condition and utility

The centre presents to a modest standard, with ‘jaded’ presentation, albeit a functional layout throughout. However, the age of the building is an indicator to the style and overall condition of the centre. There is limited staff amenities/areas within the centre which is considered a negative. The activity rooms are easily accessible from the hallway and the centre overall would benefit from cosmetic refurbishment throughout.

Externally, the centre presents adequately and the playground areas appear to be well maintained. The current provision of toys and equipment looks to be standard and provides a good stock level as normally sought by general operating centres.

Overall, the functionality of the centre incorporating the rooms, ease of access to the external playgrounds, provision of toys and the provision of staff amenities are presented to a style to comply with the regulations as set down under Government standards.

This valuation report does not purport to be a site or structural survey of the improvements, nor was any such survey undertaken. Overall, I have assumed that detailed reports with respect to the structure and service installations of the improvements would not reveal any defects or inadequacies requiring significant capital expenditure.



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5.9 Replacement value of improvements

The replacement and reinstatement value of the improvements for insurance purposes, including removal of debris, Council and professional fees, and likely escalation in costs during the development and insurance period, is considered to be **\$1,565,000 excluding GST**. This assessment does not include an allowance for emergency accommodation.

The assessment of replacement value of improvements is provided as indicative advice only and, should an accurate assessment be required, advice should be obtained from a Quantity Surveyor.

The Replacement Costs are detailed as follows:

Replacement cost calculations		
Building area (m ²)	550	
Replacement cost /m ²	\$2,400	
Total cost		\$1,320,000
Cost escalation		
Design & documentation (months)	3	
Calling tenders & appraisal (months)	3	
Construction & fit-out (months)	8	
Total months	14	
Escalation rate (% / month)	0.25%	
Total escalation (%)	3.50%	
Total escalation amount		\$46,200
Other costs		
Professional fees (%)	8.00%	\$109,296
Removal of debris (\$ /m ²)	\$75	\$41,250
Total other costs		\$150,546
Cost escalation in lapse period		
Period (months)	12	
Rate (% / month)	0.25%	
Total escalation (%)	3.00%	
Escalation amount		\$45,502
Estimated replacement value for insurance purposes (exclusive of GST)		\$1,562,248
Adopt say		\$1,565,000

*Rounded in model.



6.1 Catchment and Competition

The Australian Bureau of Statistics Census Data 2016 has been utilised for an analysis of the populations in the surrounding locality. The following data has been reproduced for the subject area.

	Proportion of Population Aged 0-5 Years		
	Gordonvale	Cairns	Brisbane
0-5 population	592	11,388	178,240
Total population	6,671	144,730	2,270,800
Percentage of Total	8.87%	7.87%	7.85%

Generally, if the proportion of 0-5 year olds in an area is below 5%, this indicates a poor attendance base, a proportion of between 5% and 10% indicates an average attendance base, and a proportion over 10% indicates a potentially strong attendance base. The proportion of the population aged 0-5 in the Cairns region is 7.87%. In this instance, the proportion of 0-5 year olds in Gordonvale is 8.87%, indicating an average attendance base.

There are no competing centres within the catchment area of Gordonvale and other surrounding areas. Competition is therefore considered low, which is considered a positive for the subject centre.

Based on this information and population statistics taken from the ABS, I have been able to analyse the following data.

Total centres	1
Total places provided	81
Total population aged 0-5	592
Ratio	1 : 7.31

Generally speaking, a catchment with a ratio of one place per two or fewer children is considered to have very high competition; a ratio of one place per 2 is close to oversupply and a ratio of one place per 5 children suggests an opportunity for further development. A ratio of more than 5 children per place suggests the catchment is undersupplied and is considered ideal. The catchment as detailed above has a ratio of **1 place per 7.31 children** aged under 5 years, which indicates a very strong level of potential demand.

A review of Cordell Connect indicates there are no approved or proposed child care centres in the immediate catchment area.

The ratio of children /place is but one measure of demand which is impacted by other demographic factors. Other demographic factors which may influence the demand and supply profile within an area will include proximity to schools, shopping precincts and employment nodes and accessibility and proximity to public transport. Additionally, other macro-level factors which may influence childcare attendance include, but not limited to, female labour force participation rates, per capita income levels, suburb SEIFA ranking, family composition and general economic strength or weakness.



"Natural Beginnings Childcare"
21-23 FISHER ROAD, GORDONVALE QLD 4865

Income Assessment

7.1 Licence details

The subject centre has a Long Day Care centre Service Approval as follows:

Service Approval No	SE-00000292.		
NQS Rating	QA1: Meeting NQS.	QA2: Meeting NQS.	QA3: Meeting NQS.
	QA4: Meeting NQS.	QA5: Meeting NQS.	QA6: Exceeding NQS.
	QA7: Meeting NQS.	Overall rating: Meeting NQS.	
Provider Approval No	PR-40001425.		
Provider name	Les Gunn Properties Pty Ltd.		
Approved places	81 child places.		
Service approval granted date	1 January 2012.		
Conditions on approval	This service is approved to provide education and care to children from birth to over preschool age, including school children.		

7.2 Lease details

I have been provided with a copy of the Lease Agreement and Lease Amendment and I note the main details below:

Lease agreement	
Lessor	Just Hire It Pty Ltd.
Lessee	Les Gunn Properties Pty Ltd.
Demised premises	Whole of the Land.
Commencement date	30 December 2007.
Expiry date	29 November 2027 (first ten year option exercised).
Term	20 years.
Options	1 x 10 years.
Rental review	The annual rent is to be reviewed to CPI. Market review at the commencement of the options.
Commencing rental	\$90,000 net per annum, excluding GST (\$1,111/approved child place).
Current rental	\$116,276 net per annum, excluding GST (\$1,436/approved child place).
Outgoings	Payable by the Lessee, excluding Land Tax.
Permitted use	Child care centre.
Other matters	None noted.

It is a condition of this report that the existing lease remains executed, signed, stamped and registered on Title so as to protect the business interest of the lessee, which is critical on having a lease tenure as detailed above and to the relevant party as detailed herein. It is a critical condition of this valuation that the lease as detailed herein is an accurate representation of the lease terms and conditions at the centre with there being no further variations.



"Natural Beginnings Childcare"
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7.3 Market rental on direct comparison

The most relevant leasing evidence to the subject are summarised as follows:

No.	Address	Tenant	Date	Term	Review	Net Rental (\$/Place)
1	"Rockhampton North Early Learning", 21 Bruigom Street, Norman Gardens	Global Sky Education (GSE)	6/17	10+5+5 +5+5	3% and market review in Year 6	\$163,800 (\$1,800)
		<p>A Long Day Care centre currently operating under the banner of "Rockhampton North Early Learning", situated approximately five radial kilometres north-east of the Rockhampton CBD. The centre comprises two separate buildings and has a total of six activity rooms, with a Service Approval for 91 child places.</p> <p>The lease commenced in June 2017 for an initial term of ten years, with four, five year options available thereafter. The commencing rent of \$163,800 per annum net reflects \$1,800/place. Rent is reviewed annually to 3%, with market reviews at the commencement of Year 6 and the commencement of the options. All outgoings are fully recoverable from the tenant including Land Tax.</p>				
<p>Comparison: A larger centre situated within a superior location. Superior standard of improvements. Higher net rental per child place and the tenant covenant is considered comparable. Superior lease terms and a similar residual lease term remaining (excluding options). Overall, a lower rental per child place is considered appropriate for the subject (circa \$1,500 to \$1,600/place).</p>						
2	"Sheridan Meadows ELC", 2-6 Fretwell Road, White Rock	Sheridan Meadows ELC	4/17	10+10 +10 +10	CPI or 3.5% min	\$157,500 (\$2,100)
		<p>The property is situated approximately nine radial kilometres to the south west of the Cairns CBD and in close proximity to the Bruce Highway. Improvements comprise a refurbished single storey, purpose-built childcare centre with a Service Approval for 75 child places.</p> <p>The lease is for an initial ten year term with three, ten year options available thereafter. The rent is reviewed annually to the greater of 3.5% or CPI with market reviews at the commencement of the option periods. All outgoings are fully recoverable from the tenant including Land Tax.</p>				
<p>Comparison: A slightly smaller centre situated within a superior location. Superior standard of improvements. Higher net rental per child place and superior lease terms. Slightly shorter residual lease term remaining (excluding options). Overall, a lower rental per child place is considered appropriate for the subject given the inferior standard of improvements and inferior location (circa \$1,600/place).</p>						
3	"Hot Tots Educational Centre" 35 Paget Street, Mackay	Hot Tots Education Centre	3/16	10+5+5	CPI or 3% min	\$148,000 (\$2,000)
		<p>The property known as "Hot Tots Educational Centre" comprises a single-level purpose built child care centre constructed circa 1994. The centre has four activity rooms and has a Service Approval for 74 child places. The subject property is located in the West Mackay district, approximately two kilometres south west of the Mackay Central Business District.</p> <p>The centre is leased for an initial term of ten years with one option of ten years and two further options of five years thereafter. The lease commenced with an annual rental of \$148,000 per annum (\$2,000/place). The rent is reviewed annually to CPI or 3% whichever is greater.</p>				
<p>Comparison: A slightly smaller centre situated within a superior location. Similar standard of improvements. Higher net rental per child place and similar lease terms. Shorter residual lease term remaining (excluding options). Overall, a lower rental per child place is considered appropriate for the subject given the inferior location (circa \$1,500 to \$1,600/place).</p>						



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No.	Address	Tenant	Date	Term	Review	Net Rental (\$/Place)
4	"Little Dolphins ELC", 3 Aldinga Court, Ocean Shores, NSW	Little Dolphins ELC	1/17	10+5+5	CPI	\$90,444 (\$1,739)



The property is a Long Day Care Centre currently operating under the banner of "Little Dolphins Early Learning Centre" and comprises a three activity room centre with a **Service Approval for 52 child places**. The property is located in Ocean Shores approximately 14 radial kilometres to the north of Byron Bay in the Brunswick Heads suburb of Ocean Shores.

The centre is leased for an initial ten year term commencing in 2017 with two five year options thereafter with a fully net passing rent of \$90,444 (\$1,739/place). The rent is reviewed annually to CPI with market reviews at the commencement of the option periods.

Comparison: A smaller centre situated within a coastal location. Superior standard of improvements. Higher net rental per child place and similar lease terms. Shorter residual lease term remaining (excluding options). Overall, a lower rental per child place is considered appropriate for the subject given the inferior regional location (circa \$1,500 to \$1,600/place).

The rental evidence in regional areas in Queensland and New South Wales indicate a rental range of between \$1,500 to \$1,700 per child place is considered appropriate for the subject, however given the capital expenditure that needs to be spent on the centre, the passing rental of \$1,436 per child place, or \$116,276 per annum net has been adopted.



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7.4 Market rental on affordability analysis

An affordability analysis has been undertaken, based on the current occupancy and upon the average daily rate at the centre.

Based on information provided by the client, I have applied an average daily rate of \$92.50 per child and an occupancy of 79% to the subject based on 81 configured child places.

From the net operating profit, a sitting tenant should be able to justify a rental range of approximately 25% to 35% of the net operating profit with such information also being drawn from similar quality leased child care centres. This range is dependent on not only the location and style of each centre but room configuration, level of staffing etc. I have applied a range of 25% to 35% for the subject.

Based on the above, the affordability analysis is as follows:

No of child places	Occupancy	Average daily rate	Weekly revenue	Gross income (52 weeks)	Net income (30% of GOP)
81	79%	\$92.50	\$29,595	\$1,538,940	\$461,682
Assessed Market Rent @ 25% of Net Income					\$115,421
Assessed Market Rent @ 35% of Net Income					\$161,589

The current passing rent of \$116,276 per annum reflects \$1,436 per approved child place and sits below estimated current affordability levels and below the market on a Direct Comparison basis.

I have then adopted the passing rent as market, even though it is at the lower end of the range due to the balance term certain of the lease and because the subject property requires some capital expenditure to maintain strong occupancy

It should be noted that the assessed "market rent" is primarily a function of Direct Comparison analysis.

7.5 Outgoings

The Lessee is responsible for the payment of all outgoings, including Land Tax.

7.6 Net income assessment

Rental evidence is provided on a net basis and the subject property would not have outgoings at levels inconsistent with the evidence, thus a net rent has been applied.



8.1 Sales evidence

The following sales provide a sample of the information that has been investigated and analysed for the purpose of this assessment. Whilst I believe the information to be accurate, it was obtained from third party sources and not all details have been formally verified.

No.	Address	Sale date	Sale price	No. of places	Rental	Yield	\$ per place
1	"Armadillo Childcare", 1-3 Ainslie Place, Smithfield	12/17	\$2,600,000	75	\$180,300 (\$2,404)	6.93%	\$34,667



A single storey, 694 m², good quality, five activity room, and purpose built childcare centre which commenced operations in 2012. It is situated approximately 13 radial kilometres to the north-west of Cairns's CBD in the developing residential suburb of Smithfield. Situated on a corner allotment, the 2,885 m² site is benched above road height along its Salvador Drive frontage and provides a level building platform. The centre has a **Service Approval for 75 child places**.

The property sold leased to G8 Education for a ten year term which commenced in June 2012. Two, ten year options are available thereafter. The passing rent that the time of sale of \$180,300 per annum net reflects \$2,404 per child place. The rent is reviewed annually to 4% with market reviews at the commencement of the option periods. The tenant is responsible for the payment of all outgoing including Land Tax. Sold at Auction. Residual Lease Term: 4.5 years.

Comparison: The sale is a slightly smaller centre, situated within a superior location, closer to the Cairns CBD. A newer centre with a far superior standard of improvements. Higher net rental per child place, however a shorter residual lease term remaining. The tenant, G8, is considered a superior tenant. Overall, the sale suggests a softer yield (circa 7.5%) and a lower pro rata rate per child place is appropriate for the subject.

2	"Riverstone Rise Early Learning Journey", 6 Corimba Parade, Boyne Island	10/17	\$2,550,000	107	\$202,475 (\$1,892)	7.94%	\$23,832
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"Riverstone Rise Early Learning Journey" is a purpose-built child care centre which opened in early 2014. The centre comprises a single level building containing 5 activity rooms, with a **Service Approval for 107 child places**. Boyne Island is a developing suburb of Gladstone, lying approximately 20 kilometres south-east by road from the CBD. The subject property is located within a relatively new subdivision known as Riverstone Rise, a staged residential estate currently comprising some 200 lots, with further stages planned depending upon demand.

The property sold leased to Affinity Education which commenced in March 2014 with a ten year initial term and four, five year options available thereafter. The passing rent of \$202,475 per annum net reflects \$1,892 per child place. The rent is reviewed annually to the greater of CPI or 4% with ratcheted market reviews at the commencement of the option periods. All outgoing are fully recoverable from the tenant. Residual Lease Term: 6.42 years.

Comparison: The sale is a larger centre situated within a slightly inferior location, however displays a far superior standard of improvements. Higher net rental per child place, however a shorter residual lease term remaining (excluding options). Strong tenant. Overall, the sale suggests a slightly firmer yield (circa 7.50% to 7.75%) and a lower pro rata rate per child place (circa \$19,000/place) is appropriate for the subject.



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No.	Address	Sale date	Sale price	No. of places	Rental	Yield	\$ per place
3	"Natural Wonders Early Learning Berserker", 85-87 High Street, Berserker	9/17	\$4,000,000	108	\$270,000 (\$2,500)	6.75%	\$37,037
		<p>A recently constructed, purpose built child care centre located in the Rockhampton suburb of Berserker, being approximately three kilometres north-east of central Rockhampton. Surrounding development consists of low density residential dwellings and retail/commercial uses. The subject is situated on an inside, level allotment of 2,839 square metres with frontage to High Street. The centre currently operates under the banner "Natural Wonders Early Learning Berserker" and has a Service Approval for 108 child places.</p> <p>The lease commenced on 1 September 2017 for an initial lease term of 15 years, with three, ten year options available thereafter. The rent is reviewed annually by a fixed 3%. All outgoings are fully recoverable by the tenant, including Land Tax.</p> <p>Residual lease term: 15 years.</p>					
<p><i>Comparison: The sale is a larger centre situated within a superior location. Displays a far superior level of improvements. Higher net rental per child place and a longer residual lease term remaining (excluding options). Overall, the sale suggests a softer yield (circa 7.5%) and a much lower pro rata rate per child place is appropriate for the subject.</i></p>							
4	"Petit Early Learning Journey Port Douglas" 507 Davidson Street, Craiglie	6/17	\$2,700,000	88	\$188,342 (\$2,140)	6.98%	\$30,682
		<p>Recently purpose-built child care centre situated in Craiglie, a suburb five radial kilometres south of Port Douglas and approximately 60 radial kilometres north of Cairns. The subject is situated on a 2,663 square metre irregular corner allotment. The centre has a Service Approval for 88 child places.</p> <p>The centre is currently leased to Petit Early Learning for a 15 year term which commenced in November 2014, with two, five year options thereafter. The rent is reviewed annually by a minimum 2.5% increase and market review at options where 'ratchet' clause applies. The tenant is responsible for all outgoings, including Land Tax and capital works.</p> <p>Property sold at Auction. Residual lease term: 12 years.</p>					
<p><i>Comparison: The sale is a slightly larger centre situated within a superior location. Displays a far superior level of improvements. Higher net rental per child place and a longer residual lease term remaining (excluding options). Overall, the sale suggests a softer yield (circa 7.5% to 7.75%) and a lower pro rata rate per child place is appropriate for the subject.</i></p>							



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No.	Address	Sale date	Sale price	No. of places	Rental	Yield	\$ per place
5	"Lead Childcare", 146 Elliott Heads Road, Avenell Heights	4/17	\$1,660,000	75	\$126,120 (\$1,682)	7.60%	\$22,133



An older style child care centre currently operating under the banner of "Lead Childcare", situated in Avenell Heights approximately four radial kilometres to the south east of Bundaberg's CBD on a 3,372 m² site. The centre has **Service Approval for 75 child places**.

The current term of the lease commenced in 2013 with a ten year term. One, five year option is available thereafter. The passing rent of \$126,120 reflects \$1,682 per child place. The rent is reviewed annually to 3% with market reviews at the commencement of the option periods protected by a ratchet clause. All outgoings are fully recoverable from the tenant.

Sold at auction.

Comparison: The sale is a slightly smaller centre situated within a comparable location. Displays a slightly superior standard of improvements. Reflects a slightly higher net rental per child place. Overall, the sale suggests a similar yield and a slightly lower pro rata rate per child place (circa \$19,000/place) is appropriate for the subject.

6	"Frenchville Childcare", 337 Dean Street, Frenchville	2/17	\$1,885,000	75	\$127,300 (\$1,697)	6.75%	\$25,133
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A Long Day Care centre currently operating under the banner of "Frenchville Childcare", situated within Frenchville approximately four radial kilometres to the north east of Rockhampton's CBD. The property comprises an older style centre with a **Service Approval for 75 child places**.

The property sold subject to a ten year lease to Affinity Education Group, commencing in 2014 with one further option of ten years, and two options of five years. The passing rent at the time of sale of \$127,300 per annum net reflects \$1,697/place. Rent is reviewed annually to 3% with ratcheted market reviews at the commencement of the option periods. All outgoings are fully recoverable from the tenant including Land Tax. Sold at auction.

Comparison: The sale is a slightly smaller centre situated within a superior location. Displays a superior level of improvements. Reflects a higher net rental per child place however a shorter residual lease term remaining (excluding options). Overall, the sale suggests a softer yield (circa 7.5%) and a lower pro rata rate per child place (below \$20,000) is appropriate for the subject.



"Natural Beginnings Childcare"
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8.2 Rationale

In assessing an appropriate yield for the subject, I have had regard to many factors that influence the value of the subject. They include but are not limited to the following:

- **Location:** The centre is reasonably well located in the regional suburb of Gordonvale, approximately 23 kilometres south of Cairns. Basic amenities are situated within reasonable distance to the subject, with most major amenity located in Cairns.
- **Quality of the improvements, plant and equipment:** The centre is seen as an older style facility with 'jaded' improvements, however provides good utility and layout. The centre would benefit from cosmetic refurbishment and perhaps extensions to provide some staff areas/amenities, as these are currently very limited.
- **Nature of trade and cash flow profile:** The centre's occupancy has been estimated at 79%, which results in good Long Day Care income in line with industry standards for a centre of this size. The tenant has been operating in the centre for approximately five years and have maintained strong occupancy which is a positive. The residual lease term of 9.67 years, or 116 months, is considered a positive.
- **Competition:** Competition within the local area is low given that there are no competing centres within the area. This is a positive for the subject.
- **Market demand:** There appears to be a stable supply of child care centres on the market and agents are reporting that the market is still buoyant for key facilities, mainly near significant residential bases or transport infrastructure.

~~Yields are now at or below the levels experienced pre-GFC and as a consequence, the extent of further yield compression is uncertain. Any increase in interest rates is likely to result in purchasers requiring a higher investment return which will in turn impact values.~~

The best evidence is provided by the following:

- "Lead Childcare", Avenell Heights (7.60% and \$22,133/place), a slightly smaller centre situated within a comparable location that displays a superior standard of improvements. Inferior lease terms however reflects a higher net rental per child place. Overall, a similar yield and a slightly lower pro rata rate per child place is considered appropriate for the subject; and
- "Riverstone Rise Early Learning Journey", Boyne Island (7.94% and \$23,832/place), a larger centre situated within a slightly inferior location, however within a developing estate. Displays a far superior standard of improvements with superior lease terms and a higher net rental per child place. Overall, a firmer yield and a lower pro rata rate per child place is considered appropriate for the subject.

Having regard to the evidence above, other market research and my knowledge, a capitalisation rate of 7.50% has been applied in my calculations. I have assessed an applicable pro rata rate range of ~~\$23~~18,000 to \$20,000 per approved child place.



9.1 Definitions

Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Highest and Best Use is the use of an asset that maximises its potential and that is physically possible, legally permissible and financially feasible.

Analysed rates:

- **Initial Yield (IY)** is the Passing Income divided by the Purchase Price or Adopted Value, after adjustment for Surplus Land and/or Capital Works if applied in the valuation. Passing Income includes non-core income (i.e. income not capitalised in perpetuity – e.g. communication towers).
- **Analysed Market Yield (AMY)** is the Assessed Market Income divided by the Purchase Price or Adopted Value adjusted for reversions including, inter alia, vacancy, rental shortfalls or overage, capital expenditure required etc.
- **Vacant Possession (VP)** refers to a right to possession of land or built-up property in respect of which there is no current occupant.

9.2 Sales history

Lot	Sale date	Sale price
Under Contract	3 March 2018	\$1,550,000
Comment	I have sighted a signed Contract of Sale for the subject and I note the main details below: <ul style="list-style-type: none"> The Purchaser is Fisher Road Pty Ltd ATF Fisher Road Trust. The Seller is Just Hire It Pty Ltd as Trustee under Instrument 711940274. The property is subject to a lease in place to Les Gunn Properties Pty Ltd. The lease is for a term of ten years, commencing 30 November 2017 with a ten year option available. Current passing rental is \$116,276 per annum net, plus GST. The Settlement Date is eight weeks from the Contract Date. Please note that the purchaser is the tenant and thus not strictly an arm's length sale. 	
Analysis	Yield: 7.50%; Per place: \$19,136.	

9.3 Highest and best use

The existing use as a child care centre is considered to be consistent with its highest and best use.

9.4 Capitalisation method

Under this approach, the current net market income generated by the property is capitalised at an appropriate market yield to establish the property's current market value fully leased. Appropriate capital adjustments are then made to reflect the specific cash flow profile and general characteristics of the property.

Market net income	\$116,276
Capitalisation rate	7.50%
Capitalised value	\$1,550,347
Adopt	\$1,550,000



"Natural Beginnings Childcare"
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9.5 Direct comparison method

This approach utilises sales that have been analysed on a rate per approved child place basis and compares the equivalent rates to the subject to establish the property's current market value. This approach is somewhat subjective given the difficulty in reflecting adjustments that can be applied in the capitalisation approach.

Rate per approved place			
Approved places		81	
Value range (\$/approved place)	\$18,000	to	\$20,000
Resultant values	\$1,458,000	to	\$1,620,000

9.6 Summary analysis

The values assessed under each of the valuation approaches are as follows:

Capitalisation	Direct comparison	Adopt
\$1,550,000	\$1,458,000 to \$1,620,000	\$1,550,000

Based on the above, I have adopted the contract price of **\$1,550,000** as market value, which is analysed as follows:

Analysed market yield	7.50%
Initial yield	7.50%
Pro rata rate per child place	\$19,136



"Natural Beginnings Childcare"
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Valuation

Subject to the qualifications and assumptions contained within the body of this report, I assess the Market Value exclusive of GST, as at 20 March 2018, to be:

Going Concern – Lessor Interest – As Is subject to the existing lease.

\$1,550,000

(ONE MILLION FIVE HUNDRED AND FIFTY THOUSAND DOLLARS)

This valuation is for the private and confidential use only of Valuation Exchange National Australia Bank Limited ABN 12 004 044 937 and its wholly owned subsidiaries and for the specific purpose for which it has been requested. No third party is entitled to use or rely upon this report in any way and neither the valuer nor LMW shall have any liability to any third party who does.

Only an electronically signed valuation submitted through a digital valuation instruction broker system, a signed hardcopy original of this valuation, a scanned version of a signed hardcopy original of this valuation or an electronic version of this valuation signed with an electronic signature should be relied upon and no responsibility or liability will be accepted for unauthorised copies of the valuation.


No part of this valuation or any reference to it may be included in any other document or reproduced or published in any way without written approval of the form and context in which it is to appear.

Neither the valuer nor LMW has any pecuniary interest giving rise to a conflict of interest in valuing the property.

The value assessed herein is based on the definition of market value unless otherwise stated in the report and does not represent the realisable value based on a mortgagee or receiver sale.

This valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period including as a result of general market movements or factors specific to the particular property. I do not accept liability for losses or damage arising from such subsequent changes in value including consequential or economic loss. Without limiting the generality of the above comment, I do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of three months from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

Quality Assurance procedures are undertaken prior to reports being released requiring internal compliance and verification checks. The reviewing Director has not inspected the property. Their signature confirms a genuine authorised LMW document. The opinion of value expressed in this report is that of the valuer only.

	
Valuer Isabelle Kosecki AAPI CPV 4024 Valuer	Reviewing party Glen Coonan FAPI
Entity LandMark White (Brisbane) Pty Ltd	Position State Director Commercial Valuations
Office Brisbane	

Liability limited by a scheme approved under Professional Standards Legislation.



"Natural Beginnings Childcare"
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Annexures

1. Instructions
2. Title search
3. Registered Plan
4. EMR/CLR search
5. Service Approval
6. Contract of Sale

Service Type	Commercial Report
Address	21-23 FISHER Road GORDONVALE QLD 4865
ValEx ID	9374120
Ordered By	Christine Nieass Email: Christine.Nieass@nab.com.au Phone: +610755223519 Mobile:
Funder	National Australia Bank - NAB Email: doNotReply@corelogic.com.au Phone: 1300 720 645 Fax: 1300 305 578
Client Agreement Level	Level 3
Client	National Australia Bank Limited - NAB-BUSINESS BANK Email: doNotReply@corelogic.com.au Phone: 1300 720 645 Fax: 1300 305 578
Client Type	Bank
Valuation Firm	CoreLogic Email: donotreply@corelogic.com.au Phone: 1300 660 051 Fax: 1300 550 167
Valuer	
Valuation Type	Standard Mortgage
Order Date	Wed 7th March 2018, 3:38pm AEST
Ordered Via	Siebel
Banker Name	Christine Nieass
Banker Email	
Banker ID	P766992
Customer Linked BUID	770640175
Loan Ref	1-35KPRUM
Borrower(s)	FISHER ROAD PTY LTD ATF FISHER ROAD TRUST
Requestor(s)	Rahn Cato Email: Rahn.Cato@nab.com.au
Prices	\$1,550,000 (estimated)
Transaction	Purchase
Purpose	Mortgage
Property Type	Specialised Accomodation
Previous Sale	N/A
Property Value	N/A
Complex Security	No
BICOE Stage	N/A
Communication	Communication Path - Valfirm to Client Indicates that the Valfirm can only liaise with the Client
Contact(s)	Where do I source documentation from? Client to Provide Ensure you add a Delay to request the Documentation Danny Betros - AGENT - Selling Agent Phone: +610740518922
Additional Instructions / Notes	New valuation required. Childcare centre. Subject to lease (attached). Banker: Chris M Nieass, ph :61 7 5522 3519. Lot 32 RP857547

CURRENT TITLE SEARCH

NATURAL RESOURCES, MINES AND ENERGY, QUEENSLAND

Request No: 28135751

Search Date: 07/03/2018 15:32

Title Reference: 21550160

Date Created: 24/09/1993

Previous Title: 21544171

REGISTERED OWNER

Dealing No: 713522029 18/10/2010

JUST HIRE IT PTY LTD A.C.N. 135 467 364

TRUSTEE

UNDER INSTRUMENT 711940274

ESTATE AND LAND

Estate in Fee Simple

LOT 32 REGISTERED PLAN 857547

Local Government: CAIRNS

EASEMENTS, ENCUMBRANCES AND INTERESTS

1. Rights and interests reserved to the Crown by
Deed of Grant No. 20092183 (POR 387)
2. EASEMENT IN GROSS No 601069487 (T702623C) 08/09/1993
BURDENING THE LAND
TO COUNCIL OF THE SHIRE OF MULGRAVE
OVER EASEMENT A ON RP857457
3. LEASE No 711355197 18/01/2008 at 09:56
ELS WA PTY LTD A.C.N. 126 858 580
OF WHOLE OF THE LAND
TERM: 30.11.2007 TO 29.11.2017 OPTION 10 YEARS
4. TRANSFER No 715812114 04/06/2014 at 11:38
LEASE: 711355197
LES GUNN PROPERTIES PTY LTD A.C.N. 067 826 448 TRUSTEE
UNDER INSTRUMENT 715812114
5. MORTGAGE No 715812115 04/06/2014 at 11:38
NATIONAL AUSTRALIA BANK LIMITED A.B.N. 12 004 044 937
over
LEASE: 711355197
6. MORTGAGE No 716507504 21/05/2015 at 10:18
BENDIGO AND ADELAIDE BANK LIMITED A.B.N. 11 068 049 178

ADMINISTRATIVE ADVICES - NIL

UNREGISTERED DEALINGS - NIL

CERTIFICATE OF TITLE ISSUED - No

CURRENT TITLE SEARCH

NATURAL RESOURCES, MINES AND ENERGY, QUEENSLAND

Request No: 28135751

Search Date: 07/03/2018 15:32

Title Reference: 21550160

Date Created: 24/09/1993

Caution - Charges do not necessarily appear in order of priority

** End of Current Title Search **

COPYRIGHT THE STATE OF QUEENSLAND (NATURAL RESOURCES, MINES AND ENERGY) [2018]

Requested By: D-ENQ CITEC CONFIRM

857547

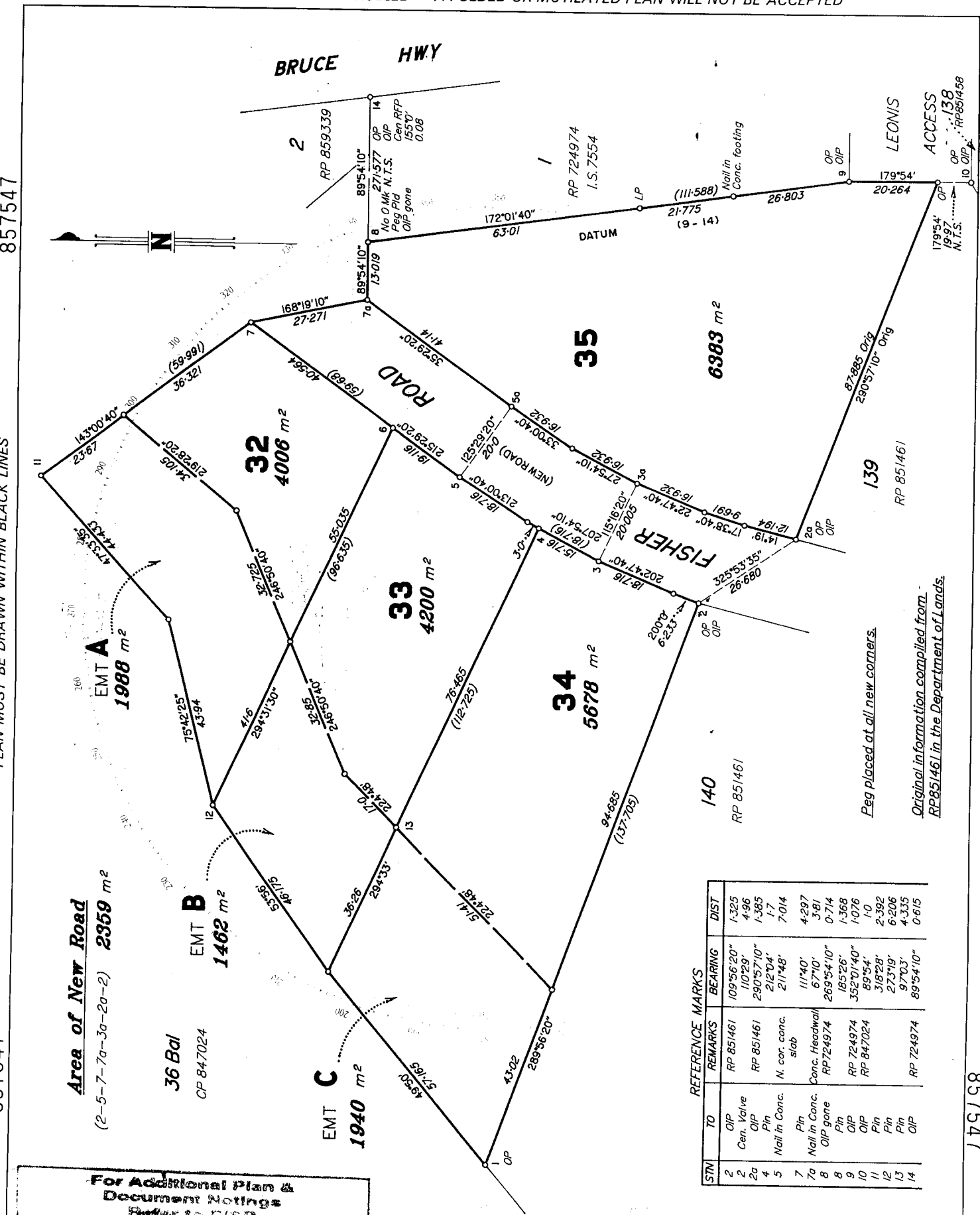
PLAN MUST BE DRAWN WITHIN BLACK LINES

857547

857547

PLAN MUST BE DRAWN WITHIN BLACK LINES

857547



Area of New Road
(2-5-7-7a-3a-2a-2) 2359 m²

EMT A
1988 m²

EMT B
1462 m²

EMT C
1940 m²

36 Bal
CP 847024

STN	TO	REMARKS	BEARING	DIST
2	OIP	RP 851461	109°56'20"	1.325
2a	Can. Valve	RP 851461	4°46'	4.96
2a	OIP	RP 851461	290°57'10"	1.385
4	Pin	N. cor. conc.	212°04'	1.7
5	Nail in Conc.	slab	211°48'	7.014
7	Pin	Conc. Headwall	111°40'	4.297
7a	Nail in Conc.	RP 724974	67°10'	5.81
8	OIP gone	RP 724974	269°54'10"	0.714
8	Pin	RP 724974	185°26'	1.368
9	OIP	RP 847024	352°01'40"	1.076
10	OIP	RP 847024	89°54'	1.0
11	Pin	RP 847024	318°28'	2.382
12	Pin	RP 847024	273°19'	6.206
13	Pin	RP 847024	89°54'10"	4.335
14	OIP	RP 847024	89°54'10"	0.615

Peg placed at all new corners.

Original information compiled from
RP851461 in the Department of Lands.

For Additional Plan & Document Notings Refer to C&B

C & B CONSULTANTS PTY LTD
hereby certify that the Company have surveyed the land comprised in this plan (either personally or by Gregory John HOONHOUT (Licensed Surveyor) for whose work the Company accept responsibility), that the plan is a true and correct copy of the said survey was performed in accordance with the Surveyors Act and the Survey Regulations and that the said survey was completed on 30-06-93
Licensed Surveyor/
Director
Date 3-06-93

PLAN OF Lots 32 - 35 & Proposed Emt A in Lot 32, Emt B in Lot 33 & Emt C in Lot 34.
Cancelling part of Lot 36 on CP 847024
ORIGINAL Por. 387

MERIDIAN RP804366	MAP REF 8063-1433	SCALE 1:800	FILE REF	NO SURVEY RECORDS DEPOSITED	REGISTERING DIST
				ENDORSED 1/8/93	NORTHERN

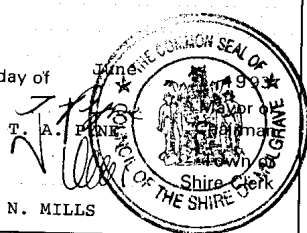
PARISH COUNTY
TOWN/LOCALITY
LOCAL AUTHORITY
LAND AGENTS/MINING DISTRICT
MINING FIELD
REGISTERED PLAN 857547

GRAFTON Nares
Gordonvale
MULGRAVE S.C.
CAIRNS

No.

Council of the SHIRE of MULGRAVE 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 Subject to Easements A, B and C being registered in favour of the Council for drainage purposes.

Dated this 30th day of August

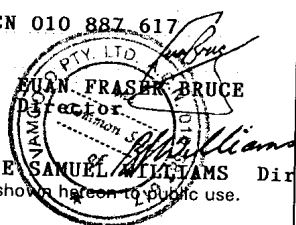


N. MILLS

Previous Title
DG Vol N 1544 Fol 171 Lot 36 on CP 847024

X/We VAMGOLD PTY LTD ACN 010 887 617

(Names in full)



FRAN FRASER BRUCE

Director

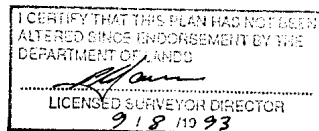
• as Proprietor/s of this land.

• as Lessee/s of Minor's Homestead

BRUCE SAMUEL WILLIAMS Director

agree to this plan and dedicate the new road as shown hereon to public use.

Signature of • Proprietor/s • Lessee/s who certify they are the proper officers to affix the seal



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

Surveyor General

Date

Lot	Vol.	Fol.	Lot	Vol.	Fol.	Lot	Vol.	Fol.
32	N1550	160						
33		161						
34		162						
35		163						

Lodged by
MILLER HARRIS
Cairns

Our ref: WJH:C Warren:930474

Received
Registrar of Titles

Fees Payable

Postal fee and postage

Logt. Exam. & Ass.

New Title

Entd. on Deeds

Photo Fee

Total

Short Fees Paid

Rec. No. 280661

RECEIVED \$ 136

DATE 23-6-93

\$232.00

8 SEP 1993
10:40 AM

702622Y



4844 PLAN

File Ref.
Deposited 23/06/1993
Audited 12/7/93
Passed 5/8/93
Survey Records: File/Field Notes

Charted 1/1
Original Grant

N 2011 Por 387

Particulars entered in Register Book
Vol. N1544 Folio 171

at 12A

17 SEP 1993

REGISTRAR OF TITLES

awaiting Plan
851461

23 SEP 1993 NP

857547

857547



Department of Environment and Heritage Protection (EHP)
ABN 46 640 294 485
400 George St Brisbane, Queensland 4000
GPO Box 2454, Brisbane QLD 4001, AUSTRALIA
www.ehp.qld.gov.au

SEARCH RESPONSE
ENVIRONMENTAL MANAGEMENT REGISTER (EMR)
CONTAMINATED LAND REGISTER (CLR)

InfoTrack Pty Ltd
PO Box 10314
BRISBANE ADELAIDE STREET QLD 4000

Transaction ID: 50446578 EMR Site Id: 28 March 2018
Cheque Number:
Client Reference:

This response relates to a search request received for the site:
Lot: 32 Plan: RP857547
21-23 FISHER Road
GORDONVALE

EMR RESULT

The above site is NOT included on the Environmental Management Register.

CLR RESULT

The above site is NOT included on the Contaminated Land Register.

ADDITIONAL ADVICE

All search responses include particulars of land listed in the EMR/CLR when the search was generated.
The EMR/CLR does NOT include:-

1. land which is contaminated land (or a complete list of contamination) if EHP has not been notified
2. land on which a notifiable activity is being or has been undertaken (or a complete list of activities) if EHP has not been notified

If you have any queries in relation to this search please phone 13QGOV (13 74 68)

Administering Authority

Section 48, Education and Care Services National Law

Service Approval

NAME OF EDUCATION AND CARE SERVICE

Natural Beginnings Childcare

LOCATION OF EDUCATION AND CARE SERVICE

21-23 Fisher Road
GORDONVALE 4865 QLD

DATE ORIGINAL APPROVAL GRANTED

1 January 2012

SERVICE APPROVAL NUMBER

SE-00000292

NAME OF APPROVED PROVIDER

Les Gunn Properties Pty Ltd

MAXIMUM NUMBER OF CHILDREN

This service is approved to provide education and care to a maximum of 81 children.*

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

WAIVERS

1. N/A

PRESCRIBED CONDITIONS

The approval is granted subject to the conditions prescribed under the Education and Care Services National Law including section 51(3) that the service must commence ongoing operation within 6 months after the approval is granted.

OTHER CONDITIONS

1. This service is approved to provide education and care to children from birth to over preschool age, including school children.

Issued by: Lena Tedmanson



Manager, Regulation, Assessment and Service Quality
Department of Education and Training
RE-ISSUE DATE: 21 December 2017

Contract for Commercial Land and Buildings

Sixth Edition

This document has been approved by The Real Estate Institute of Queensland Limited and the Queensland Law Society Incorporated as being suitable for the sale and purchase of Commercial Land and Buildings in Queensland.

The Seller and Buyer agree to sell and buy the Property under this Contract.

REFERENCE SCHEDULE

A	CONTRACT DATE			
NOTE 1	3rd March 2018			
B	AGENT:			
	NAME: CBRE (Cairns)			
	ADDRESS: 1st Floor Village Lane 20 Lake Street			
	SUBURB: CAIRNS	STATE: QLD	POSTCODE: 4870	
	PHONE: 07 4051 8922	FAX: 07 4052 1580	EMAIL: danny.betros@cbre.com.au	LICENCE NO: ABN/ACN: 64003205552
C	SELLER:			
	NAME: Just Hire It Pty Ltd as trustee under Instrument 711940274			
	ADDRESS: PO Box 438			
	SUBURB: Clifton Beach	STATE: Qld	POSTCODE: 4879	
	PHONE:	FAX:	MOBILE:	EMAIL: ABN/ACN:
	NAME:			
	ADDRESS:			
	SUBURB:	STATE:	POSTCODE:	
	PHONE:	FAX:	MOBILE:	EMAIL: ABN/ACN:
D	SELLER'S SOLICITOR:			
	NAME: David Greenwood			
	ADDRESS: Greenwoods Lawyers PO Box 626			
	SUBURB: Cairns	STATE: Qld	POSTCODE: 4870	
	PHONE: 07 40517644	FAX:	MOBILE:	EMAIL: reception@greenwoods.net.au
E	BUYER:			
	NAME: Fisher Road Pty Ltd ATF Fisher Road Trust			
	ADDRESS: PO Box 129			
	SUBURB: Scone	STATE: NSW	POSTCODE: 2337	
	PHONE:	FAX:	MOBILE:	EMAIL: ABN/ACN:
	NAME:			
	ADDRESS:			
	SUBURB:	STATE:	POSTCODE:	
	PHONE:	FAX:	MOBILE:	EMAIL: ABN/ACN:

INITIALS



F BUYER'S SOLICITOR:

NAME: Daniel Armfield

ADDRESS: Porta Lawyers

Unit 3 420 Newman Rd

SUBURB: Geebung

STATE: Qld

POSTCODE: 4034

PHONE:

FAX:

MOBILE:

EMAIL:

ABN/ACN:

32653888

32653588

daniel@portalawyers.com.au

G DEPOSIT HOLDER:

NAME:

PHONE:

CBRE

H LAND:

ADDRESS: 21-23 Fisher Rd

SUBURB:

Gordonvale

STATE: Qld

POSTCODE: 4865

NOTE 2
(See
Warning)

Present Use: (if any) Childcare Centre

Description:

Lot 32 on RP 857547

Title Reference:

21550160

Area:

4006m2

← more or less

NOTE 3

Type of Holding:

Freehold

Lease No: N/A

Local Government:

Cairns Regional Council

I IMPROVEMENTS INCLUDED IN SALE:

NOTE 4 Nature of Buildings: Childcare Centre

Unless excluded below the Purchase Price includes all partitions, stoves, hot water systems, wall-to-wall floor coverings, drapes and tracks, blinds, light fittings, clothes lines, hoists, fixed television or satellite antennae or dishes, in-ground shrubs and all fixtures as inspected by the Buyer.

Exclusions:

J OTHER CHATTELS INCLUDED IN SALE: ← Attach inventory if insufficient space**K THE LAND IS SOLD AS:**

Choose which applies →



Freehold

← Subject to the reservations exceptions and conditions in the deed of grant



Leasehold

← Subject to the conditions of the Crown leasehold title

L ENCUMBRANCES:Is the Property sold subject to any Encumbrances? ☐ No☒ Yes, listed below:

Easement No 601069487 to Council

← **WARNING TO SELLER:** You are required to disclose all Title Encumbrances which will remain after settlement (for example, easements on your title and statutory easements for sewerage and drainage which may not appear on a title search). Failure to disclose these may entitle the Buyer to terminate the contract or to compensation. It is NOT sufficient to state "refer to title", "search will reveal", or similar.

M LEASES AND SERVICE CONTRACTS:

NOTE 5 See Lease Schedule and Service Contract Schedule.

N PURCHASE PRICE:

\$ 1550000. One million five hundred and fifty thousand dollars.

INITIALS



O DEPOSIT:

\$ 155000 Initial Deposit payable on the day the Buyer signs this contract unless another time is specified below:
within 48 hrs of Date of Contract

\$ Balance Deposit (if any) payable on:

Deposit Holder's Trust Account
CBRE

BANK: ANZ

BSB: 014 002

ACCOUNT NO: 837246635

P DEFAULT INTEREST RATE:

CLAUSE 11 & NOTE 6 % ← If no figure is inserted, the Contract Rate applying at the Contract Date published by the Queensland Law Society Inc. will apply.

Q SETTLEMENT DATE:

Date: Eight (8) weeks from contract date
or the next Business Day if that is not a Business Day in the city or town in item R

R CITY OR TOWN FOR SETTLEMENT:

CLAUSES 25.1 & 25.2 Cairns

FINANCE

NOTE 7 **SUBJECT TO FINANCE:**
If this Contract is subject to finance then Items S, T and U must be completed in every respect and Item V must be deleted and initialled.

CLAUSE 31 **NOT SUBJECT TO FINANCE:**
If this Contract is not to be subject to finance then Items S, T and U must be deleted and initialled and Item V shall apply.

S LENDER OR CLASS OF LENDER:

NAB

T THE APPROVAL DATE:

The _____ day of _____
MONTH YEAR

OR the next Business Day if that is not a Business Day in the city or town in item R
Seven weeks from date of contract.

U AMOUNT OF LOAN:

\$ Sufficient to complete contract.

V

THIS CONTRACT IS NOT SUBJECT TO FINANCE AND CLAUSE 31 OF THE STANDARD COMMERCIAL CONDITIONS DOES NOT APPLY.

W NEIGHBOURHOOD DISPUTES (DIVIDING FENCES AND TREES) ACT 2011

The Seller gives notice to the Buyer in accordance with Section 83 of the Neighbourhood Disputes (Dividing Fences and Trees) Act 2011 that the Land:

(select whichever is applicable)

- ☒ *is not affected by any application to, or an order made by, the Queensland Civil and Administrative Tribunal (QCAT) in relation to a tree on the Land
- ☐ *is affected by an application to, or an order made by, QCAT in relation to a tree on the Land, a copy of which has been given to the Buyer prior to the Buyer signing the contract.

← **WARNING:** Failure to comply with s83 Neighbourhood Disputes (Dividing Fences and Trees) Act 2011 by giving a copy of an order or application to the Buyer (where applicable) prior to Buyer signing the contract will entitle the Buyer to terminate the contract prior to Settlement.

X BUILDING AND/OR PEST INSPECTION DATE

Inspection Date: Seven weeks from Contract date

← If "Inspection Date" is not completed, the contract is not subject to an inspection report and clause 35 does not apply.

INITIALS

GOODS AND SERVICES TAX - WARNING

Marking the GST Items in the GST Table may have significant consequences for the Seller and Buyer. The Seller and Buyer should seek professional advice about the completion of the GST Items and not rely on the Agent to complete the GST items.

Notes to Completion:

A. Only 1 box in the selected item must be marked.

B. If the Yes box in item GST 1 is marked:

- items GST2 and GST3 must not be marked;
- despite any markings of Items GST2 and GST3, Clauses 34.4, 34.5 and 34.6 do not apply.

C. If the Yes box in item GST2 is marked:

- item GST1 and GST3 must not be marked;
- despite any marking of Items GST1 and GST3, Clauses 34.4, 34.5 and 34.7 do not apply.

GST1 GOING CONCERN:

Is this a sale of a Going Concern? Yes ☒

If Yes, Clause 34.7 (If the Supply is a Going Concern) applies.

Otherwise Clause 34.7 (If the Supply is a Going Concern) does not apply.

If the Yes box is marked, do not complete Items GST2 and GST3.

←WARNING: There are strict requirements for the sale of a Going Concern under the GST Act. If in doubt about complying with these provisions, seek professional advice before marking this item.

GST2 MARGIN SCHEME:

Is the Margin Scheme to apply to the sale of the Property? Yes ☐

If Yes, Clause 34.6 (Margin Scheme) applies.

Otherwise Clause 34.6 (Margin Scheme) does not apply.

The Seller must not apply the Margin Scheme to the Supply of the Property if Clause 34.6 does not apply.

If the Yes box is marked, do not complete Items GST1 and GST3.

GST3 INCLUSIVE OR EXCLUSIVE PURCHASE PRICE:

Does the Purchase Price include GST? Yes ☐ No ☐

If Yes, Clause 34.4 (Purchase Price Includes GST) applies.

If No, Clause 34.5 (Purchase Price Does Not Include GST) applies.

If neither box is marked or both boxes are marked, Clause 34.4 (Purchase Price Includes GST) applies.

↑ Mark 1 box only

←Do not complete Item GST3 if Item GST1 (Going Concern) or Item GST2 (Margin Scheme) are marked Yes.

LEASE SCHEDULE*

See Clause 32 of Standard Commercial Terms

LEASE 1:

Name of Tenant: Les Gunn Properties Pty Ltd

Use: Childcare

Location / Tenancy No: The whole of the land

Area of Tenancy (m² approx):

Current Rental per Annum: \$ 116276 PA +gst

☐ inclusive of outgoings ☒ exclusive of outgoings

Current Commencement Date: 30 November 2017

Current Lease Term: 10 yrs

Remaining Option/s: Option 1 Term: 10 years

Option 2 Term: years

Option 3 Term: years

Tenant Carpark: No.: Rate: \$ per ☐ annum ☐ month

LEASE 2:

Name of Tenant: _____

Use: _____

Location / Tenancy No: _____

Area of Tenancy (m² approx): _____Current Rental per Annum: \$ _____ ☐ inclusive of outgoings ☐ exclusive of outgoings

Current Commencement Date: _____

Current Lease Term: _____

Remaining Option/s: Option 1 Term: _____ years

Option 2 Term: _____ years

Option 3 Term: _____ years

Tenant Carpark No.: _____ Rate: \$ _____ per ☐ annum ☐ month** Attach further Schedule if insufficient space***SERVICE CONTRACT SCHEDULE****See Clause 32 of Standard Commercial Terms***CONTRACT 1:**

Contractor: _____

Service Performed: _____

Cost: \$ _____ per ☐ annum ☐ quarter ☐ month**CONTRACT 2:**

Contractor: _____

Service Performed: _____

Cost: \$ _____ per ☐ annum ☐ quarter ☐ month**CONTRACT 3:**

Contractor: _____

Service Performed: _____

Cost: \$ _____ per ☐ annum ☐ quarter ☐ month**CONTRACT 4:**

Contractor: _____

Service Performed: _____

Cost: \$ _____ per ☐ annum ☐ quarter ☐ month**CONTRACT 5:**

Contractor: _____

Service Performed: _____

Cost: \$ _____ per ☐ annum ☐ quarter ☐ month** Attach further Schedule if insufficient space*

INITIALS

SPECIAL CONDITIONS

The approval by The Real Estate Institute of Queensland Limited and the Queensland Law Society Inc does not extend to any alterations to the printed text of the Standard Commercial Terms or to any Special Conditions of this Contract. The Standard Commercial Terms may need to be added to or varied by inserting specifically prepared Special Conditions in this Contract. If the printed text of the Standard Commercial Terms is altered, or Special Conditions are included, it is recommended that the Seller and the Buyer consult their respective legal advisers prior to signing this Contract.

INITIALS



SIGNATURES:

Buyer's signature:

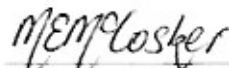
Name of person signing:



Leslie Gunn

Witness's signature:

Name of witness:



Melinda McCosker

Buyer's signature:

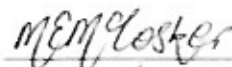
Name of person signing:



Valerie Gunn

Witness's signature:

Name of witness:



Melinda McCosker

Seller's signature:

Name of person signing:

Witness's signature:

Name of witness:

Seller's signature:

Name of person signing:

Witness's signature:

Name of witness:

DEPOSIT HOLDER'S ACKNOWLEDGEMENT:

NOTE 8

The deposit holder acknowledges having received \$ _____ as the Deposit or on account of the Deposit and agrees to hold that amount and any balance of the Deposit when received as deposit holder for the parties as provided in this Contract.

Deposit holder's
Signature: _____

Licence No.: _____

INITIALS



Standard Commercial Terms | Commercial Land and Buildings

Sixth Edition - © Copyright

1 DEFINITIONS

1.1 In this Contract, terms in **bold** in the Reference Schedule have the meanings shown opposite them and unless the context otherwise indicates:

- (a) **"Agent"** means the person named in item B and includes Auctioneer;
- (b) **"ATO Clearance Certificate"** means a certificate issued under s14-220(1) of the Withholding Law which is current on the date it is given to the Buyer;
- (c) **"Bond"** includes any security for payment of rent or other monies or performance of any obligation pursuant to any Lease;
- (d) **"Business Day"** means a day other than:
 - (i) a Saturday or Sunday
 - (ii) a public holiday in the city or town named in Item R; or
 - (iii) a day in the period 27 to 31 December (inclusive);
- (e) **"Buyer"** means the party named in Item E;
- (f) **"CGT Withholding Amount"** means the amount determined under s14-200(3)(a) of the Withholding Law or, if a copy is provided to the Buyer prior to settlement, a lesser amount specified in a variation notice under s14-235.

- NOTE 6**
- (g) **"Contract Rate"** means the rate of interest at the Contract Date published by the Queensland Law Society Incorporated for the purposes of clause 11;
 - (h) **"Deposit"** means the sum stated in Item O;
 - (i) **"Deposit Holder"** means the person named in Item G or, where no person is named in Item G, the Agent;
 - (j) **"Encumbrances"** includes but is not limited to:
 - (i) unregistered encumbrances;
 - (ii) statutory encumbrances; and
 - (iii) Security Interests;
 - (k) **"Enterprise"** means the enterprise (as the term is defined in the GST Act) carried on using the Property;
 - (l) **"Financial Institution"** means a bank, building society or credit union;
 - (m) **"GST"** means the goods and services tax under the GST Act;
 - (n) **"GST Act"** means *A New Tax System (Goods and Services Tax) Act* and includes other GST related legislation;
 - (o) **"Guarantee"** means a guarantee or an undertaking in relation to any tenant or occupier under a Lease;
 - (p) **"ITAA"** means the *Income Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997*;
 - (q) **"Item"** means an item of particulars in the Reference Schedule;
 - (r) **"Keys"** means implements or instruments necessary for the purposes of fastening or unfastening:
 - (i) the lock on any gate, door, grille, shutter or lift which secures any means of entrance to or exit from the Land (whether or not such gate, door, grille, shutter or lift forms part of the Property);

- (ii) any other lock attached to or included in the Property; and includes electronic devices and written records of all codes and combinations necessary for the purposes of fastening or unfastening any such lock;
- (s) **"Land"** means the land described in Item H;
- (t) **"Lease"** means all leases, subleases, agreements for lease, agreements for sublease and tenancy agreements whether oral or in writing, and as the context admits, licences and rights to occupy, and which are set out in the Lease Schedule;
- (u) **"Local Government"** means the relevant local government (and includes the Brisbane City Council);
- (v) **"PPSR"** means the Personal Property Securities Register established under the *Personal Property Securities Act 2009* (Cth);
- (w) **"Property"** means the Property listed in Items H, I and J and includes any part of the Property;
- (x) **"Purchase Price"** means the sum stated in Item N;
- (y) **"Rent"** means base rent, turnover rent, percentage rent, contributions to outgoings and any money payable by a tenant to the Seller.
- (z) **"Security Interests"** means all security interests registered on the PPSR over the Property;
- (aa) **"Seller"** means the party named in Item C;
- (bb) **"Service Contract"** for the purposes of clause 32 of this Contract means any contract between the Seller and another party pertaining to services performed for the benefit of the Property, which are capable of assignment, and which are set out in the Service Schedule Contract and **"Service Contractor"** means any party performing those services;
- (cc) **"Settlement Date"** means the date stated in Item Q or such other date as may be agreed in writing by the parties or fixed pursuant to the conditions of this Contract;
- (dd) **"Site Value"** means:
 - (i) in the case of non-rural land, site Value under the *Land Valuation Act 2010*; or
 - (ii) in the case of rural land, the unimproved value of the Land under the *Land Valuation Act 2010*;
- (ee) **"Solicitor"** means a solicitor currently entitled to practice in Australia whether acting as principal or agent;
- (ff) **"Transport Infrastructure"** has the meaning in the *Transport Infrastructure Act 1994*; and
- (gg) **"Withholding Law"** means Schedule 1 to the *Taxation Administration Act 1953* (Cth).

1.2 Unless the contrary is shown, the Contract shall be deemed to have been formed on the date of this Contract and the date of this Contract shall be deemed to be the date stated in Item A.

1.3 Any reference in this Contract to a statute includes:

- (a) any statute amending, consolidating or replacing the statute; and
- (b) Orders in Council, proclamations, regulations, rules, by-laws and ordinances made under the statute.

- 1.4 In this Contract, unless inconsistent with the context or subject matter, where the term "Item" is used in conjunction with a particular letter of the alphabet, it is a reference to the Item set opposite the letter referred to.
- 1.5 Any defined terms used in any part of this Contract shall have the same meaning when used in any other part of this Contract.
- 1.6 The marginal notes in the Reference Schedule are references to clauses or notes, as the case may be, in the Standard Commercial Terms.
- 1.7 This Contract shall be governed by the laws of Queensland.
- 1.8 Headings and notes have been included for ease of reference and guidance and this Contract shall be construed without reference to them.

2 BUSINESS DAYS

- 2.1 If anything is required to be done on a day that is not a Business Day, it must be done instead on the next Business Day.

3 DEPOSIT

- 3.1 The Deposit shall be paid by the Buyer to the Deposit Holder at the times stated in Item O.
- 3.2 If the Buyer:
- (a) fails to pay the Deposit as provided in clause 3.1;
 - (b) pays the Deposit by cheque which is post-dated; or
 - (c) pays the Deposit by cheque which is not honoured on presentation;
- then, the Buyer shall be in substantial breach of this Contract and the Seller may:
- (i) affirm this Contract and exercise the rights expressed in clause 13.2; or
 - (ii) terminate this Contract and exercise the rights expressed in clause 13.3.
- 3.3 The rights and powers conferred by clause 3.2 are in addition to any other rights the Seller may have at law or in equity.
- 3.4 The Deposit shall be retained by the Deposit Holder until settlement or earlier termination of this Contract whereupon the Deposit Holder shall pay the Deposit to the person entitled to it.
- 3.5 If this Contract is terminated pursuant to the provisions of clauses 7.6, 9.3(a), 19, 20.1, 21.1 31.2(a), 32.2, 32.3(b) or 35.4, the Deposit and other monies paid under this Contract shall be refunded to the Buyer by the Seller or the Deposit Holder as the case may be but without interest, costs or damages and the same shall be accepted by the Buyer in full and final satisfaction of all claims.

4 SETTLEMENT AND POSSESSION

- 4.1 The balance of the Purchase Price shall be paid on the Settlement Date as the Seller or the Seller's Solicitor directs in exchange for:
- (a) possession of the Property (such possession to be vacant except for any Lease);
- NOTE 9 (b) a properly executed transfer for the Land in favour of the Buyer capable of immediate registration (after stamping) in the appropriate office free from Encumbrances (other than those set out in Item L) and title to the Property (other than the Land) free from Encumbrances (other than those set out in Item L) but subject to the conditions of this Contract;
- (c) any declaration required, by the *Duties Act 2001*, to be furnished to procure the stamping of the transfer;

- (d) such other instruments or declarations as are required by law to be signed by the Seller to procure the stamping and/or registration of the transfer;
- (e) except as otherwise provided in this Contract, any instrument of title for the Land required to register the transfer;
- (f) notices of assignment issued pursuant to clause 16.5;
- (g) all other instruments (which shall be duly stamped) in the possession or control of the Seller evidencing estates and interests affecting the Property and which are exclusive to the Property;
- (h) true copies of all other instruments (which shall be duly stamped) in the possession or control of the Seller evidencing estates and interests affecting the Property but which are not exclusive to the Property;
- (i) the Certificate of Classification pursuant to the *Building Act 1975* appropriate to the uses stated in Item H (if the improvements on the Land may not be lawfully occupied unless such certificate has issued);
- (j) all plans and drawings relating to the construction of the improvements on the Land in the possession or control of the Seller; and
- (k) all documents in the possession or control of the Seller which the Buyer would reasonably require to enable the Buyer to manage the Property and to prepare returns under the ITAA.

4.2 If both of the following apply:

- (a) the sale is not an excluded transaction under s14-215 of the Withholding Law; and
- (b) the Seller has not given the Buyer on or before settlement for each person comprising the Seller either:
 - (i) an ATO Clearance Certificate; or
 - (ii) a variation notice under s14-235 of the Withholding Law which remains current at the Settlement Date varying the CGT Withholding Amount to nil,

then:

- (c) for clause 4.1, the Seller irrevocably directs the Buyer to draw a bank cheque for the CGT Withholding Amount in favour of the Deputy Commissioner of Taxation or, if the Buyer's Solicitor requests, the Buyer's Solicitor's Trust Account;
- (d) the Buyer must lodge a *Foreign Resident Capital Gains Withholding Purchaser Notification Form* with the Australian Taxation Office for each person comprising the Buyer and give copies to the Seller with the payment reference numbers (PRN) on or before settlement;
- (e) the Seller must return the bank cheque in paragraph (c) to the Buyer's Solicitor (or if there is no Buyer's Solicitor, the Buyer) at settlement; and
- (f) the Buyer must pay the CGT Withholding Amount to the Commissioner in accordance with s14-200 of the Withholding Law and give the Seller evidence that it has done so within 2 Business Days of settlement occurring.

4.3 For clause 4.2 and s14-215 of the Withholding Law, the market value of the CGT asset is taken to be the Purchase Price less any GST included in the Purchase Price for which the Buyer is entitled to an input tax credit unless:

- (a) the Property includes items in addition to the Land and Improvements; and

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- (b) no later than 2 Business Days prior to the Settlement Date, the Seller gives the Buyer a valuation of the Land and Improvements prepared by a registered valuer,

in which case the market value of the Land and Improvements will be as stated in the valuation.

5 KEYS

5.1 Immediately on settlement, the Seller shall deliver all Keys, which are in the possession or under the control of the Seller, in accordance with any notice given in writing by the Buyer to the Seller and failing such notice the Seller shall deliver the Keys:

- (a) to the Buyer, if the Buyer is present personally at settlement;
- (b) to the Buyer's Solicitor at settlement, if the Buyer is not present personally;
- (c) to the Seller's Agent at the address shown in Item B, if neither the Buyer nor any Solicitor acting for the Buyer is present personally at settlement;
- (d) to and will leave the keys at the Property if none of the provisions of clauses 5.1(a), 5.1(b) or 5.1(c) are applicable.

5.2 At or prior to settlement, the Seller shall make a written record of all codes and combinations necessary for the purposes of fastening or unfastening any lock referred to in the definition of Keys.

6 INVESTMENT OF DEPOSIT

6.1 If either party directs by notice in writing to the Deposit Holder to invest the Deposit then (where the Deposit Holder is lawfully able) the Deposit Holder shall invest the Deposit with any Financial Institution permitted by law for the investment of trust monies until the Settlement Date.

6.2 If this Contract is completed, all interest accruing on the investment of the Deposit shall be shared equally between the Seller and the Buyer. If this Contract is not completed for any reason, the interest accruing on the Deposit shall be paid to the party entitled to the Deposit upon termination of this Contract.

6.3 The Deposit and any accrued interest shall be invested at the risk of the party to whom the Deposit and accrued interest is ultimately payable and the Deposit Holder shall not be liable for any loss suffered by the parties in consequence of an investment pursuant to clause 6.1.

6.4 To facilitate investment of the Deposit, each party shall notify its tax file number to the Deposit Holder within 4 Business Days following the date of this Contract.

6.5 The parties authorise the Deposit Holder to prepare and lodge any taxation return necessary in respect of the Deposit and interest and to pay any tax assessed out of the Deposit and interest and indemnify the Deposit Holder against any taxation assessed in respect of such interest.

6.6 The Seller and the Buyer shall be deemed to be presently entitled in equal shares to any interest accrued for the purposes of ITAA.

7 SELLER'S STATEMENT

7.1 The Buyer is not entitled to deliver to the Seller requisitions or enquiries on or to the Seller's title to the Property.

7.2 The Seller states that, except as disclosed in this Contract, each of the following statements is accurate at the time the Seller executes this Contract:

- (a) the Seller has free and unqualified capacity and power to contract and to complete this Contract;
- (b) the Seller is not under any legal disability which affects the Seller's capacity to contract and to complete this Contract; and

- (c) if the Seller is a trustee, the Seller has free and unqualified power of sale under the instrument creating the trust, and that instrument does not require the consent or authority of any person to the entering into of this Contract or the settlement of this Contract.

7.3 The Seller states that, except as disclosed in this Contract, each of the following statements will be accurate at the Settlement Date:

- (a) there is no current litigation by any person claiming an estate or interest in the Property;
- (b) there is no unsatisfied judgement, order or writ of execution which effects the Property;
- (c) no order has been made under Part 11 of the *Property Law Act 1974* which would operate as a charge on the Land;
- (d) there is no order of a Court or other competent authority affecting the ability of the Seller to complete this Contract;
- (e) no notice has been issued by a competent authority or proceedings instituted in a Court pursuant to any statute whereby the interest of the Seller in the Property may be rendered liable to forfeiture to the Crown;
- (f) if the Land is Crown leasehold title, the Crown leasehold title is not rendered liable to forfeiture by reason of the non-observance or non-performance of the covenants or conditions of the Lease;
- (g) if the Seller is a natural person, the Seller is not a bankrupt nor has the Seller signed any authority under Section 188 of the *Bankruptcy Act 1966* (Cth);
- (h) if the Seller is a corporation within the meaning of the *Corporations Act 2001* (Cth):
 - (i) the Seller is not in liquidation;
 - (ii) no action has been taken by or against the Seller which could lead to the winding up of the Seller;
 - (iii) an administrator, controller or managing controller has not been appointed to the Seller or in respect of the whole or any part of the Property; and
 - (iv) a compromise or arrangement has not been proposed between the Seller and its members or creditors nor agreed to by the members or creditors nor sanctioned by a Court; and
- (i) the Seller is the registered owner or the lessee of the Land (according to the title expressed or implied in this Contract).

7.4 If a statement contained in either clause 7.2 or clause 7.3 is not accurate then the Buyer may terminate this Contract by notice in writing to the Seller.

7.5 If this Contract is terminated pursuant to clause 7.4, the Deposit and other monies paid under this Contract shall be refunded to the Buyer by the Seller or the Deposit Holder as the case may be and the Seller shall be liable by way of damages as compensation for the loss suffered by the Buyer in such sum as at the time this Contract was made was reasonably foreseeable as the loss liable to result, and which does in fact result from a termination of this Contract due to a statement contained in either clause 7.2 or clause 7.3 not being accurate.

7.6 (1) The Seller warrants that, except as disclosed in this Contract or a notice given by the Seller to the Buyer under the *Environmental Protection Act 1994* ("EPA"), at the date of this Contract;

- (a) there is no outstanding obligation on the Seller to give notice to the administering authority under EPA of a notifiable activity being conducted on the Land; and

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- (b) The Seller is not aware of any facts or circumstances that may lead to the Land being classified as contaminated land within the meaning of EPA.
- (2) If the Seller breaches a warranty in clause 7.6(1), the Buyer may:
 - (a) terminate this Contract by notice in writing to the Seller given 14 days after the date of this Contract; or
 - (b) complete this Contract and claim compensation, but only if the Buyer claims it in writing before settlement of this Contract.
- 7.7 If requested by the Buyer, the Seller within 14 days of such request shall:
 - (a) produce to the Buyer all unregistered documents relating to the Property and full and proper particulars of all unregistered dealings that so relate; and
 - (b) deliver to the Buyer photocopies of such documents or dealings (if the dealings are in writing) certified by the Seller or the Seller's Solicitor as being true copies.

8 ERRORS AND MISDESCRIPTIONS

- 8.1 If there is any immaterial mistake or error in the description or particulars of the Property or as to title, the Buyer shall not be entitled to terminate this Contract but shall be entitled to such compensation (if demanded in writing on or before the Settlement Date) as the case may require. The Buyer shall not be entitled to delay settlement or to withhold any part of the Purchase Price by reason of any such claim for compensation.
- 8.2 If there is any material mistake or error in the description or particulars of the Property or as to title and the Buyer does not exercise any right which the Buyer has at law to terminate this Contract, the Buyer shall be entitled to such compensation (if demanded in writing on or before the Settlement Date) as the case may require. The Buyer shall not be entitled to delay settlement or to withhold any part of the Purchase Price by reason of any such claim for compensation.

9 SURVEY AND INSPECTION

- 9.1 The Buyer shall be entitled to conduct a survey of the Land to ascertain the boundaries and area of the Land and to establish the location of structures purporting to be on the Land or on adjoining land.
- 9.2 If there is any immaterial error in the boundaries or area of the Land or any immaterial encroachment, the Buyer shall not be entitled to terminate this Contract but shall be entitled to such compensation (if demanded in writing on or before the Settlement Date) as the case may require. The Buyer shall not be entitled to delay settlement or to withhold any part of the Purchase Price by reason of any such claim for compensation.
- 9.3 If there is any material error in the boundaries or area of the Land or any material encroachment, the Buyer shall be entitled to elect by notice in writing to the Seller given on or before the Settlement Date either:
 - (a) to terminate this Contract; or
 - (b) to complete this Contract with compensation, in which event the Buyer shall be entitled to such compensation as the case may require and shall not be entitled to delay settlement or to withhold any part of the Purchase Price by reason of any such claim for compensation.

10 EXECUTION AND PRODUCTION OF DOCUMENTS

- 10.1 Subject to compliance by the Buyer with the Buyer's obligations under or by virtue of this Contract the Seller shall as required do all acts and execute all documents necessary for the purpose of completing the sale and

ensuring that the Buyer obtains a good and valid title to the Property but all transfer documents, any declaration required pursuant to clause 4(c), and all instruments or declarations required pursuant to clause 4(d) shall be prepared by and at the expense of the Buyer and delivered to the Seller within a reasonable time prior to the Settlement Date.

- 10.2 If so requested by the Buyer, the Seller shall deliver to the Buyer, prior to the Settlement Date, photocopies of the documents executed by the Seller.
- 10.3 After execution of the transfer, if so requested by the Buyer and upon payment of the usual production fee by the Buyer, the Seller shall cause the transfer to be tendered to the Office of State Revenue for stamping, together with any declaration referred to in clause 4(c) and thereupon the Seller shall be deemed to have complied with the Seller's obligations under clause 4(c).
- 10.4 If an instrument of title is required to register a transfer of the Land and the instrument of title relating to the Land also relates to other land, the Seller shall not be obliged to deliver it to the Buyer but shall enter into such reasonable covenants with the Buyer as the Buyer may require for production of the instrument of title.
- 10.5 If the instrument of title is partially cancelled the Seller shall not be obliged to produce a separate instrument of title on settlement.
- 10.6 Where either clause 10.4 or clause 10.5 applies, the Buyer shall bear the cost of any new instrument of title relating to the Land.

11 INTEREST ON LATE PAYMENTS

- 11.1 The Buyer must pay interest at the annual rate in item P:
 - (a) on any amount payable under this contract which is not paid when due; and
 - (b) on any judgement for money payable under this contract.
- 11.2 Interest continues to accrue:
 - (a) under clause 11.1(a), from the date it is due until paid; and
 - (b) under clause 11.1(b), from the date of judgement until paid.
- 11.3 Any amount payable under clause 11.1(a) in respect of a period prior to settlement must be paid by the Buyer at settlement. If this contract is terminated or if any amount remains unpaid after settlement, interest continues to accrue.
- 11.4 Nothing in this clause affects any other rights of the Seller under this contract or at law.

12 DIVIDING FENCES

Notwithstanding any provision in the *Neighbourhood Disputes (Dividing Fences and Trees) Act 2011*, the Seller need not contribute to the cost of construction of any dividing fence between the Land and any adjoining land owned by it. The Buyer waives any right to claim contribution from the Seller.

13 BUYER'S DEFAULT

- 13.1 If the Buyer:
 - (a) fails to pay the balance of the Purchase Price as provided in clause 4; or
 - (b) fails to comply with any of the terms or conditions of this Contract;
 then the Seller may:
 - (i) affirm this Contract; or
 - (ii) terminate this Contract.

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13.2 If the Seller affirms this Contract pursuant to clause 3.2 or clause 13.1, the Seller may:

- (a) sue the Buyer for damages for breach or for specific performance and damages in addition to or instead of damages for breach; and
- (b) recover from the Buyer as a liquidated debt the Deposit or any part of it which the Buyer has failed to pay and shall pay the Deposit or any part of the Deposit which is recovered to the Deposit Holder.

13.3 If the Seller terminates this Contract pursuant to clause 3.2 or clause 13.1, the Seller may elect to:

- (a) declare the Deposit (or so much of it as shall have been paid) forfeited and/or sue the Buyer for breach; or
- (b) declare the Deposit (or so much of it as shall have been paid) forfeited and/or resell the Property and if the resale is completed within 2 years from the date of termination any deficiency and any expense arising from such resale shall be recoverable by the Seller from the Buyer as liquidated damages;

and in either case the Seller may recover from the Buyer as a liquidated debt the Deposit of any part of it which has not been paid by the Buyer.

13.4 The rights and powers conferred upon the Seller by this clause 13 are in addition to any other right or power which the Seller may have at law or in equity.

14 PARTICULARS OF ADJUSTABLE ITEMS

14.1 Within a reasonable time after written request by the Buyer prior to the Settlement Date, the Seller shall deliver to the Buyer:

- (a) a written statement of all rates, taxes, outgoings, rents and profits not capable of discovery by search or enquiry in any office of public record or pursuant to the provisions of any statute in respect of the Property; and
- (b) (where the Land is subject to a Lease) a written statement disclosing to the extent the same is not disclosed in the Lease Schedule:
 - (i) the names and postal addresses of any tenant or other occupier of the Land;
 - (ii) the amounts, the due days for and the manner of payment of all periodic sums payable in respect of the Lease;
 - (iii) the date to which the same shall have been paid; and
 - (iv) the amounts of any Bond held from any such tenant or other occupier and the identity of the party holding such Bond.

14.2 If the Seller becomes aware of any information at any time between the date of delivering any such statement and settlement the effect of which is or may be to render such statement untrue in a material respect the Seller shall immediately disclose that information to the Buyer by notice in writing.

14.3 The Seller warrants that every such statement shall be true at the Settlement Date.

15 ADJUSTMENTS

15.1 The Seller shall pay or discharge all rates, taxes (including land tax) and other outgoings (except insurance premiums on insurances effected by the Buyer) with respect to the Property up to and including the date of possession.

15.2 The Buyer shall pay or discharge all rates, taxes (including land tax) and other outgoings with respect to the Property from the date of possession.

15.3 Except for water charges based on the quantity of water used all rates, taxes and outgoings shall be apportioned:

- (a) in the case of those paid by the Seller, on the amount actually paid;
- (b) in the case of those levied but unpaid, on the amount payable disregarding any discount for early payment;
- (c) in the case of those not levied but the amount can be ascertained by advice from the relevant rating and taxing authority, on the amount advised by the relevant rating and taxing authority disregarding any discount for early payment; and
- (d) in the case of those not levied and not ascertainable from the relevant rating and taxing authority and where a separate assessment was issued for the Land for the assessment period immediately prior to the date of possession, on the amount payable in that separate assessment disregarding any discount for early payment.

15.4 Any rates in the nature of water rates and which are not determined by reference to water usage shall be apportioned in accordance with clause 15.3. Any water charges based on the quantity of water used shall be adjusted in accordance with the following provisions:

- (a) the Buyer, at the expense of the Buyer, shall read or procure the reading of any water meter installed on the Land no more than 5 days and no less than 3 days prior to the date of possession, and shall inform the Seller of the results of the water meter reading;
- (b) the deemed water usage in litres for the whole of the current rating period for water charges ("the deemed water usage") shall be calculated as the amount which is directly proportionate to the water usage between the date of commencement of the current rating period for water charges and the date of the water meter reading referred to in clause 15.4(a) (no allowance being made for seasonal or other factors);
- (c) the likely assessment of water charges for the deemed water usage shall be calculated by using the method and rates then being used by the Local Government or other water supplier ("the likely assessment");
- (d) the likely assessment shall then be apportioned.

15.5 Land Tax shall be apportioned:

- (a) on the assessment that the Office of State Revenue would issue for the land tax year current at the Settlement Date if the Seller was one natural person resident in Queensland and the Land was the Seller's only land; or
- (b) if there is no separate Site Value for the Land, on a notional Site Value equal to:

$$\frac{\text{Site Value of the parcel}}{\text{Area of the Land}} \times \text{Area of the Parcel}$$

15.6 If land tax is unpaid at the Settlement Date and the Office of State Revenue advises that it will issue a final clearance for the Land on payment of a specified amount, then the Buyer may deduct the specified amount from the balance of the Purchase Price at settlement and must pay it promptly to the Office of State Revenue. If an amount is deducted under this clause, then land tax will be treated as paid at the Settlement Date for the purposes of clause 15.3.

16 RENTS AND PROFITS GUARANTEES AND BONDS

16.1 The rents and profits with respect to the Property shall benefit the Seller up to and including the date of possession and thereafter shall benefit the Buyer and shall be dealt with as follows:

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- (a) all unpaid rents and profits in respect of any period terminating on or prior to the date of possession shall not be apportioned between the parties on settlement but shall be recoverable by the Seller in accordance with clause 16.3;
- (b) all rents and profits paid in advance of the date of possession shall be apportioned between the parties on settlement;
- (c) all rents and profits payable in respect of any period current at the date of possession which have not been paid at the Settlement Date shall be apportioned when received by either party.

16.2 If on settlement a deduction is made in respect of any Bond, the Buyer shall following settlement keep the Seller indemnified in that respect.

16.3 The Seller assigns to the Buyer, subject to the settlement of this Contract and with effect from the Settlement Date:

- (a) the benefit of all conditions contained in any Leases on the part of the tenant or other occupier of the Land given in favour of the Seller or any predecessors in title of the Seller;
- (b) the benefit of all terms and conditions contained in the Service Contracts (subject to the consent of Service Contractor); and
- (c) the benefit of all Guarantees or Bonds held by the Seller in respect of the Leases which are capable of assignment.

provided that all unpaid rents and profits in respect of any period terminating on or prior to the date of possession not apportioned upon settlement shall not be assigned to the Buyer but be recoverable by the Seller and to that extent Section 117 of the *Property Law Act 1974* shall not apply.

16.4 The Buyer agrees to retain records relating to the Leases and to produce the Leases and any records relating to the Leases in any proceedings commenced by the Seller to recover any unpaid rents and profits.

16.5 The Seller shall prepare and execute appropriate notices to give effect to the assignments in clause 16.3.

17 LIABILITY OF BUYER

17.1 The Property shall be at the risk of the Seller until 5:00pm on the next Business Day after the date of this Contract and then the risk shall pass to the Buyer. The Seller whilst continuing in possession will use the Property with reasonable care.

17.2 From the date of this Contract until settlement, the Seller shall use best endeavours to administer the Property and properly enforce the Leases in accordance with the usual practice of the Seller. Should any matter or circumstance arise which may materially affect the proper performance of the terms of any Lease by any party, the Seller shall immediately notify the Buyer in writing.

17.3 In addition to the obligations contained in Clause 17.2, the Seller shall not without the prior written consent of the Buyer which shall not be unreasonably withheld:

- (a) accept or agree to accept a surrender of any Lease;
- (b) grant any Lease for any part of the Property which is vacant at the date of this Contract or which may become vacant prior to settlement;
- (c) consent to the variation of any Lease, proposed assignment or any other dealing concerning any Lease; or
- (d) negotiate or set new rent.

18 ACCESS

18.1 The Seller shall permit the Buyer or any person authorised by the Buyer to enter the Property on the Settlement Date for the purpose of checking the inventory of chattels (if any) and ascertaining the existence and state of repair of the Property.

18.2 The Seller shall permit any person authorised by the Buyer in writing upon reasonable written notice to enter the Property on one occasion for the purposes of reading any water, gas, electricity or other meter.

19 CONSENTS

If any consent is required by statute to the sale or the performance of any obligation under or by virtue of this Contract, this Contract is subject to such consent being given and the party who is required, by the statute, to obtain such consent ("Applicant") shall apply for the consent and pursue the application. The Applicant shall pay all costs and fees (other than the other party's solicitor's) in respect of the application. The other party shall if and when required by the Applicant immediately join in the application and/or shall supply such information as shall be reasonably required in support of the application. If the consent is refused or not granted by the Settlement Date then either party may by notice in writing to the other terminate this Contract.

20 REQUIREMENTS OF AUTHORITIES

20.1 If it is established that at the date of this Contract the Local Government has given to the Seller or some other person a notice in writing pursuant to Sections 247 and 248 of the *Building Act 1975* or Sections 588 or 590 of the *Sustainable Planning Act 2009* in respect of any building or structure on the Land and the notice is current at the Settlement Date the Buyer may by notice in writing to the Seller given on the Settlement Date terminate this Contract.

20.2 Except for any notice referred to in clause 20.1, or a tree order disclosed under s83 of the *Neighbourhood Disputes (Dividing Fences and Trees) Act 2011*, any valid notice or order issued pursuant to any statute or by any Local Government or Court necessitating the doing of work or the expenditure of money on or in relation to the Property or any path or road adjoining the Land:

- (a) if issued before the date of this Contract shall be fully complied with by the Seller in a proper and workmanlike manner on or before the Settlement Date; or
- (b) if issued on or after the date of this Contract shall be fully complied with by the Buyer who shall indemnify the Seller in respect of the compliance with the notice or order.

If without default of the Buyer this Contract is terminated, the Seller shall pay to the Buyer on demand any amount expended by the Buyer in complying with any notice or order which was of the nature of a capital expenditure or has resulted in a benefit to the Seller.

21 PROPERTY ADVERSELY AFFECTED

21.1 If at the Contract Date:

- NOTE ²
- (a) the Present Use is not lawful under the relevant town planning scheme;
 - (b) the Land is affected by a proposal of any competent authority to alter the dimensions of any Transport Infrastructure or locate Transport Infrastructure on the Land;
 - (c) access or any service to the Land passes unlawfully through other land;

- (d) any competent authority has issued a current notice to treat, or notice of intention to resume, regarding any part of the Land;
- (e) the Property is affected by the *Queensland Heritage Act 1992* or is included in the World Heritage List;
- (f) the Property is declared acquisition land under the *Queensland Reconstruction Authority Act 2011*;
- (g) there is a charge against the Land under s104 of the *Foreign Acquisitions and Takeovers Act 1975*,

and that has not been disclosed in this contract, the Buyer may terminate this contract by notice to the Seller given on or before settlement.

21.2 If no notice is given under clause 21.1, the Buyer will be treated as having accepted the Property subject to all of the matters referred to in that clause.

21.3 The Seller authorises the Buyer to inspect records held by any authority, including Security Interests on the PPSR relating to the Property.

21.4 Before the Settlement Date, the Seller must give the Buyer:

- (a) copies of all documents relating to any unregistered interests in the Property; and
- (b) further copies of details if those previously given cease to be complete or accurate;
- (c) if requested by the Buyer, copies of all Security Interests or sufficient details of the Security Interests to enable the Buyer to undertake a search of the PPSR.

22 NO WARRANTY ON PRESENT USE

No warranty is implied that the use of the Property as described in Item H is permissible under any town planning scheme and no compensation is payable if the particulars stated in Item H are not correct.

23 COSTS

The parties shall pay their own costs of and incidental to the sale and purchase but all stamp duty on this Contract and any duty in respect of the conveyance by the Seller to the Buyer shall be paid by the Buyer and if not paid by the Buyer may be paid by the Seller and recovered from the Buyer as a liquidated debt.

24 MERGER

Despite settlement and despite the registration of the transfer in favour of the Buyer, any general or special condition (or any part or parts thereof) to which effect is not given by settlement or registration and which is capable of taking effect after settlement or registration shall remain in full force and effect.

25 TIME AND PLACE FOR SETTLEMENT

25.1 Settlement shall be effected at such time and place as may be agreed upon by the parties. The time for settlement shall be between the hours of 9:00am and 4:00pm AEST on the Settlement Date. In the absence of agreement as to place, settlement shall be effected in the city or town named in Item R at:

- (a) the office of a solicitor or financial institution nominated by the Seller; or
- (b) if the Seller does not make a nomination at the land registry office in or nearest to the city or town in item R.

25.2 Despite clause 25.1 if a mortgage is to be discharged on settlement the Seller may by notice in writing to the Buyer given not less than 2 Business Days prior to the Settlement Date require settlement to take place at the office of the Seller's mortgagee in the city or town named in Item R or if such mortgagee does not have an office in

that city or town at the office of such mortgagee in Queensland nearest to that city or town.

26 TIME OF THE ESSENCE

26.1 Time is of the essence of this contract, except regarding any agreement between the parties on a time of day for settlement and except otherwise provided in this Contract.

26.2 Clauses 26.2 to 26.8 apply if a party is unable to perform a Settlement Obligation solely as a consequence of a Natural Disaster but does not apply where the inability is attributable to:

- (i) damage to, destruction of or diminution in value of the Property or other property of the Seller or Buyer; or
- (ii) termination or variation of any agreement between a party and another person whether relating to the provision of finance, the release of an Encumbrance, the sale or purchase of another property or otherwise.

26.3 Time for the performance of the parties' Settlement Obligations is suspended and ceases to be of the essence of the contract and the parties are deemed not to be in breach of their Settlement Obligations.

26.4 An Affected Party must take reasonable steps to minimise the effect of the Natural Disaster on its ability to perform its Settlement Obligations.

26.5 When an Affected Party is no longer prevented from performing its Settlement Obligations due to the Natural Disaster, the Affected Party must give the other party a notice of that fact, promptly.

26.6 When the Suspension Period ends, whether notice under clause 26.5 has been given or not, either party may give the other party a Notice to Settle.

26.7 A Notice to Settle must be in writing and state:

- (i) the Suspension Period has ended; and
- (ii) a date, being not less than 5 nor more than 10 Business Days after the date the Notice to Settle is given, which shall become the Settlement Date;
- (iii) that time is of the essence.

26.8 When Notice to Settle is given, time is again of the essence of the contract.

26.9 In this clause 26:

- (i) "Affected Party" means a party referred to in clause 26.2;
- (ii) "Natural Disaster" means, a tsunami, flood, cyclone, earthquake, bushfire or other act of nature;
- (iii) "Settlement Obligations" means, the obligations of the Buyer and Seller under clause 4;
- (iv) "Suspension Period" means the period during which the Affected Party (or if both the Buyer and Seller are Affected Parties, either of them) remains unable to perform a Settlement Obligation solely as a consequence of a Natural Disaster.

27 NOTICES, COMMUNICATIONS, AUTHORITY DIRECTIONS, ETC

27.1 Notices under this contract must be in writing and may be given by a party's solicitor.

27.2 Notices may be given by:

- (a) delivering or posting to the other party or its solicitor; or
- (b) sending to the facsimile number or email address of the other party or its solicitor stated in Items D or F or another facsimile number or email address specified in a notice given by the recipient to the sender.

[Note: Whilst notices under this Contract may be sent by email they are not 'given' until they are capable of being retrieved by the addressee at the nominated email address in accordance with s24 of the *Electronic Transactions (Queensland) Act 2001*]

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- 27.3 Posted notices will be treated as given 3 Business Days after posting.
- 27.4 Notices sent by facsimile will be treated as given when the sender obtains a clear transmission report.
- 27.5 Notices given after 5pm will be treated as given on the next Business Day.
- 27.6 Notices or other written communications by a party's solicitor (for example, varying the Finance Date or Settlement Date) will be treated as given with that party's authority.

28 REMOVAL OF FIXTURES, FITTINGS AND CHATTELS

- 28.1 Unless otherwise agreed between the parties any property not sold under this Contract (other than property of any tenant or other occupier of the Land) shall be removed from the Land prior to delivery of possession.
- 28.2 The Seller shall at the Seller's own expense reinstate and make good prior to delivery of possession any damage done to the improvements in removing that property and if the Seller fails to do so the Buyer may do so and recover the costs of so doing from the Seller as a liquidated debt.
- 28.3 Any of that property not so removed shall be deemed abandoned by the Seller and the Buyer may without prejudice to any other remedy complete this Contract and appropriate or remove or otherwise dispose of that property as the Buyer thinks fit.
- 28.4 Any costs incurred by the Buyer in removing that property or in making good any damage done to the improvements in such removal may be recovered by the Buyer from the Seller and the Seller shall indemnify and hold indemnified the Buyer from and against all claims, demands, actions, costs, judgements and expenses which the Buyer may suffer or incur by reason of any other person claiming any interest in that property.

29 CHATTELS

- 29.1 Title to any chattels agreed to be sold by or under this Contract shall pass at settlement.
- 29.2 The Seller assigns to the Buyer subject to the settlement of this Contract and with effect from the Settlement Date, the benefit of all warranties capable of assignment held by the Seller in respect of the chattels agreed to be sold. The Seller shall deliver to the Buyer at settlement all documents in the possession or control of the Seller evidencing the warranties referred to in this clause which would be sufficient to enable the Buyer to enforce those warranties.

30 APPOINTMENT OF AGENT

In the absence of any specific appointment the Seller by executing this Contract confirms the appointment of the Seller's Agent (jointly with any other agent in conjunction with whom the Seller's Agent has sold) as the agent of the Seller to introduce a buyer.

31 FINANCE CLAUSE

- 31.1 If Items S, T and U are not deleted, this Contract is subject to the Buyer obtaining approval of a loan from the lender or class of lender specified in Item S on or before the approval date specified in Item T not less than the amount of loan specified in Item U on terms satisfactory to the Buyer. The Buyer must take reasonable steps to obtain the approval.

NOTE 7

- 31.2 The Buyer may give notice to the Seller that:
- approval has not been obtained by the approval date and the Buyer terminates this contract; or
 - the finance condition has been either satisfied or waived by the Buyer.

- 31.3 The Seller may terminate this contract by notice to the Buyer if notice is not given under clause 31.2 by 5pm on the approval date. This is the Seller's only remedy for the Buyer's failure to give notice.
- 31.4 The Seller's right under the clause 31.3 is subject to the Buyer's continuing right to give written notice to the Seller of satisfaction, termination or waiver pursuant to clause 31.2.

32 PROPERTY SOLD SUBJECT TO LEASES AND SERVICE CONTRACTS

32.1 Seller's Statement

Where the Property is sold subject to any Lease or Service Contract, the Seller states that, except as disclosed in this Contract, each of the following statements shall be accurate at the Settlement Date:

- the particulars in the Lease Schedule and the Service Contract Schedule are true and correct;
- that no circumstances exist as far as the Seller is aware that would render any Lease liable to forfeiture nor has the Seller agreed to a surrender of any Lease;
- that all Leases and Service Contracts have been disclosed to the Buyer prior to execution of this Contract;
- the Seller is not aware of any breach by the Seller of any Lease or Service Contract;
- where any of the Leases are subject to the application of the *Retail Shop Leases Act 1994* ("Act"), the following further statements by the Seller apply:
 - as far as the Seller is aware the Seller has in all respects complied with the Act in relation to the Leases;
 - no Lease is subject to an existing or renewed retail tenancy dispute within the meaning of the Act;
 - there are no mediation agreements, Queensland Civil and Administrative Tribunal proceedings or orders in existence in respect of any Lease;
 - no tenant has notified the Seller requesting the right to renew any Leases for a further period;
 - no tenant has made a claim upon the Seller to pay compensation for loss or damage suffered by the tenant by virtue of sections 43, 46G or 46K of the Act nor are there any circumstances existing to the Seller's knowledge which might give rise to a claim for such compensation.

32.2 Inaccurate Statement

If a statement contained in clause 32.1 is not accurate then the Buyer may terminate this Contract by notice in writing to the Seller.

32.3 Acceptance of Lease and Service Contract Terms

- Within 7 days of the date of this Contract, the Seller will deliver to the Buyer or the Buyer's solicitor true copies of all Leases and Service Contracts together with a written statement that they constitute the whole of every agreement or arrangement with each of the tenants stated in those Leases or with each of the Service Contractors in those Service Contracts.
- If:
 - the Seller does not deliver to the Buyer or the Buyer's solicitor true copies of all Leases and Service Contracts pursuant to clause 32.3(a); or
 - true copies of all Leases and Service Contracts have been delivered pursuant to clause 32.3(a) and the Buyer is not satisfied with any of the terms and conditions of any Lease or Service Contract;

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then in the case of clause 32.3(b)(i) the Buyer shall be entitled to terminate this Contract by notice in writing to the Seller or in the case of clause 32.3(b)(ii) the Buyer shall be entitled to terminate this Contract by written notice to the Seller within 7 days from the date upon which all Leases and Service Contracts have been delivered.

- (c) If the Buyer does not give written notice to the Seller pursuant to clause 32.3(b)(i) or 32.3(b)(ii), the Buyer agrees to be bound by the terms and conditions of each Lease and Service Contract disclosed by the Seller in the Lease Schedule and the Service Contract Schedule from the Settlement Date as if the Buyer were named as lessor in such Lease or as a contracting party in such Service Contract in substitution for the Seller.
- (d) With respect to Service Contracts, clause 32.3(c) will apply subject to the consent of the Service Contractor.
- (e) The amounts paid or payable in respect of the Service Contracts shall be outgoing for the purposes of clause 15 and shall be apportioned accordingly.

33 FOREIGN BUYER APPROVAL

NOTE The Buyer warrants that either:

- (1) the Buyer's purchase of the Property is not a notifiable action; or
- (2) the Buyer has received a no objection notification, under the *Foreign Acquisitions and Takeovers Act 1975*.

34 GOODS AND SERVICES TAX

34.1 Definitions

Words and phrases defined in the GST Act have the same meaning in this Contract unless the context indicates otherwise.

34.2 Reference Schedule and Notes

The Reference Schedule and the Notes to Completion are part of this clause 34.

34.3 Taxable Supply

This clause 34 applies where the transaction is:

- (a) a Taxable Supply; or
- (b) not a Taxable Supply because it is the Supply of a Going Concern.

34.4 Purchase Price Includes GST

If this clause 34.4 applies, the Purchase Price includes the Seller's liability for GST on the Supply of the Property. The Buyer is not obliged to pay any additional amount to the Seller on account of GST on the Supply of the Property.

34.5 Purchase Price Does Not Include GST

If this clause 34.5 applies, the Purchase Price does not include the Seller's liability for GST on the Supply of the Property. The Buyer must on the Settlement Date pay to the Seller in addition to the Purchase Price an amount equivalent to the amount payable by the Seller as GST on the Supply of the Property.

34.6 Margin Scheme

Warning: The Seller is warranting that the Margin Scheme can apply. If in doubt about using the Margin Scheme you should seek professional advice.

If this clause 34.6 applies:

- (a) the Purchase Price includes the Seller's liability for GST on the Supply of the Property. The Buyer is not obliged to pay any additional amount to the Seller on account of GST on the Supply of the Property;

(b) the Seller:

- (i) must apply the Margin Scheme to the Supply of the Property; and
- (ii) warrants that the Margin Scheme is able to be applied;

(c) if the Seller breaches clause 34.6(b)(i) or its warranty under clause 34.6(b)(ii) then:

- (i) the Buyer may terminate this Contract if it becomes aware of the breach prior to the Settlement Date.
- (ii) if the Buyer does not terminate this Contract under clause 34.6(c)(i) or does not become aware of the breach until after the Settlement Date, it must pay to the Seller an amount equal to the Input Tax Credit which the Buyer will receive for GST payable for the Supply of the Property. Payment must be made when the Buyer receives the benefit of the Input Tax Credit;
- (iii) the Buyer is entitled to compensation from the Seller if there is a breach of clause 34.6(b).

34.7 If the Supply is a Going Concern

Warning: The parties are providing certain warranties under this clause. If there is doubt about whether there is a Supply of a Going Concern you should seek professional advice.

If this clause 34.7 applies:

- (a) the Purchase Price does not include any amount for GST;
- (b) the parties agree the Supply of the Property is a Supply (or part of a Supply) of a Going Concern;
- (c) the Seller warrants that:
 - (i) between the date of this Contract and the Settlement Date the Seller will carry on the Enterprise; and
 - (ii) the Property (together with any other things that must be provided by the Seller to the Buyer at the Settlement Date under a related agreement for the same Supply) is all of the things necessary for the continued operation of the Enterprise;
- (d) the Buyer warrants that at the Settlement Date it is registered or required to be Registered under the GST Act;
- (e) if either of the warranties in clause 34.7(c) is breached:
 - (i) the Buyer may terminate this Contract if it becomes aware of the breach prior to the Settlement Date;
 - (ii) if the Buyer does not terminate this Contract then, at the Settlement Date, the Buyer must pay to the Seller the amount payable by the Seller as GST on the Supply of the Property;
 - (iii) if the Buyer does not become aware of the breach until after the Settlement Date, it must pay to the Seller an amount equal to the Input Tax Credit which the Buyer will receive for GST payable in respect of the Supply of the Property. Payment must be made when the Buyer receives the benefit of the Input Tax Credit;
 - (iv) the Buyer is entitled to compensation from the Seller if there is a breach of the warranty;
- (f) if the warranty in clause 34.7(d) is not correct the Buyer must pay to the Seller an amount equal to the GST payable in respect of the Supply of the Property. Payment must be made at the Settlement Date or, if settlement has occurred, immediately on demand;

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- (g) if for any reason other than a breach of a warranty by the Seller or the Buyer this transaction is not a Supply of a Going Concern, the Buyer must pay to the Seller the amount payable by the Seller as GST on the Supply of the Property. Payment must be made at the Settlement Date or, if settlement has occurred, immediately on demand.

34.8 Adjustments

Where this Contract requires an adjustment or apportionment of outgoings or rent and profits of the Property, that adjustment or apportionment must be made on the amount of the outgoing, rent or profit exclusive of GST.

34.9 Tax Invoice

Where GST is payable on the Supply of the Property, the Seller must give to the Buyer a Tax Invoice at the Settlement Date.

34.10 No Merger

To avoid doubt, the clauses in this clause 34 do not merge on settlement.

34.11 Remedies

The remedies provided in clauses 34.6(c), 34.7(e) and 34.7(f) are in addition to any other remedies available to the aggrieved party.

35 BUILDING AND PEST INSPECTION REPORTS

35.1 This contract is conditional on the Buyer obtaining a written building report and a written pest report (which may be a single report) on the Property by the Inspection Date on terms satisfactory to the Buyer. The Buyer must take all reasonable steps to obtain the reports (subject to the right of the Buyer to elect to obtain only one of the reports).

The Buyer must give notice to the Seller that:

- 35.2 (1) a satisfactory report under clause 35.1 has not been obtained by the Inspection Date and the Buyer terminates this contract. The Buyer must act reasonably; or
(2) clause 35.1 has been either satisfied or waived by the Buyer.

35.3 If the Buyer terminates this contract and the Seller asks the Buyer for a copy of the building and pest reports, the Buyer must give a copy of each report to the Seller without delay.

35.4 The Seller may terminate this contract by notice to the Buyer if notice is not given under clause 35.2 by 5pm on the Inspection Date. This is the Seller's only remedy for the Buyer's failure to give notice.

35.5 The Seller's right under clause 35.4 is subject to the Buyer's continuing right to give written notice to the Seller of satisfaction, termination or waiver pursuant to clause 35.2.

NOTES AND WARNINGS

NB. Where any specific items are not required delete and initial

NOTE 1 Insert, in Item A, the date of signing by the last party to sign.

NOTE 2 Describe, in Item H, the actual use presently being made of the Land and/or the improvements, e.g. commercial etc.

WARNING -Refer to clause 21.1(a). Before this Contract is signed the Seller should ensure that the present use described in Item H is a lawful use.

For example, if a business is being carried on at a dwelling house in a residential zone, that use may be unlawful unless town planning consent exists. This warning applies whether the Buyer intends to continue the use stated in Item H or not. If the use is not lawful or if there is a doubt about the use, this should be drawn to the Buyer's attention and, if the Buyer agrees, a special condition should be inserted in this Contract so as to modify or avoid the operation of clause 21.1(a).

NOTE 3 If freehold, do not complete "Type of Holding" or "Lease No".

NOTE 4 Describe in general terms, e.g. factory, warehouse etc.

NOTE 5 Particulars should be inserted in the Lease Schedule and the Service Contract Schedule.

NOTE 6 The Contract Rate is published each month in "The Proctor".

NOTE 7 If this Contract is to be subject to finance then Items S, T and U must be completed in every respect and Item V must be deleted and initialed.

If this Contract is not to be subject to finance Items S, T and U must be deleted and initialed and Item V shall apply.

If known, state name of lender in Item S. If not known, state class, e.g. trading bank, savings bank, building society, insurance company, credit union, or other class of lending institution. Do not insert the words "finance company" but insert the specific name (or names) of a finance company.

The date in Item T should be at least 14 days prior to the Settlement Date.

The dollar amount of the loan being sought must be inserted in Item U. Do not insert the words "sufficient to complete this purchase" or words of a similar effect.

NOTE 8 The Deposit Holder should sign with his or her personal signature.

If the Deposit Holder is a partnership, a member of the partnership should sign in the partnership name.

If the Deposit Holder is a company, the acknowledgement should be signed in accordance with the Corporations Act 2001, s 127 or by a person duly authorised to sign acknowledgements of Deposit Holder on behalf of the company.

NOTE 9 A Seller which is a corporation should note that to ensure the Property is free from Encumbrances it may be necessary to provide evidence at settlement that the Property has been released from or is not subject to a security interest given by the Seller.

NOTE 10 If this Contract is to be made subject to the approval of the Commonwealth Treasurer being obtained, a special condition should be inserted in this Contract so as to modify or avoid the operation of clause 33.

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