

THE FENCING FACTORY & POWDERCOAT SELECT

PROSPECTUS



PRIVATE AND CONFIDENTIAL



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INTRODUCTION

1. Overview

This prospectus is provided for the sole and exclusive use of the recipient. The information pertains to The Fencing Factory and Powdercoat Select who is offering both businesses for sale in their entirety as an ongoing concern. The purpose of this report is to offer an opportunity for a purchaser to undertake due diligence and negotiate a business sale contract.

2. The Fencing Factory History and Operation

The Fencing Factory and Powdercoat Select are privately owned businesses located at 25-31 Auscan Crescent, Garbutt, Townsville, North Queensland.

The Fencing Factory has been operating for over 21 years, originally located at the Bohle Industrial Estate and moving to the Garbutt location in 2002. Powdercoat Select facility was integrated in 2007 with a custom-built plant, which has created a one-stop solution for the metal fencing products sold by The Fencing Factory and also provides a quality facility for other manufacturers in Townsville, who before had very limited choice of powder coating providers.

Glenn and Nelly Evans are the Managing Directors of both businesses, and they have never stopped improving and expanding since they opened the doors.

Over the years, key relationships have been developed and maintained to ensure that The Fencing Factory and Powdercoat Select retain market share.





3. Location and Market Townsville:

Strategic Location

Townsville is located at the centre of North Queensland – one of Australia’s most significant and rapidly growing economic zones. Industry diversity, government investment and major transport infrastructure underpin Townsville’s role as the commercial and services hub for North Queensland’s minerals, agriculture, tourism and tropical sciences sectors.

“Townsville’s next phase of its growth is likely to see it accrue the critical mass in population to transform from a regional centre to a metropolitan centre.”

The Townsville North Queensland Region has a population of approximately 238,233 projected to grow to 361,098 by 2036.

Townsville embraces 78 new residents each week.

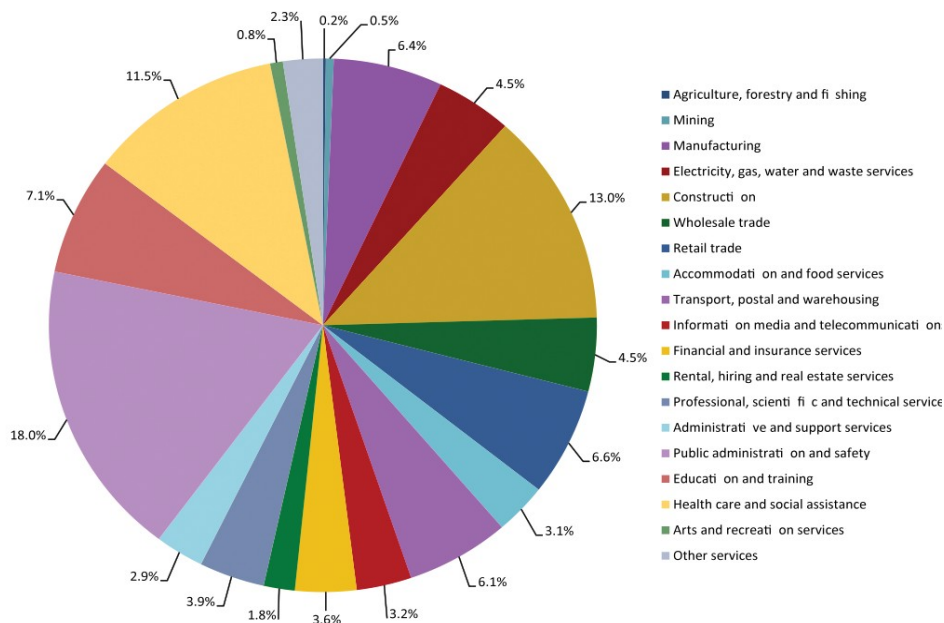
With an annual population growth of approximately 2.4%, growth is expected to be driven by strong lifestyle attraction and employment opportunities across Townsville’s core industries, including defence, health care and education.

Townsville is located at the centre of North Industry diversity, government investment and major transport infrastructure underpin Townsville’s role as the commercial and services hub for North Queensland’s minerals, agriculture, tourism and tropical sciences sectors.

As a stable and well-served centre of the tropics, with national and international access, Townsville is an increasingly preferred location for specialised industry and professionals. The city’s relatively large population, combined with that of nearby regional centres, provides a sufficiently large market to support a range of business enterprises that would otherwise be expected to operate from South East Queensland.

Because it is the largest tropical city in Australia with the most broad-based regional economy outside of Brisbane, Townsville has been identified by the Queensland Government as the state’s logical second capital city. The population pressures being experienced in South-East Queensland will result in Townsville Playing an increasingly important role in supporting Queensland’s Future Growth





Note: Excludes ownership of dwellings industry.
Source: AEC

With a strong vision for the future, diversity and balance certainly do underpin the economy of the Townsville North Queensland Region.

No single sector contributes more than 12.3% to the Region, ensuring economic stability.

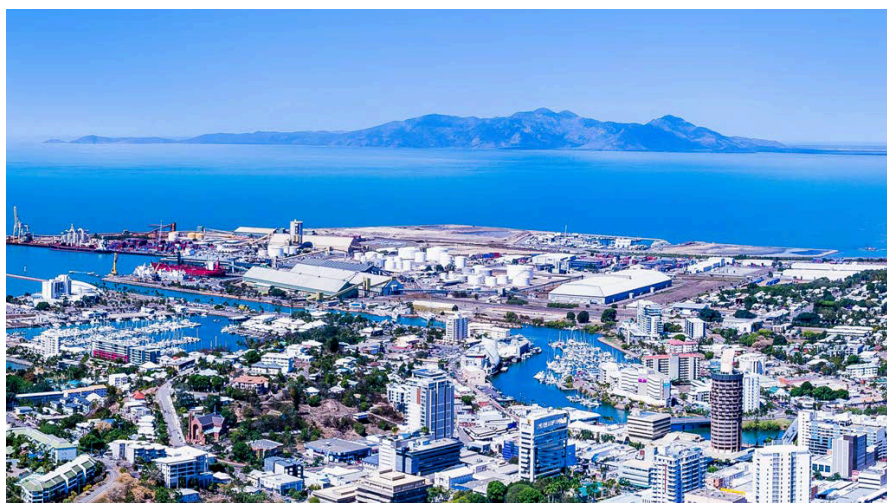
Over the last decade, Townsville has more than doubled its Gross Regional Product (GRP) to an estimated \$12.381 billion. With approximately \$78 billion worth of projects in the pipeline, (i.e., The Australia-Singapore Military Training Initiative (ASMTI), Battery, Processing Plant, Haughton Pipeline Duplication, Townsville Port Expansion project), Townsville has a positive future outlook with regard to growth and prosperity. For more projects in the pipeline visit: <https://www.rdanwq.org.au/civil-and-commercial-construction-projects/>

Growth of Northern Australia is inevitable and in the best interest of the nation to ensure the North's future is one of strength, durability and innovation. Townsville has been identified as one of the major metropolitan cities of the future that will support this growth. This was highlighted recently with the Australia Local Government Association's release of the State of the Regions 2014-15 report.

"Given the geography of Northern Australia, and its vast area, it would seem that it has room for two major cities, one on the north coast facing Indonesia and one on the east coast facing out over the Pacific. Based on present urban populations, the obvious nominees are Darwin and Townsville. It would be wise to begin to envisage these two currently small cities as metropolitan areas with populations in the millions."

Source: ALGA State of the Regions 2014/15 Report





CoreLogic (2020) have highlighted that COVID-19 had an initial negative impact on national property values to September, however, it has since resulted in a recovery at the end of 2020. The demand for vacant land since June 2020 has significantly increased, reflecting the demand for a change in lifestyle living, which has favoured regional Australia compared to larger capital centres.

The economic recovery efforts combined with record low cash rates (0.10% as of December 2020) has the potential to place upward pressure on house prices into 2021 (CoreLogic, 2020).

Indicators	Residential Dwelling Units(No.)	Residential Building Value (\$'M)	Non-Residential Building Value (\$'M)
Townsville			
Townsville 12 Months to Dec 20	440	\$272	\$260
Townsville 12 Months % Change	68%	56%	-27%
Charters Towers – Ayr – Ingham			
Charters Towers – Ayr – Ingham 12 Months to Dec 20	61		\$33
Charters Towers - Ayr - Ingham 12 Months % Change	-15%	\$33	-17%
Queensland			
Queensland 12 Month % Change	7%	8%	-13%

Notes: (a) 12 Months to December 2020. (b) 12 Months % Change

Source: QGSO (2020).

⁸ CoreLogic (2020). CoreLogic's Best of the Best Report shows 2020's biggest property market winners. Retrieved from <https://www.corelogic.com.au/news/>



4. Security of Tenure

The Fencing Factory - Agreements to Lease

The Fencing Factory is located at 29-31 Auscan Crescent, Garbutt, North Queensland Australia.



Lease Specifications

Landlord:	Glennelly Super Pty Ltd
Tenant:	Glennelly Pty Ltd
Premises:	29-31 Auscan Crescent, Garbutt
Term:	5 years
Option:	5 + 3 + 3 years
Rent:	\$65,000.00 + GST
Guarantee:	Bank Guarantee equivalent to 3 months rent

Powdercoat Select: Security of Tenure – Agreements to Lease

Powdercoat Select is located beside The Fencing Factory at 25-27 Auscan Crescent, Garbutt, Townsville, North Queensland, Australia.



Lease Specifications

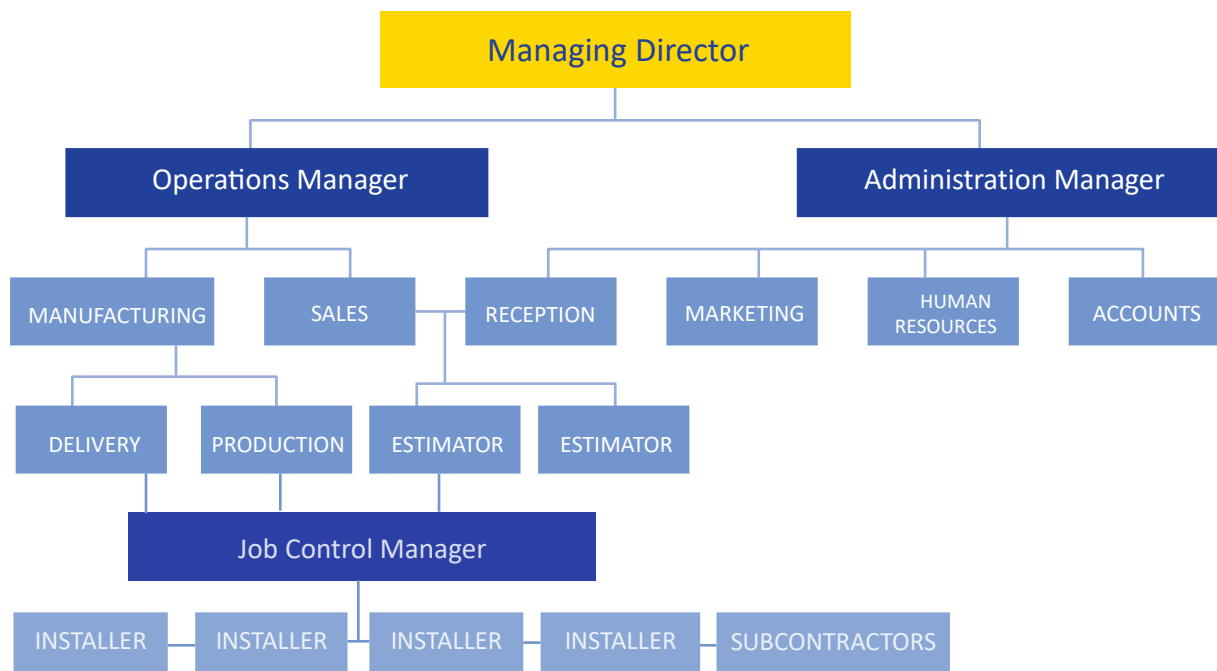
Landlord:	Auscan Crescent Pty Ltd
Tenant:	Glennelly Pty Ltd
Premises:	25-27 Auscan Crescent, Garbutt
Term:	5 years
Option:	5 + 3 + 3 years
Rent:	\$95,000.00 +GST
Guarantee:	Bank Guarantee equivalent to 3 months rent



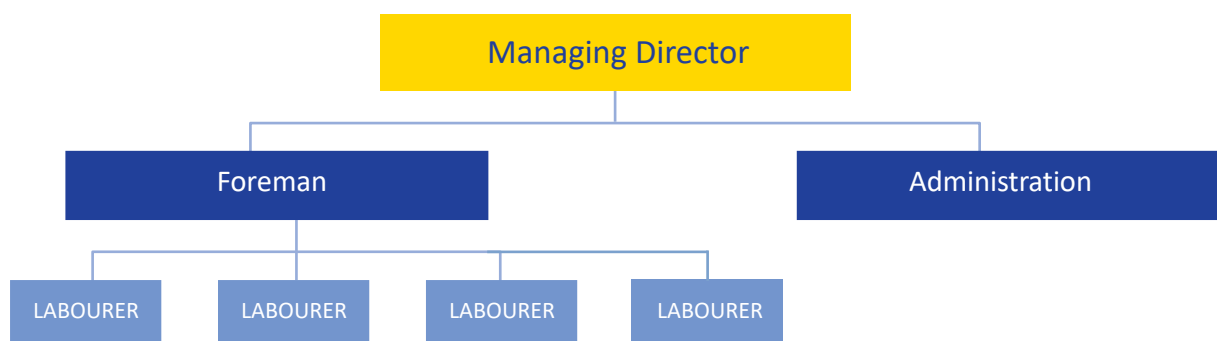


5. Organisational Chart - Glennelly Pty Ltd

5.1 The Fencing Factory



5.2 Powdercoat Select



6. PLANT AND EQUIPMENT LIST AS PER 01/07/2022

MOTOR VEHICLES	Registration/Serial no	Purch Value
HINO Ranger Pro 6 LWB Cab Chassis Truck rego 703 INR	VIN: JHDFDIJPPXXX10476	58,000.00
HINO Dutro Cab Chassis Truck Reo: 545 GME	VIN: JHDHZ430000001300	22,000.00
Isuzu Dmax 019 ZNT	VIN: MPATFR85JKT006394	24,270.00
Isuzu Dmax 261 YCG	VIN:MPATFR85JJT001691	27,366.00
Holden Colorado 023 TPA	VIN: MMU143DH0DH684119	30,830.00
Isuzu Dmax 076 RKE	VIN: : MPATFS85JBT100267	32,500.00
TRAILER UBEAUT QXY rego 012 QXY	VIN: 6T9T20V97D09L7358	3,100.00
TRAILER PBL rego 563 QQN	VIN: 6HAPBLBXT9MJL1013	1,818.00
Toyota Forklift 7FD25	Serial No; 13224	12,500.00
NTP Forklift		7,000.00
Dingo Red		2,000.00
Honda Dingo Green GX620 with attachments post hole auger,	Model: 050-100-062	9,050.00
	Total Motor Vehicles	230,434.00



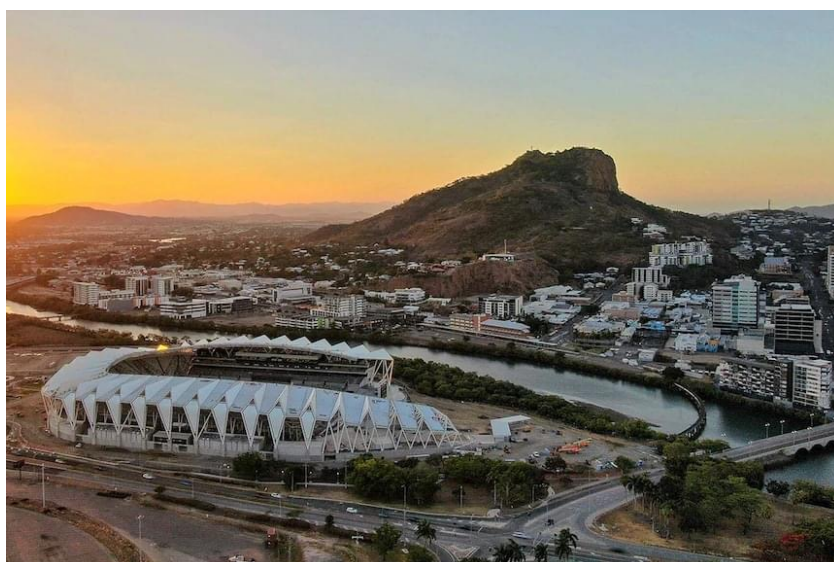
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6. Plant and Equipment List as per 1 July 2022 (cont.)

The Fencing Factory		
4 complete sets of all Fencing Tools required in Truck and Utes		\$ 8,000.00
Angle grinder 5" Hitachi G135R3		
Angle grinder De Walt 4" 0060350		
Angle grinder De Walt 4" 904289 04/22		
Bending Machine Hafco Metal Master Plate PB420g		
Castolin Eutectic Totalarc 270 Pulse Welder	13/10/2005	\$ 3,000.00
Chainsaw McCullough	03/07/1905	
Coil Nailer HIKOKI PNEUMATIC NV65AF3(H1Z)	09/11/2021	\$ 635.00
Compressor Blackridge BRC 120	01/08/2011	\$ 100.00
Compressor Petrol Honda P18H GX200T	07/08/2020	\$ 1,817.00
Container 20 ft CSC3402 2w/b	19/08/2008	\$ 2,485.00
Container 40ft CSC3402 2w/b		\$ 3,410.00
Container 40ft The Fencing Factory storage		\$ 5,000.00
Diamond Core Drill 1500W PA CF02-80	31/08/2007	\$ 200.00
Digital Laser Range Finder Bosch DLE70	12/02/2010	\$ 450.00
Drill 16/13mm Makita M804		\$ 50.00
Drill Press Rixon	21/07/2005	\$ 200.00
Drill Press Transpower HD SE330H	05/07/1905	\$ 500.00
Dropsaw Makita 355mm 2414NZB		\$ 350.00
Foshens/Pattern-Scrolling machine JGW-16	18/09/2008	\$ 2,000.00
Generator Honda 5.5 kVa		\$ 800.00
Grinder Bench 5" BG150	06/07/1905	
Grinder Bosch GWS710	13/07/1905	
Grinder DeWalt 4"		
Grinder DeWalt 4" DWE4001		
Grinder Makita 7"		
Grinder Makita 9556NB	10/07/1905	
Grooving Tool Makita 3803A	01/12/2010	
Hand rivet nut tool LN2	18/07/2005	\$ 300.00
Honda GX200T CN FD G2 00 Petrol Compressor P18H		\$ 1,817.00
Jack Hammer	02/11/2021	\$ 580.00
Jack Hammer Full Boar	04/11/2021	\$ 435.50
Jigsaw Einhell BPS 350E-1	01/10/2002	\$ 100.00
John Heine 20 tonne press punching machine	14/05/2010	

6. Plant and Equipment List as per 1 July 2022 (cont.)

The Fencing Factory (continued)		
Kempact Pulse Welder 3000	17/06/2011	\$ 1,000.00
Mastertig 2000 Basic ACDC Welder	04/07/2006	\$ 4,160.00
Mill Drill HAFCO DMF-42a 415V	26/12/2019	\$ 1,865.00
Mitre Saw DeWalt DW703-XE		\$ 100.00
Mitre Saw DeWalt DW713-XE	08/07/2010	
Mitre Saw DeWalt DWS780-XE		
Mitre Saw Hitachi C-10FCE2		\$ 100.00
Mitre Saw Makita 2400 B255		
Mitre Saw Makita5800nb	05/07/2014	\$ 300.00
Multibender Metalcraft Machinery JGW 16	18/09/2008	\$ 2,727.00
NV65AF3(H1Z) COIL NAILER		
Ouber 1.1KW Portable Evaporative Air Multi Direction Cooling Cooler		\$ 2,530.00
Panbrake PB 420 1250 x 2mm cap Incl stand	12/07/2005	
Plasma Cutter Cutmaster 38	19/07/2005	\$ 2,865.00
Plunge Router Makita 8mm 3620-SP	23/08/2007	\$ 100.00
RD7200 TX5 Kit Underground Services Locator		\$ 6,800.00
Reciprocating Saw XUI XRS 650	08/07/1905	
Redi Mig 225 I/R Welder	29/11/2007	\$ 2,730.00
Squash and Shear Machine Hydraulic Unit pipe bender	18/10/2005	\$ 2,000.00
Staplegun Ozito	01/07/2020	\$ 100.00
Tanjant CP20 Guide Kit to suit Plasma Torch		\$ 100.00
WIA Mig Singel Phase Electric Welder 175 on metal stand	01/10/2004	\$ 2,000.00
	TOTAL	\$ 61,706.50



6. Plant and Equipment List as per 1 July 2022 (cont.)

Plant and Equipment Powdercoat Select		
Batch Oven 3.5m	01/01/2022	\$ 10,000.00
Batch Oven 7.0m	01/07/2005	
Water scrubber spray booth 7.0m	01/07/2005	
Treatment tanks Gas heated x 4	01/07/2005	
PH Controller Emjay	20/07/2005	
Treatment tanks Cement Block with polyurea coating	18/02/2008	\$ 44,500.00
Clearmake water treatment system	01/03/2008	\$ 5000.00
Hoist and Trolley 1000kg Hitachi	22/09/2011	\$ 3000.00
ITW GemaOptiflex Spray Gun x 2	24/04/2008	\$ 6300.00
ITW Gema Easytronic		
GEMA OPTIFLEX PRO B Box Feeder	29/06/2021	\$ 7950.00
ITW Gema		\$ 6200.00
Wagner Spray gun Prima 2008	03/06/2009	\$ 4998.00
Positest Micron meter DFT FN 1000	26/10/2005	\$ 1195.00
Compressor Puma 100hp 3 cyl 3 PH	28/08/2006	\$ 2636.00
Viper 70L Wet/Dry Vacuum Cleaner		\$ 950.00
Vacuum Cleaner Pullman CB80-3-88	11/03/2015	\$ 689.00
Submersible Pumps x 3		\$ 1500.00
Air Dryer/filters Compair F0006HA0005	05/09/2005	\$ 2595.00
Bosch GHG 660LCD Heating gun	22/06/2011	\$ 200.00
Pressure cleaner Spitwater 8-100C	14/12/2010	
Cordless Drill Hitachi 18v DV180BLZ		
Workshop radio DeWalt DC011-XE	13/05/2008	
Water cooler: Aqua cooler AC98140684		
Sander Makita 125mm B05021		
Industrial Fan		
Electric Drill Milwaukee PD2E2OR		
Compair Air Dryer F007S-A 230/1	25/06/2020	\$ 2,037.00
		\$ 99,750.00



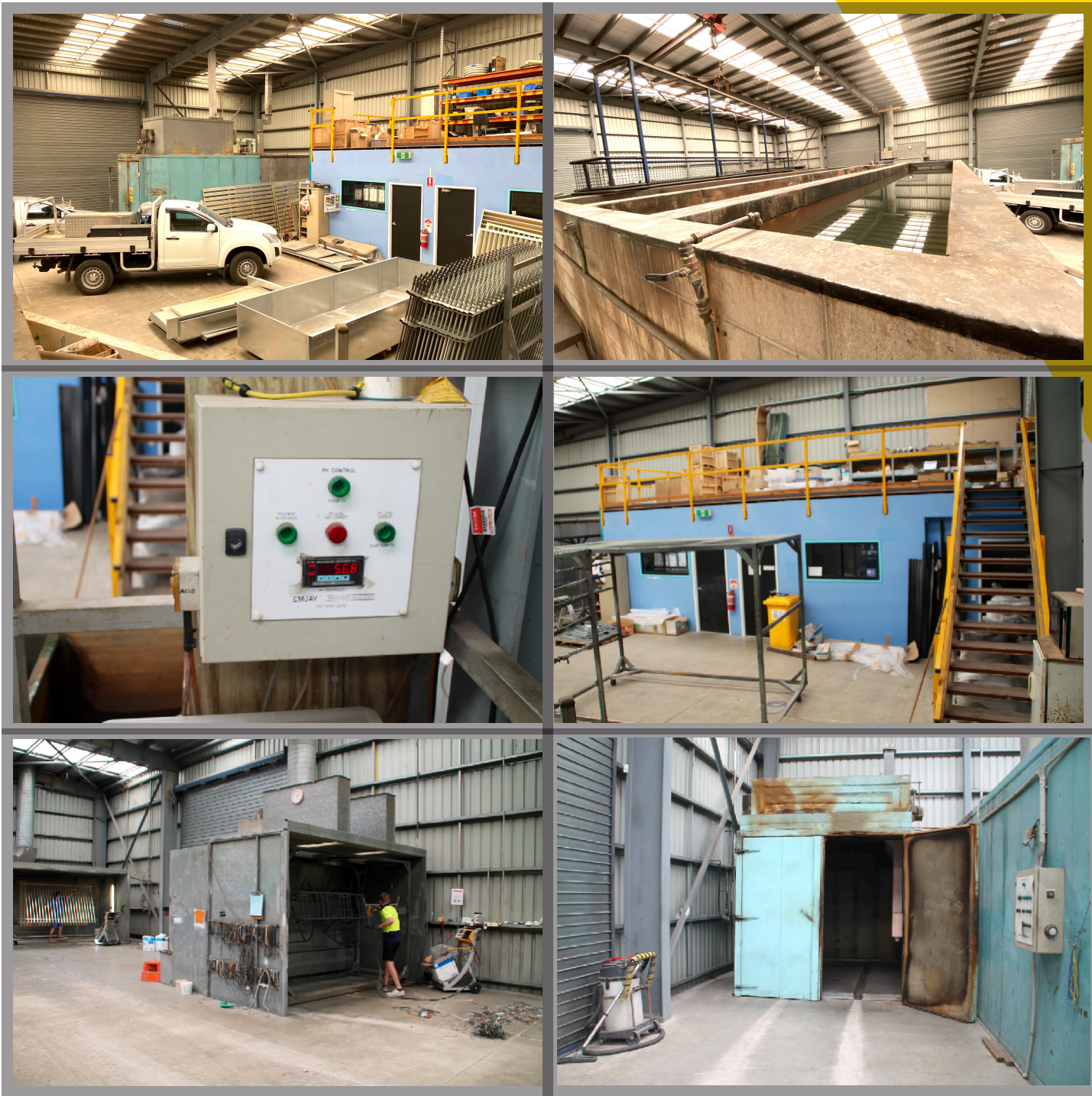
Plant and Equipment Images



CAPTION



Plant and Equipment Images



Plant and Equipment Images



7. Team

The details of staff form part of a contract and will remain confidential prior to an offer and contract being negotiated. Glennelly Pty Ltd employs 18 full time employees and sub-contracts to several fence installers as required.

The average age of employees is 36, and with training programs in place for key personal, The Fencing Factory and Powdercoat Select have achieved redundancy and continuance in staffing requirements.

8. Products and Services

The Fencing Factory predominantly designs, manufactures and installs a large range of residential, commercial and rural fencing products, specialising in semi-frameless and frameless glass pool fencing and aluminium powder coated fencing products.

Gate automation is an increasing popular product and the Fencing Factory is a leader in supply and installation of this technology.

The Fencing Factory stock the largest range of timber fence products in Townsville with the largest range of Koppers logs, from garden edging to house stumps. Powdercoat Select adds another dimension to the fencing products by an electro-static process in which electrically charged powder is sprayed onto metal products and give the products a long lasting coating. All of the aluminium products are powder coated in the Powdercoat Select factory, and it serves other manufacturers in Townsville as the best quality powder coaters in Townsville.

An additional range of products include chain wire fencing, welded mesh fencing, security fencing, Colorbond fencing and the supply of accessories and hardware necessary for installation.

9. Trading Performance

Financial Information - See Annexure A

Sales Information - See Annexure B

10. Stock at Value as per 30 June 2022

INVENTORIED ITEMS		\$	173,458.00
NON INVENTORIED ITEMS THE FENCING FACTORY	Aluminium	\$	23,700.00
	Steel	\$	11,500.00
	Timber	\$	1,825.00
*** Gate automation and hardware	Miscellaneous***	\$	5,500.00
Total Value		\$	215,983.00





Summary of Opportunity

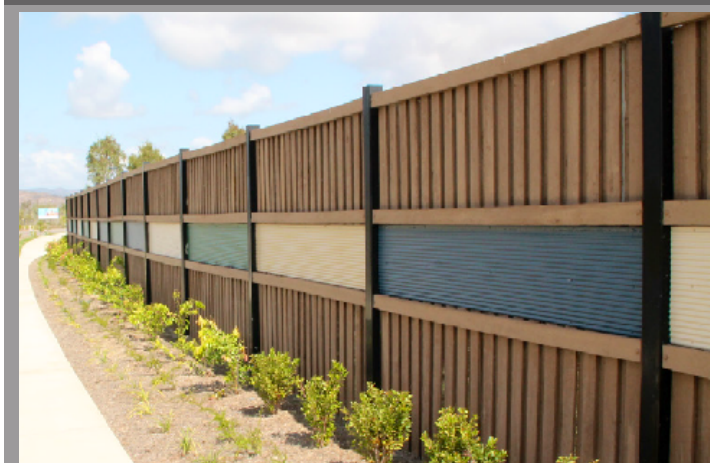
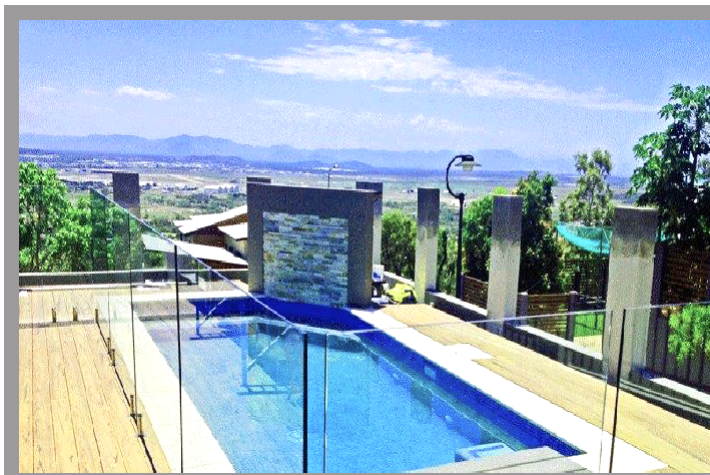
This prospectus has outlined an opportunity to purchase two businesses known as The Fencing Factory and Powdercoat Select as a synergistic operation that will revolve around fundamental factors including profitability, reputation, location, experience, market share and competition.

The businesses have developed a well-established reputation for quality, reliability and value. With Northern Australia continuing to evolve, Townsville is attracting multi-national companies to the region. This can only improve the market share for the businesses.

- Position:** Central location in the Garbutt industrial precinct with easy access and dual occupancy with the complimentary businesses.
- Reputation:** The Fencing Factory and Powdercoat Select are the largest fencing business and powder-coating factory in North Queensland. They are well established and growing rapidly.
- Competition:** Due to well-established customers and technical skills, a new competitor will not pose an immediate risk to these businesses.
- Product Supply:** The Fencing Factory and Powdercoat Select both have long-standing and well established supply agreements with many local, national and international suppliers including Dulux, Koppers, Wade Sawmill I.T.I and Interpon.
- Security of Tenure:** A unique opportunity exists for the purchaser of these businesses with the tenure being negotiated between the parties.

We believe this opportunity would be very advantageous for a purchaser with future growth in this region. With a strong presence in Townsville, North Queensland, including a large centrally located retail and wholesale depot and a busy powder-coating facility, this will only further enhance the sales growth for a new purchaser. We trust that this offer will be given the due diligence that it deserves.





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GLENNELLY PTY LTD

ABN 63 112 526 468

**ABRIDGED PROFIT AND LOSS STATEMENT
FOR THE YEARS ENDED 30 JUNE 2020, 2021 & 2022
(MANAGEMENT FIGURES)**

	30-Jun-22 \$	30-Jun-21 \$	30-Jun-20 \$
SALES			
Sales	4,237,268	3,510,525	2,890,877
	<u>\$4,237,268</u>	<u>\$3,510,525</u>	<u>\$2,890,877</u>
LESS: COST OF GOODS SOLD			
Opening Stock	194,430	204,710	131,964
Purchases	1,854,493	1,498,762	1,248,412
Closing Stock	- 173,458	- 194,430	- 204,710
	<u>\$1,875,466</u>	<u>\$1,509,042</u>	<u>\$1,175,666</u>
LESS: MANUFACTURING COSTS			
Damaged/Stolen Stock	18,381	11,346	11,308
	<u></u>	<u></u>	<u></u>
GROSS PROFIT FROM TRADING	<u>\$2,343,422</u>	<u>\$1,990,137</u>	<u>\$1,703,903</u>
EXPENSES			
Administration Charges	6,760	6,711	5,034
Advertising	40,217	41,982	49,487
Cleaning	12,392	10,212	7,105
Computer Expenses	216	1,280	
Electricity	5,849	5,335	2,909
Forklift Expenses	1,562	2,278	630
Freight & Cartage	10,421	10,470	3,996
Fringe Benefits Tax paid	24,688		
Insurance	51,035	48,788	38,569
Legal Expenses	2,022		
Merchant Charges	12,389	10,030	10,618
Motor Vehicle Expenses	51,581	44,332	58,442
Office Expenses	10,716	2,362	-
Printing & Stationery	-	8,455	5,813
Rates & Utilities	-	-	-
Registration & Permit Fees	6,784	7,268	2,224
Rent	161,940	159,135	133,977
Rent - Employee accommodation	31,909		
Repairs & Maintenance	13,744	11,411	16,750
Safety Equipment	6,621	7,489	3,155
Salaries & Wages	1,106,159	924,094	770,563
Security Costs	4,208	4,122	3,385
Staff Amenities, Training & Welfare	14,938	15,446	16,747
Subcontractors	177,526	156,993	135,273
Superannuation - Employees	99,306	78,997	67,105
Telephone & Internet Costs	11,943	11,474	10,843
Tool Replacement	9,075	16,541	11,653
Workcover	26,690	25,460	18,581
	<u>\$1,900,690</u>	<u>\$1,610,664</u>	<u>\$1,372,861</u>
Adjusted Net Profit before depreciation, interest & tax	<u>\$442,731</u>	<u>\$379,473</u>	<u>\$331,042</u>

The accompanying notes form part of this financial report.
This report should be read in conjunction with the attached compilation
report of Maclean Partners Chartered Accountants.
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	2021	2021	2020
TFF Sales incl Freight income (deliveries)	\$ 3,028,983.00		\$ 2,523,152.00
Powdercoat Select Sales	\$ 468,293.00	20%	\$ 367,725.00
Total Sales	\$ 3,497,276.00	21%	\$ 2,890,877.00

Powdercoat Select Sales			
Powdercoat only sales	\$ 333,106.00	29%	\$ 258,647.00
Powdercoat part of TFF aluminium sales 18%	\$ 135,186.00	24%	\$ 109,078.00
Total powdercoat sales	\$ 468,292.00	27%	\$ 367,725.00
			13% of total sales

The Fencing Factory Sales breakdown				
TFF CASH sales	\$ 180,389.00	% of total TFF Sales	\$ SALES	% of total TFF Sales
Builders incl Project Developers	\$ 32,088.00	6.0%	\$ 149,857.00	5.9%
Trade Customers	\$ 692,978.00	1.1%	\$ 191,262.00	7.6%
Real Estate Managers	\$ 29,314.00	22.9%	\$ 490,047.00	19.4%
Body Corporate	\$ 13,954.00	1.0%	\$ 66,246.00	2.6%
Government	\$ 180,547.00	0.5%	\$ 36,827.00	1.5%
Residential Customers	\$ 1,899,713.00	6.0%	\$ 14,245.00	0.6%
		62.7%	\$ 1,574,668.00	62.4%

Powdercoat Select Sales breakdown						
Trade Customer	\$	314,663.00	67.2%	\$	217,940.00	59.3%
The Fencing Factory	\$	135,186.00	28.9%	\$	109,078.00	29.7%
PS Cash sales	\$	18,444.00	3.9%	\$	40,707.00	11.1%

