

## INFORMATION MEMORANDUM

LAVER DRIVE UNIT TRUST  
69 LAVER DRIVE, ROBINA, QLD

APRIL 2017



**9% p.a. INCOME PAID MONTHLY**

### WHY PEOPLE CHOOSE PEAK EQUITIES



Opportunity  
and Returns



Monthly Tax-  
Effective Income  
Distributions



Expert Property  
Selection and  
Management



Diversification  
and Liquidity



Peace of  
Mind



Communication  
and Information



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# Offer Details

- 1. The Trust** - Peak Equities Pty Ltd is Trustee of the LAYER DRIVE UNIT TRUST, established on 1st April 2017. The principal activity of the Trust will be the acquisition of the investment property at 69 Laver Drive, Robina, Gold Coast
- 2. Due Diligence** - Peak Equities Pty Ltd (the Trustee) is well advanced in its comprehensive Due Diligence investigation and analysis of the property. Subject to the satisfactory outcome of that process, an unconditional contract will be on foot for settlement on 31st May 2017.
- 3. Purchase Price** - The purchase price has been agreed at \$7,605,000.
- 4. Forecast Distribution Rate** – The Trustee proposes to make monthly cash income distributions at the rate of **9% per annum** to Investors
- 5. Funding** - Peak Equities has conditional approval for bank funding of 65% of the contract price, on a non-recourse basis to investors. The Trustee will raise Equity Capital from Investors of \$3,750,000
- 6. Applications for Units** - Each Investor may apply for between 200 and 400 Ordinary Units of \$1,000 each in the capital of the Trust (Investment Value \$200,000 to \$400,000). Applications may only be made on the Application Form attached to this Information Memorandum.
- 7. Offer Period** – The offer will remain open until full subscription has been received. The Trustee has discretion as to the number of Units (if any) to be allocated to each Applicant.
- 8. 20% Deposit Payable** - Investors must lodge a deposit equal to 20% of the value of their total investment accompanying their Application. Deposits funds must be paid directly into the solicitor's trust account. (see Application Form for details)
- 9. Balance Payment** - The remaining 80% subscription price will be payable around 20th May 2017, within 7 days of written request from the Trustee. Unit certificates will be issued by the Trustee upon receipt of the balance payment by each investor.
- 10. Offer Limited to Wholesale Investors** - The Offer is available exclusively to Sophisticated Investors as defined in the Corporations Act
- 11. Trust Documents.** Prior to confirming their investment, intending Unitholders will be provided with a copy of the Trust Deed and the Unitholders' Deed of the LAYER DRIVE UNIT TRUST, and will be required to sign a Deed agreeing to be bound by the terms of those documents.

# Key Attributes of 69 Laver Drive, Robina

## LOCATION

The Property at 69 Laver Drive, Robina is ideally positioned within the fastest-growing region on the Gold Coast. Robina's commercial centre enjoys the lowest vacancy rate in the greater Gold Coast municipality.

## ASSET QUALITY

This purpose built freestanding office building was originally constructed to an extremely high level of specification for the Australian Federal Police. The property currently supports 3 tenants, each with individual access and ample parking.

## OPPORTUNITY

Robina is a master-planned community. The location of 69 Laver Drive has the benefit of pre-approved, or 'as of right' 8-storey development with 80% site coverage. That would allow development of up to 22,000 sq. metres on the site. In our view, the medium to long-term development opportunities underpin the value of the site.

## VALUE

The \$7,605,000 contract price reflects a first year income yield of 8.00% on a fully-let basis and is supported by an independent valuation from CBRE (dated April 2017). Having regard to the specific location of the property and prevailing market conditions, we consider this represents sound value.

## SCARCITY AND DEMAND

Since 2009, Gold Coast City vacancy rates have steadily declined, driven by sound economic fundamentals and growth of business within the City. The vacancy rate in the Robina/Varsity Lakes area has dropped from around 10% to 6.9% during the 12 months ended January 2017. This trend is forecast to continue well into the future. (Source – Colliers, Knight Frank IM)

## SECURE INCOME

The anchor tenant, The French Beauty Academy, is one of Australia's largest private training organisations, educating more than 500 therapists each year. The company, which has operated for more than 30 years, occupies 72% of the net lettable area and contributes 78% of the gross income, with a 6-year remaining lease term. We expect this investment to offer strong income security throughout the expected holding period.



# Property Description

**69 Laver Drive, Robina, QLD, 4226**



A two level office building which was originally constructed in 2000 and subsequently refurbished and extended in 2013. The building comprises ground level and part lower ground level office accommodation with three office tenancies ranging from 1,095 square metres to 157 square metres. A passenger lift operates between the basement and ground level tenancy. There are 48 on site car parks including 13 basement spaces and 35 open.

The property slopes towards the rear from Laver Drive. This allows for street-front entry to The French Academy premises, and convenient ground level entry for the professional suites at the rear of the property. The site is substantially under-developed and there is an opportunity for either medium-term expansion of the current facility, or for sale as a future development site, taking advantage of the strong CBD Robina office market and favourable zoning.

<b>Site Area:</b>	3774m <sup>2</sup>
<b>Net Lettable Area:</b>	1502m <sup>2</sup>
<b>Car Parking:</b>	48
<b>WALE at acquisition:</b>	5.4 years*
<b>Number of tenants:</b>	3
<b>First year net income:</b>	\$608,124**

Upper Level



Lower Level



\* Expected to increase when vacant suite is let  
\*\* Including rental subsidy payment from Vendor

# Location Highlights – Robina

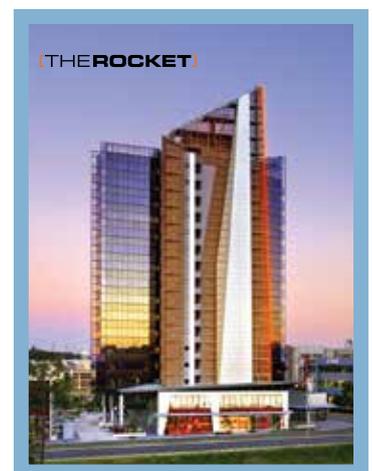
Robina is a planned community, designed from the outset to become a benchmark CBD, residential and lifestyle center. From vacant land in 1980, Robina has grown to become to a vibrant city within a city, with almost 30,000 residents, forecast to increase to more than 90,000 by 2050. With an already thriving CBD, Robina is the geographical heart of Gold Coast City, drawing on a catchment of almost half a million people.

Robina Town Centre is Gold Coast City’s premier retail and leisure destination - the second largest center in Queensland. It has a full range of high-end department stores over 350 specialty stores, a waterfront dining precinct, 900-seat food atrium, ground-breaking cinema complex and more.



Gold Coast’s signature office tower, “The Rocket” is situated within 500 metres of 69 Laver Drive. The Rocket is a 16-storey tower, constructed on a substantially smaller site.

The favourable zoning at Laver Drive allows for an even greater NLA (up to 22,000 sqm) with individual floor plates of greater than 2,500 sq. metres, which will offer substantial flexibility in design and amenity.



## Location Highlights – Robina

Robina's population grew by 4.5% pa in the ten years from 2001 to 2011 compared to 3.1% for the rest of Gold Coast City\*. The Robina/Varsity Lakes area will be the highest contributor to the economic growth of any precinct in Gold Coast City, with 24.6% of Gross Regional Product growth to 2050.\*\*

The below table demonstrates both the growth in commercial space within the Greater Gold Coast City between January 2016 and January 2017, and the absorption of available office space in the Robina/Varsity Lakes precinct.

Precinct	Vacancy January - 2017	Vacancy January - 2016	Net Absorption 2nd half 2016 sqm	Total Area Vacant January - 2017 sqm
<b>Robina/Varsity Lakes</b>	<b>6.90%</b>	<b>10.00%</b>	<b>4,999</b>	<b>9,458</b>
<b>Broadbeach</b>	10.80%	8.80%	-605	3,244
<b>Bundall</b>	14.10%	16.90%	2,370	11,997
<b>Southport</b>	13.20%	15.50%	2,724	19,609
<b>Surfers Paradise</b>	18.40%	19.30%	600	13,159
<b>Aggregate</b>	12.68%	14.10%	10,088	57,467

The Robina/Varsity Lakes precinct boasts a vacancy rate of 6.9% as at January 2017, which is the lowest by far in the Gold Coast, and one of the lowest commercial vacancy rates nationally. The trend has continued beyond January 2017, with significant take-up in commercial buildings, including 'The Rocket' which has recently seen the National Disability Insurance Agency ('NDIA') commit to almost 3,000 square meters.

**"CBD-Robina is a standout performer, with its low vacancy, consistent net absorption and new supply activity making it unique Australia-wide."** (Ivan Hill - CBD-Robina Office Market Update, April 2015)

\* ABS Regional Population Growth (March 2016)

\*\* Urbis Independent Researchers (February 2016)

# Location Highlights – Robina

## Transport and Access

Robina offers easy access for Gold Coast City's growing population. Due to its geographically central location, proximity to the M1 Motorway and excellent road network, Robina enjoys favourable drive times to and from other parts of Gold Coast City and beyond.

Robina's transport infrastructure is already in place. Robina has a direct rail link to Brisbane and the extension from Robina to Varsity Lakes is operating. Queensland Rail has plans to extend the rail link to Gold Coast International Airport.

All Robina M1 Motorway junctions from 77 to 82 have undergone major upgrades and the M1 has been widened to six lanes throughout this stretch of motorway. Dual lane arterial roads connect CBD-Robina with the rest of Gold Coast City.

## Unique Town Planning Framework and Approval Process

Robina operates within a unique town planning framework. Designated areas, including 69 Laver Drive, are subject to a pre-approved Plan of Development, ensuring speedy and cost-effective approval processes for developments within the guidelines.

The Gold Coast population is predicted to double by 2050\*, and with most of that growth forecast to be in the central and western precincts, Robina is positioned in the heart of the development corridor. Current Planning approvals for approximately 2,000 additional dwellings, as well as ongoing commercial development, will continue to support Robina's outstanding growth story.

\* KPMG Beyond the Horizon Gold Coast report 2015



## Location Highlights – Gold Coast

The Gold Coast has evolved into a major economic region, driven by continued and sustainable investment in major services and infrastructure. The evolution of Gold Coast City as an economic hub is set to continue with more than \$13.5 billion in major infrastructure projects planned or underway largely related to the forthcoming Commonwealth Games to be held on the Gold Coast in April 2018.

- With access to two international airports, Gold Coast City is perfectly positioned as a destination for business, investment, education, sport, world events, tourism and lifestyle.
- Stretching along 57km of coastline, Gold Coast City is home to over half a million people with an economic catchment of over 3.6 million people, representing 77% of the Queensland population.
- With over 12 million people visiting the region each year, Gold Coast City is Australia's premier tourist destination, offering a diverse and vibrant mix of natural attractions, shopping, accommodation, theme parks, and an abundance of restaurants.

The Gold Coast City commercial vacancy rates continue to decline driven by sound economic fundamentals and growth of business within the City. There has been consistent demand with steady take-up across the commercial markets, with increases in average business sizes in the SME sector as well as continual take-up by both State and Federal Governments.



## Financial Summary

Contract Price	7,605,000
Stamp Duty & Registration Fees	456,300
Establishment Fees - 3%	241,839
Due Diligence & Borrowing Expenses	75,000
Cash Reserve	315,111
<b>Total Funds Required</b>	<b>8,693,250</b>
Mortgage - 65% of Contract Price	4,943,250
<b>Investor Equity Required</b>	<b>3,750,000</b>

## Income Forecasts

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Net Rental Income*</b>	<b>608</b>	<b>624</b>	<b>641</b>	<b>661</b>	<b>680</b>	<b>701</b>
<b>Less</b>						
Mortgage Interest (4.25%)	210	210	210	210	210	210
Management and professional fees	71	72	73	75	76	78
<b>Net Income</b>	<b>327</b>	<b>342</b>	<b>358</b>	<b>376</b>	<b>394</b>	<b>413</b>
Yield on equity	8.71%	9.13%	9.55%	10.02%	10.51%	11.02%
Capital Expenditure Allowance	20	20	20	20	70	20
Income distributions (9%)	352	352	352	352	352	352
Cumulative Cash Reserve	280	260	254	263	224	250

\* Vendor Rental Subsidy of \$100,000 applied in calculation of Net Rental Income and Cash Reserves.

# Tenancy Schedule

Tenant	The French Academy	Medrecruit	Rental Subsidy & New Tenant*
Area	1,095	250	157
2017 rent payable	451,433	85,414	56,520
Lease start	6/1/13	1/13/17	3/25/14
Lease end	5/31/23	1/13/20	3/24/17
Annual increases	CPI + 1%	CPI + 1%	CPI + 1%
Options	2*5		
Parking spots	37	4	3
Outgoings \$/m2	130	80	75
Outgoings share	142,350	20,000	12,000
Parking rental	2,682	7,404	5,400

\* Keola Wellness has not renewed its lease. The Vendors will contribute a sum of \$100,000 in cash by way of rental support.



## Manager's Entitlements

Category	Description	Entitlements
Establishment Fee	The Manager charges an initial fee calculated as a percentage of the Acquisition Cost of the investment property, including stamp duties and other statutory transaction costs.	3% of Acquisition Cost
Carried Interest	Interests associated with the Manager have been allotted 200 Founder Units in the capital of the Trust.	Founder Units are entitled in aggregate to 4.10% of the income and capital of the Trust.
Syndicate Management Fees	Paid monthly to Peak Equities Management Pty Ltd for managing the assets and all of the activities of the Trust and the interests of Unitholders. Calculated by reference to the Gross Asset Value of the Trust at the end of each financial year.	0.70% of the Gross Asset Value of the Trust (as defined in the Trust Deed)
Capital Gains	Interests associated with the Manager have been allotted 200 Special CG (capital gain) Units in the Trust.	Special CG units will be entitled in aggregate to 20% of the capital gains derived upon sale of the investment property
Selling Fee	Charged in respect of the sale of the Trust's property (from which all external agents' fees and direct selling expenses will be paid)	2% of Sale Contract Value

## Peak Professionals

Our team of property and financial professionals provide extensive industry experience and proven results.



**TOM BORSKY**

B.EC FCA - MANAGING DIRECTOR



**DAVID BORSKY**

EXECUTIVE DIRECTOR  
ASSET MANAGEMENT &  
COMPLIANCE



**JAMES WEAVER**

B.COM LLB  
NON EXECUTIVE DIRECTOR



**DAN MAGREE**

FAPI FRICS CPV -  
PROPERTIES CONSULTANT

# Risk Factors

Intending Investors should be aware of the following attributes of an investment in the Trust:

- Units in the Trust will be illiquid for a period of five years, and during that time they may not be readily saleable, and may be converted to cash only when the investment property is sold or when otherwise provided in the Unitholders Deed.
- The Manager has no obligation to purchase or redeem Units during the first 5 years of the life of the Syndicate. There is no established secondary market for Units and transfers may only be effected in accordance with the Constitution

Whilst the revenue forecasts provided in this Information Memorandum have been carefully formulated based on current market conditions and reasonable assessment of future conditions, unforeseen or uncontrollable circumstances may arise during the term of the Fund which adversely affect the projected income streams and/or future capital values. There is no guarantee the financial forecasts in this IM will be achieved. There are a number of risk factors which could impact on the projected income, the tax effectiveness of any distributions, and the return of capital or capital growth.

An investment of this nature carries a certain level of commercial risk, and the performance of the Fund may be affected by a number of factors, many of which are outside the control of the Manager. Some of the significant risks and the way the Manager aims to manage those risks are set out in the sections below. Please note the Manager cannot eliminate all risks and cannot promise that the way it manages them will always be successful.

## Property risks

All property investment by its nature involves risk, and an investment in the Fund is no different. The Manager cannot guarantee the occupancy rate of the property, nor the income available for distribution to investors. Neither can the Manager warrant that the eventual sale of the property will generate capital gains to the investors.

## Insurance risks

The Manager will insure the Property for full replacement value. However, the circumstances of a particular loss or the specific provisions of the insurance policy may preclude a claim being accepted by the insurer. Additionally, there is a risk that the insurance money received may not be adequate to compensate the Trust.

## Forecasting risks

The Manager does not guarantee the indicated earnings and rate of distribution set out in this IM. Investors should make their own reasonable enquiries and form an independent opinion of the future performance of the Fund. The forecast financial information has been derived from financial models which have been developed by the Manager. There is a risk that the models may not accurately predict future distributions available from the Trust because one or more assumptions prove to be incorrect. Assumptions are generally only a best estimate at a point in time.

## Borrowing risks

It is intended to partially fund the purchase of the property with debt and the Manager has received an indicative offer for finance from Suncorp to provide a loan facility. Whilst an indicative offer has been obtained there is no guarantee the debt funding will ultimately be made available by the bank. The Manager will be required to meet various conditions before the funding can be drawn down. If the debt funding is not provided the Manager will need to seek an alternative lender and/or raise additional equity

Debt funding will be secured against the Property, with no recourse to investors. A default under the loan documents may lead to the financier exercising its security and selling the Property for a price lower than that which might have been achieved in normal circumstances. This may have a negative impact on the performance of the Trust and potentially a loss of capital.

## Interest rate risk

The Trust will be exposed to interest rate movements on any variable rate borrowings that it has. Increases in interest rates could have the effect of reducing the availability or increasing the cost of finance for the Trust.

## General Economic Risks

These relate to the overall risk of a broad range of investments. The returns on all commercial investments are affected by various economic factors including changes in interest rates, exchange rates, inflation and the general state of the economy.

## Regulation and Taxation risks

Changes in Federal and/or State government policy or legislation, may adversely affect the Trust or Investors. The effects of tax may vary depending on the status of Investors, but may affect the accessibility of income, the deductibility of expenses, and the treatment of Trust income or impose additional expenses on the Fund.

# Additional Information

## MATERIAL CONTRACTS

The following is a summary of documents significant or material to the Fund and its activities. This section only contains a summary, which means that all the provisions of each material document are not fully described. Copies of material documents (subject to excluding confidential commercial terms) may be requested from Peak Equities Pty Ltd. (Peak)

### 1. Land Purchase Contract

Peak and the Vendors of the property have executed a Land Purchase Contract subject to the completion of satisfactory Due Diligence by 05 May 2017.

## 2. The Trust Deed

The LAVER DRIVE UNIT TRUST was created 01 April 2017, with Peak Equities Pty Ltd as trustee and Initial Unitholders being TP & N Borsky as trustees for the T & N Borsky Superannuation Fund, holding 200 Special CG Units and Arrabri Nominees Pty Ltd, as trustee for the Borsky Family Trust holding 200 Founder Units. The entitlements of the special classes of Units are as follows:

**Founder Units** are issued at \$1.00 each and carry the right to vote at meetings of Unitholders. Following the allotment of Ordinary Units, Founder Unitholders are entitled, in aggregate, to receive 4.10% of all distributions of income and capital of the Trust.

**Special CG Units** are issued at \$1.00 each. The Special CG Unitholders are entitled, in aggregate, to receive 20% of the value of capital gains arising from the sale of the Property. They do not have voting rights and have no entitlement to share in distributions of either the income or the capital of the Trust.

## 3. The Unitholders Deed

The Unitholders Deed was executed by the Trustee and the Initial Unitholders on 02 April 2017. The Unitholders Deed should be read in conjunction with the Trust Deed, and sets out the rights and obligations of Unitholders and the Trustee. New Unitholders (Trust investors) will be required to execute a Deed of Accession, whereby they agree to be bound by the terms of the Trust Deed and the Unitholders Deed. The Deed of Accession and a copy of the Unitholders Deed will be provided to intending Unitholders prior to the confirmation of their investment.

#### 4. The Management Deed

The Trustee has appointed Peak Equities Management Pty Ltd (PEM) to manage the affairs of the Trust, including the selection, negotiation and purchase of the trust property; day-to-day management of the property; attendance to all Unitholder communications; trust accounting; compliance with all statutory obligations and requirements; and the eventual sale of the trust property. Details of the Manager's remuneration are set out in the body of this Investment Memorandum. Details of the Manager's rights and responsibilities are set out in the Management Deed dated 02 April 2017, incorporated as a Schedule to the Unitholders Deed of the same date.

#### DISCLOSURE OF INTERESTS

Investors are made aware that the Directors and other officers of Peak Equities Pty Ltd are directors, shareholders and beneficiaries in the below listed entities which are the subject of commercial relationships with the Trust:

- a. **Peak Equities Management Pty Ltd** (Manager of the Trust acting as trustee for the PE Unit Trust). PEM is associated with Tom Borsky, a director of Peak.
- b. **Arrabri Nominees Pty Ltd** (initial holder of Founder Units as trustee for the Borsky Family Trust). Arrabri Nominees Pty Ltd is associated with Tom Borsky, a director of Peak.
- c. **TP&N Borsky** (holders of Special CG Units as trustees for the T&N Borsky Superannuation Fund).
- d. **Killila Property Group Pty Ltd** (intended holder of Founder Units and Capital Units as trustee for the Killila Discretionary Trust). Killila Property Group is associated with Mr James Weaver, a director of Peak.

- e. **DJMBar Pty Ltd** acting as trustee for the DJMNET Trust. Mr Dan Magree is a member of the Peak Equities Advisory Board and is a Responsible Officer pursuant to Peak's AFS Licence. Mr Magree is also a director of m3property Pty Ltd, which may receive valuation and consulting fees from the Trust.

#### ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF) requires entities such as Peak to maintain a program that identifies, mitigates and manages money laundering and terrorism financing risks associated with its business.

In this regard, Peak may request investors to provide additional information for identification and verification purposes. Please note that the Trustee may not accept an Application to invest in the Fund until it is satisfied that the identity of the Investor has been verified in accordance with the requirements of the AML/CTF.

If you do not provide a completed Application Form, this may delay the processing of your Application or result in your Application being returned.

## PRIVACY PROVISIONS

Peak Equities Pty Ltd is committed to the protection of your personal information in accordance with the Australian Privacy Principles set out in the Privacy Act 1988.

All personal information held by Peak Equities will be governed by Peak's most recent Privacy Policy. This Privacy Policy applies to the collection, use and disclosure of personal information. Peak collects your personal information for the purpose of providing its property acquisition and funds management services. The information will not be made available to third parties other than required by our privacy policy and applicable law and to service providers necessary for us to conduct our business activities. If we cannot collect personal information from you, we may not be able to perform the activities listed above.

The personal information collected from you on the Application Form is used to evaluate your Application for Units in this Trust as well as to issue Units, service your needs as a Unitholder and administer the Trust. This includes information that Peak Equities Pty Ltd must pass on to Peak Equities Management Pty Ltd, and other service providers. The personal information you provide is kept for record keeping purposes. If you do not provide the necessary personal information, your Application may not be processed. Once personal information is no longer needed for the Fund and Peak's records, it is destroyed or de-identified. Your personal information may be disclosed overseas.

Unitholders have a right to access the information about them held by Peak and to correct any errors as set out in our Privacy Policy. Please advise us of any information that appears inaccurate or incomplete (especially your address and correct investing entity name). You can call Peak on +61 (03) 9863 8380 or write to Peak at the address listed below to access the information held about you held by Peak. If you have any complaint in relation to the manner in which your information has been handled, please contact us.

As well as reporting to you on your investment, Peak or PEM may use your contact details to let you know about future investment opportunities offered by Peak. If you prefer not to receive these communications, please telephone or write to Peak.

If obliged to do so by law, Peak will pass on your personal information to other parties such as the Australian Taxation Office and other regulatory bodies, strictly in accordance with legal requirements.

## COMPLAINTS AND CONTACTING US

Peak seeks to resolve potential and actual complaints over the management of the Trust to the satisfaction of Unitholders. If a Unitholder wishes to discuss any aspect of the management of the Trust or wishes to lodge a formal complaint, they may do so in writing, by email or by telephone at:

**David Borsky –  
Director - Asset Management & Compliance  
Peak Equities Pty Ltd**

Suite 942, 1 Queens Road  
Melbourne VIC 3004

**Telephone:** 03 9863 8380

**Email:** david@peakequities.com.au

Peak will promptly acknowledge any complaint received from a Unitholder, investigate it, and decide in a timely manner any action that needs to be taken.



# PEAK EQUITIES

Peak Equities Pty Ltd

[info@peakequities.com.au](mailto:info@peakequities.com.au) | [www.peakequities.com.au](http://www.peakequities.com.au)

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