



Syndicated Development Pty Ltd

ABN 65 092 604 549 Tel: (08) 9301 0662 Fax: (08) 9301 0665 Mobile: 0417 266 066
88 Reid Promenade, Joondalup, Western Australia 602 Email: reports@brookestone.com.au

Syndicating Property

Successful Property Investment is a Matter of Good Timing!

Syndicated Development Pty. Ltd. has studied the effects on property prices since the ‘Great Depression’ and one common factor clearly emerges.

The years following the depression and each subsequent recession, has seen the property market rebound far higher than before. The investors who took advantage of the depressed property prices and low interest rates made huge gains in the recovery.

The proven advantage of property investment is that during times of a financial downturn it survives intact (unless in a war zone) unlike a company that closes its doors and is placed in receivership. When that happens – all is lost!

Another great advantage of property syndication is that ‘risk exposure’ is minimised by each investor having only a relatively small number of shareholdings in each investment. The risk is low but the returns can be high!

Syndicated Property Investment

What is meant by a Syndicate?

According to the Heinemann Australian Dictionary the word Syndicate is defined as “a combination of individuals or companies to carry out a project”.

Syndicated Development Pty. Ltd. concentrates on bringing together groups of people to combine relatively small amounts of money into one investment package to purchase property with sound growth potential. The important part of successful investment is timing!

What is the difference between Public Syndicates and Private Syndicates?

A public syndicate normally has **100 Plus** investors. A private syndicate has less than 20 investors.

The ASIC has strict guidelines governing syndicates with 20 or more investors and requires the production of a prospectus costing \$100,000 to be registered with them.

Most large syndicates lock investors into a ten year programme with no way out and **no** say in the property purchased.



Obviously these costs and terms are prohibitive to investors with limited amounts of capital, which is the reason why **Syndicated Development Pty. Ltd.** concentrates **only** on small profitable syndicates with limited numbers of investors who **do have a say** in what they invest.

Advantages of a Private Syndicate:

- You are the one deciding in which property to invest.
- You are not just a number amongst hundreds of other investors.
- Your investment is not impersonal -You have a sense of involvement.
- Syndicate members decide when to sell the investment.
- **Syndicated Development Pty.Ltd.** projects are normally five years (or a time period agreed by the investors).
- By nature of the syndicate you have little exposure to risk. The more syndicates you are in –the less the risk.

How Does Syndication Work?

If you are interested in investment personally or for your self managed super fund it is important that you seek independent financial advice before proceeding with an investment in property syndication - and if you are genuinely interested please contact Darryl Flaherty (CEO) of **Syndicated Development Pty. Ltd.** for further information.

When we have located a prospective investment property the feasibility will be prepared and sent to you for perusal. There is no charge for the preparation of the feasibility.

On written acceptance of the proposal you will be asked to sign an agreement individually prepared by Solicitors and at the same time to pay into a company **Trust Account** the equivalent of 30% of your investment amount (allowing the company to secure the property and to instigate proceedings to enable the investment to become cash flow positive as soon as possible).

The remaining balance of 70% of your proposed investment is to be paid into the company **Trust Account** by no later than 30 days after you have paid the initial deposit.

During the syndicate life you are provided with regular reports on progress and provided with annual financial statements and income tax returns of the syndicate, prepared by our appointed taxation advisors, Abbott Solutions.

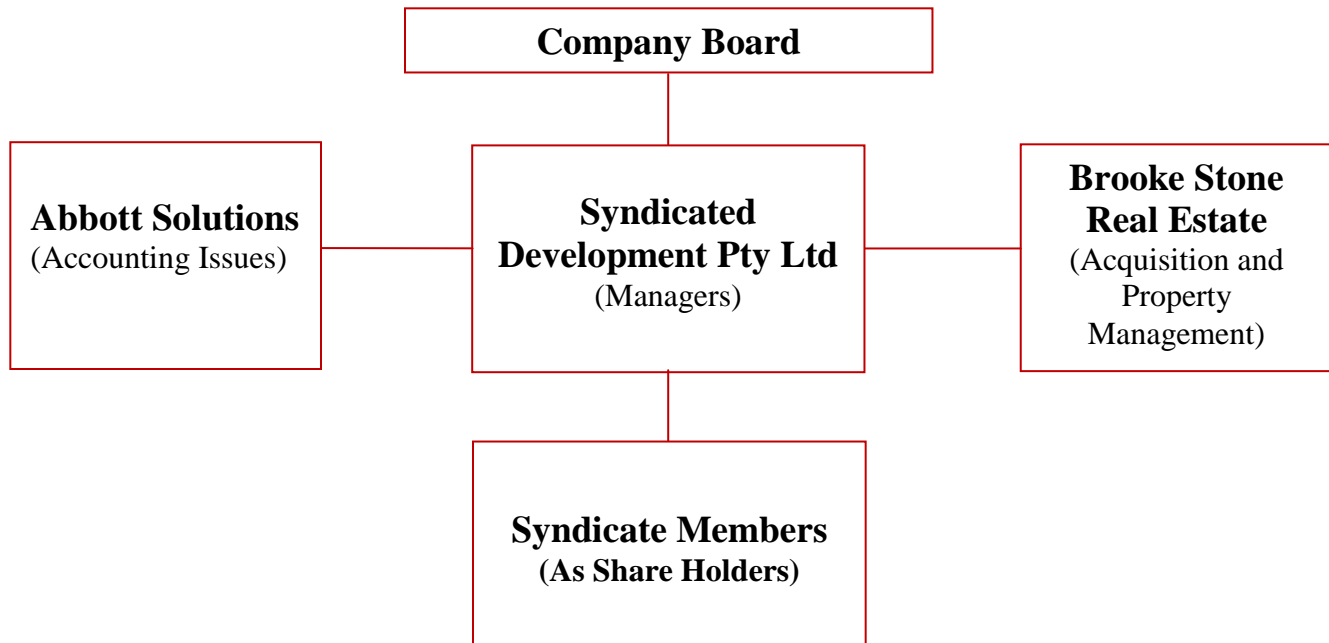
Due Diligence:

In order to minimise the risk associated with future maintenance problems it is automatically a condition of the contract that a qualified Building Consultant conduct a due diligence report on the structure of the building and a separate termite and vermin inspection is carried out.

Legal contracts are prepared and checked by the appointed Solicitors.



This is how a Private Syndicate is structured:



Why a Company?

Property syndicates structured in particular ways are extremely expensive therefore reducing significant amounts of capital from your initial investment. It is recommended that each syndicate be structured as a separate company for taxation purposes to maximise returns and deductions as well as the fact that a Proprietary Limited Company offers better protection to the shareholders. Plus as a shareholder you have an option to sell your investment to other parties along the way.

Each Company is made up as follows:

Syndicated Development Pty. Ltd. will be responsible for the formation of each syndicated company and will act as manager for each syndicate.

Each syndicate is completely independent and in no way has liability for any other syndicate or company

The Manager will appoint Abbott Solutions as taxation consultants to each syndicated company and to also act in an advisory capacity.

Brooke Stone Real Estate will be appointed by the Manager to handle matters pertaining to acquisition, overall property management and every day accounting.

In accordance with the stated conditions each syndicated company will have no more than a maximum of 18 investors, or whatever is the **minimum** number required to provide a 50% (plus) LVR.



Investment share allocations are as follows:

Diamond Members	\$250,000 - or more
Gold Members	\$150,000 - \$249,000
Silver Members	\$ 75,000 - \$149,000
Pearl members	\$ 25,000 - \$ 74,000

Financing the Borrowings:

In order for investors **not** to have to provide personal guarantees and to ensure that the investment property is positively geared (meaning the investor provides no more capital other than the original investment as the income from the property should comfortably cover the mortgage repayments) – then **Syndicated Development Pty. Ltd.** borrows on behalf of the syndicate between 50% and 65% of the total cost of the project. This is intentionally conservative to extend maximum protection to the investor.

Personal Super Fund:

If you have a self managed super fund this could be an excellent opportunity to be involved in the security of property investment.

Wishing to Sell your Shareholding in the Syndicate Investment?

These shares are not tradeable on the Australian Stock Exchange but it is possible to sell your investment to other members of the syndicate or to ask the Manager to offer the shares to other prospective members wishing to become an investor in syndicated property investment.

Other Property Investments:

From time to time **Syndicated Development Pty. Ltd.** investigates the feasibility of investment in purchasing commercial property of factories, office blocks, small retail shopping centres, motels, etc.

The properties considered must be recently built with good depreciation allowances, rental income, long leases in place, good location and satisfy all the town planning requirements, local by-laws, etc.

As an investor who has indicated a genuine interest to invest in syndicated property, **Syndicate Development Pty. Ltd.** will notify you if and when these developments become available.

Company Founded:

Syndicated Development Pty. Ltd. was founded in 1998 in order to syndicate small numbers of investors into companies to purchase property and today is part of the Zabe Nominees group owning its own three storey office building and employs eleven staff plus contractors.

Syndication proved to be very successful and Brooke Stone Real Estate was commenced to administer the property management of accommodation for national and international students. In addition Brooke Stone provides customised sales services to investors.



Brooke Stone is the appointed “Official Supplier of Off-Campus Student Accommodation for Edith Cowan University” housing over 400 students. Brooke Stone also works with Joondalup Mental Health to supply accommodation to out-patients.

Companies:

Syndicated Development Pty. Ltd.
Brooke Stone Real Estate.
Zabe Nominees Pty Ltd.

Directors:

Darryl Flaherty (CEO). Has held his Real Estate Certificate since 1983 and is a very capable Director with innovative ideas and exceptional marketing skills.

Lesley Flaherty Licensee/Director. Has held her Real Estate Certificate for 15 years before becoming a full licensee. Lesley has empathy with people and is the perfect choice to operate a business involved with student housing.

Awards :

Brooke Stone Real Estate won the 2008 TAFE ‘Business Innovation Award’.

Finalist in 2008 Edith Cowan ‘Business of the Year Award’.

Finalist in 2008 Commonwealth Bank of Australia ‘Customer Service Award’.

Presented in 2008 Joondalup Business Association “Award for Community Involvement”.

Nominated for 2009 Telstra ‘Business of the Year Award’.

What Other People Say:

Richard Donley (Retired Businessman) “- have been involved in a number of joint developments which were very profitable”.

John Evert (Retired Company Executive) “- have known Darryl and Lesley for over 40 years. Been in several construction and syndicate projects with Darryl and trust them both with my life”

Roland Godfrey (Dentist) “ - invested in a syndicate providing student accommodation close to the university. Sold out after just four years and did very nicely”.

Barry Lloyd (Business Manager) “- My wife and I have been in two different investment syndicates and in the end finished up with more than we expected”.

Daniel Zimmerli (City Planner - Zurich Switzerland) “- I spend a lot of time in Western Australia and watched your syndicates grow from a small idea into a great success. Congratulations to you both”.



Terry and Liz McDonald (Retired Business Owners) “- we were introduced to Darryl and Lesley through a friend and we are really glad we met. We invested in two syndicates and the profits we made certainly helped in our retirement”.

John Deykin (CEO Insurance Broker) “ – I have known Darryl since 1958 when we met in National service and I can personally vouch that he is a very astute and successful businessman”.

Ken Edwards (Manager of ECU Student Accommodation) “- we work very closely with all the staff of Brooke Stone Real Estate and I can give the strongest reference to their credentials. They have been of great assistance to the university in housing overseas students and I would recommend them to anybody”.

For Further Information on Property Syndication Please Contact:

Darryl Flaherty

Managing Director	Syndicated Development Pty. Ltd.
Office Hours:	08 9301 0662
Fax:	08 9301 0665
Mobile:	0417 266 066
Email:	report@brookestone.com.au

Disclaimer : Syndicated Development Pty. Ltd, Zabe Nominees Pty. Ltd .nor Brooke Stone Real Estate are financial planners nor does any member of the companies offer investment advice. The information included herewith is compiled from their own experience and research of the market. The Directors, staff or any individual associated with the companies will not be responsible for any loss or damage incurred as a result of your reliance on this information. It is strongly recommend that anybody considering investment in property first obtain independent advice from an accountant or solicitor before entering into a contract.



Example of Syndication

**The Following Pages Provide an Example of
Syndicating a Property Close to the Educational Establishments
in Joondalup. Western Australia.**

**N.B. The Same Principle Applies to Property Anywhere
That Good Long Term Rental can be Attained.**





**For Further Information on
Syndicated Property Investment**

Please contact

**Darryl Flaherty
Managing Director**

Syndicated Development Pty Ltd

88 Reid Promenade

Joondalup 6027

Western Australia

Tel : 08 9301 0662

Fax : 08 9301 0665

Mobile : 0417 266 066

Email : darryl@brookestone.com.au

For Information on the Real Estate Company

Review Brooke Stone Real Estate Web Page

www.brookestone.com.au



**Excerpts from
The West Australian
Newspaper**