



GROUP DEALS & WHOLESALE FUNDS

Welcome to The Commercial Property
Cashflow Webinar



PROPERTY PRESENTATION

PROPERTY FUNDS MANAGEMENT

MultiView is a dynamic Sydney based Property Developer, Syndicator & Asset Manager

MultiView concentrates its expertise in two core areas



MULTIVIEW
INVESTMENTS



MULTIVIEW
MANAGEMENT



Syndication

Property Syndication allows investors to participate with other like minded MultiView clients in purchasing property to be held as an income producing asset and achieve favourable risk adjusted returns.

Development

Through Property Development, MultiView has the capacity to deliver superior investment solutions from design to completion. Certain syndicated properties also ultimately represent a redevelopment opportunity, and through this, MultiView has achieved significant returns to investors.





Asset Management

MultiView currently manages a portfolio of property with a value in excess of \$500 million. As the Asset Manager, MultiView acts as the owners' representative, and oversees all key issues concerning the investment.

Property Advisory

MultiView has the necessary expertise and experience to provide its clients with Property Advisory services to drive profitable outcomes - including project feasibility, property re-positioning, development management and investment analysis.





MULTIVIEW INVESTMENTS

- **MultiView Developments**

- As a Developer we buy a property for \$1. There is no income, instead we develop it and aim to sell it for \$2!

- **MultiView Property Syndicates**

- As a Syndicator we buy a property for \$1. The has income; (rent), we tweak the property with the aim of holding it or selling it for \$2. This is usually done with a group of people in a syndicate or fund.

We are like you, but investing / developing property is our core business!

PROPERTY SYNDICATES

- **What are Property Syndicates/Property Funds?**

- Investing in property can either be held directly (direct ownership on the title) such as your house, an investment unit or as many of you do, through a commercial property with the guidance of Helen
- Indirectly through collective ownership vehicles such as Property Funds. Property Funds also known as Syndicates or Unlisted Property Funds are:

...a form of property investment that provides investors the opportunity to gain access to commercial property assets through an investment in a fund.

- When investing in an unlisted property fund, investors will receive units in the fund/trust which holds the property assets that are managed by a professional property investment manager such as MultiView. Unlike listed property funds, unlisted property funds are not traded on the Australian Securities Exchange (ASX)

MULTIVIEW INVESTMENTS

- Property Funds are **Offered By:**

- Large public institutions such as Mirvac, GPT, Westfield & Goodman
- Public & Privates companies such as Charter Hall, Abacus Property Group, MultiView
- Small groups such as friends, accountancy/law firms etc

- Typically **Offered To:**

- Wholesale Investors – sophisticated owners who can understand the investment and its risks
- Retail Investors – offered through financial planners at much smaller amounts and risk

MULTIVIEW INVESTMENTS

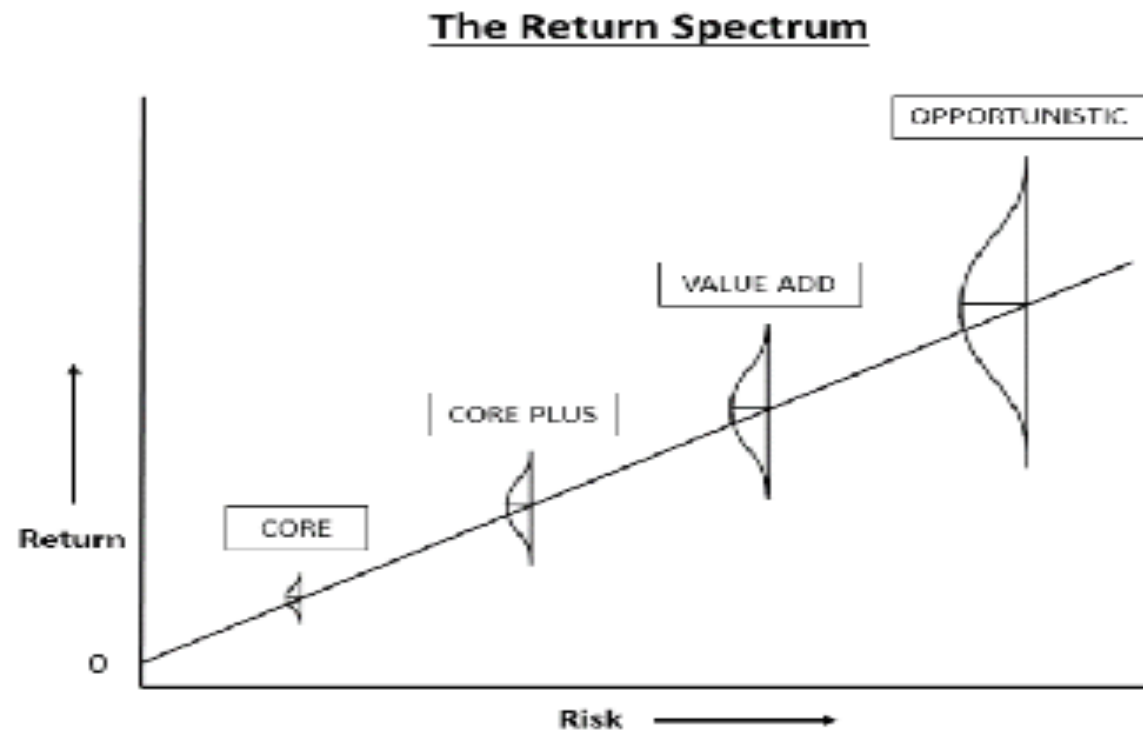
- What do Property Funds **Invest In**?
 - **Office:** Office property can include anything from one or two-storey blocks to iconic CBD towers
 - **Industrial:** Industrial property usually covers warehouses, manufacturing plants and logistics facilities. Distribution centres have become popular with the rise of e-commerce websites creating greater demand for storage and freight
 - **Retail:** Retail property includes some of the most recognisable commercial property such as bricks and mortar stores, shopping centres and retail centres like Bunnings
 - **Other:** E.g. Residential, bulky goods, healthcare assets, childcare facilities etc

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- What are the **Risk Profiles** of those type of investments?
- Property Funds generally follow **Four Main Types** of strategies:
 - **Core:** low-leverage, low-risk/low-potential return strategy with predictable cash flows. A property fund will generally invest in stable, fully leased, typically class A, single or multi-tenant properties within strong, diversified metropolitan areas, often in gateway cities
 - **Core Plus:** The term "core plus" is used interchangeably with Core but generally implies a bit higher leverage than core
 - **Value Added:** A medium-to-high-risk/medium-to-high-return strategy. Examples include buying land or under leased or mispositioned property, improving it in some way, and selling it at an opportune time for gain
 - **Opportunistic:** High-risk/high-return strategy. These properties require a high degree of enhancement. This strategy may also involve investments in development, raw land, and niche property sectors. Returns of greater than 25%

MULTIVIEW INVESTMENTS

- What are the **Risk Profiles** of those type of investments?



MULTIVIEW INVESTMENTS

- What are the **Features** of a Property Fund?
 1. **Tangible Assets**
 2. **Fixed Term**
 3. **Liquidity**
 4. **Asset Sale**
 5. **Gearing**
 6. **Asset Valuation**

MULTIVIEW INVESTMENTS

- **Advantages of a Property Fund?**

- Property Fund total returns have averaged over 10% the last 10 years
- Income streams are typically paid monthly or quarterly from the rental income. This income is typically supported by leases to commercial tenants and provides certainty of cash flow as rental income is typically “locked in” for a predetermined period
- Participation in capital growth of the underlying asset(s) such as improving market conditions, have resulted in strong growth in the underlying assets of Property Funds in the past
- Tax advantages such as deferred income, favourable treatment by Australian tax laws to direct property investments. For example investors will often receive “tax-deferred” distributions through asset depreciation benefits, meaning only a portion of the distribution will be required to be declared as taxable income in the year it is received. Thus, direct property becomes a very attractive investment mechanism through which investors can obtain both income and capital growth tax effectively

MULTIVIEW INVESTMENTS

- Things to **Consider...**

- The investment period is usually medium to long term in nature typically between 5 to 10 years
- Illiquid; while we have touched on this, liquidity is dependent on the investment you have participated in, however some Property Funds have addressed this through providing partial withdrawals and redemption underwriting mechanisms
- Determination of value. Property Funds generally do not provide daily unit pricing. Unlike listed stocks where unit prices change daily, Property Funds require an independent valuation to be undertaken on the asset(s) periodically (usually annually).

MULTIVIEW INVESTMENTS

- So I am **Thinking of Investing**, what do I need to know?
 - The Fund Manager
 - Diversification
 - Property Characteristics
 - Borrowings
 - Fees
 - Independent Research
 - Early Exit
 - Tax

MULTIVIEW INVESTMENTS

- Cont.....So I am **Thinking of Investing**, what do I need to know?
 - Capital Growth Potential
 - Disclosure and Transparency
 - Financial Engineering
 - Market Exposure

MULTIVIEW INVESTMENTS

- Example - **Blacktown**
 - Property Fundamentals
 - Purchase by MultiView in Oct 2016
 - Purchase price: \$16,050,000
 - Commencing rent: \$1,300,000 (8.1% net return)
 - 5 + 5 year term
 - Triple Net Lease
 - International tenant
 - 6 month bank guarantee



MULTIVIEW INVESTMENTS

- Example - **Blacktown**
 - Fund Fundamentals
 - Purchased in a Unit Trust
 - Core fund
 - Four investors including MultiView
 - 50% gearing
 - Anticipated IRR 13%
 - Current value \$28,000,000
 - Current IRR 24.9%
 - Current ROE >130%
 - Exit Strategy
 - Renew with the existing tenant for a new 5yr term
 - Create a new opportunistic fund to develop 85 industrial units



MULTIVIEW INVESTMENTS

- Example - **Woolloomooloo**
 - Property Fundamentals
 - Purchase by MultiView in 2015
 - Purchase price: \$15,000,000
 - Commencing rent: \$0
 - Difficult heritage building



MULTIVIEW INVESTMENTS

- Example - **Woolloomooloo**

- Fund Fundamentals
 - Purchased in a Unit Trust
 - Opportunistic fund
 - 28 investors including MultiView
 - 60% gearing
 - Anticipated IRR 13%
 - Current value \$120,000,000
- Exit Strategy
 - Continue to hold
 - Strata the building into
 - Retail (Woolworths)
 - Hospital
 - Office
 - Residential (18 units)



MULTIVIEW INVESTMENTS



MULTIVIEW INVESTMENTS

- **Non MultiView – Bad Example**
 - Fund Fundamentals (early 2010)
 - A warehouse in Arndell Park
 - Bought at \$10M on a 6% yield
 - Gearing at 50% (\$5M)
 - Property fund paying 8%??
 - So income is \$600,000pa but the fund pays out \$800,000?? (\$200,000 diff)
 - Fund Strategy
 - Revalued the property to \$12M
 - Thus \$5M of debt
 - Debt raised to \$6M (\$1M spare)
 - Therefore (\$1M used to pay the distribution)
 - Property value fell to \$8M
 - \$5M of debt, \$3M of equity
 - Bank demands that gearing be at 50%
 - Property fund needs to find \$1M



MULTIVIEW INVESTMENTS

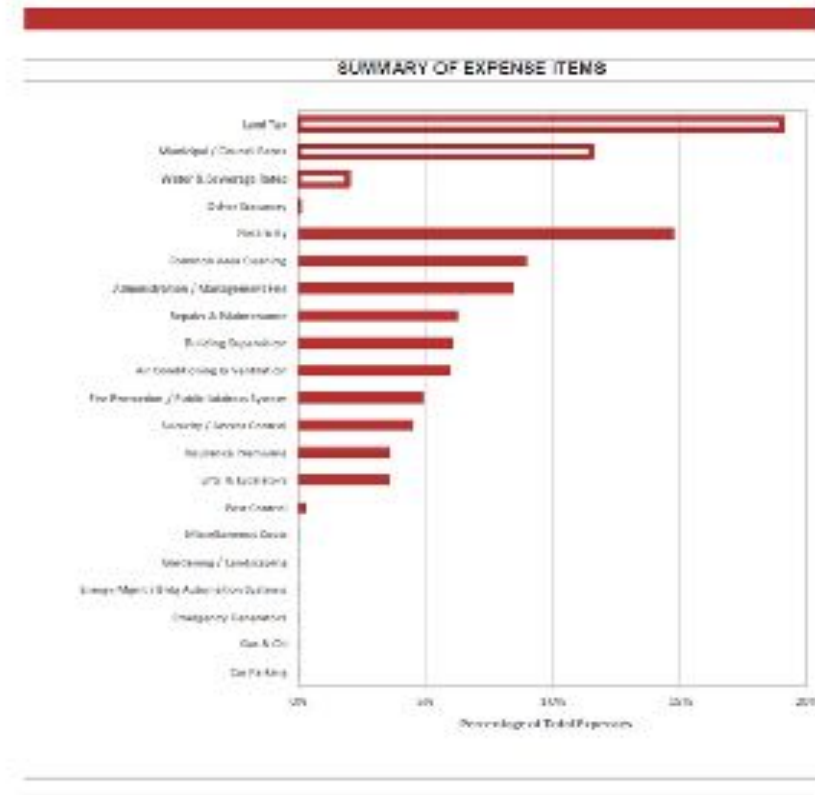
- Example - Outcounas



Benchmarks 2018: Office Buildings

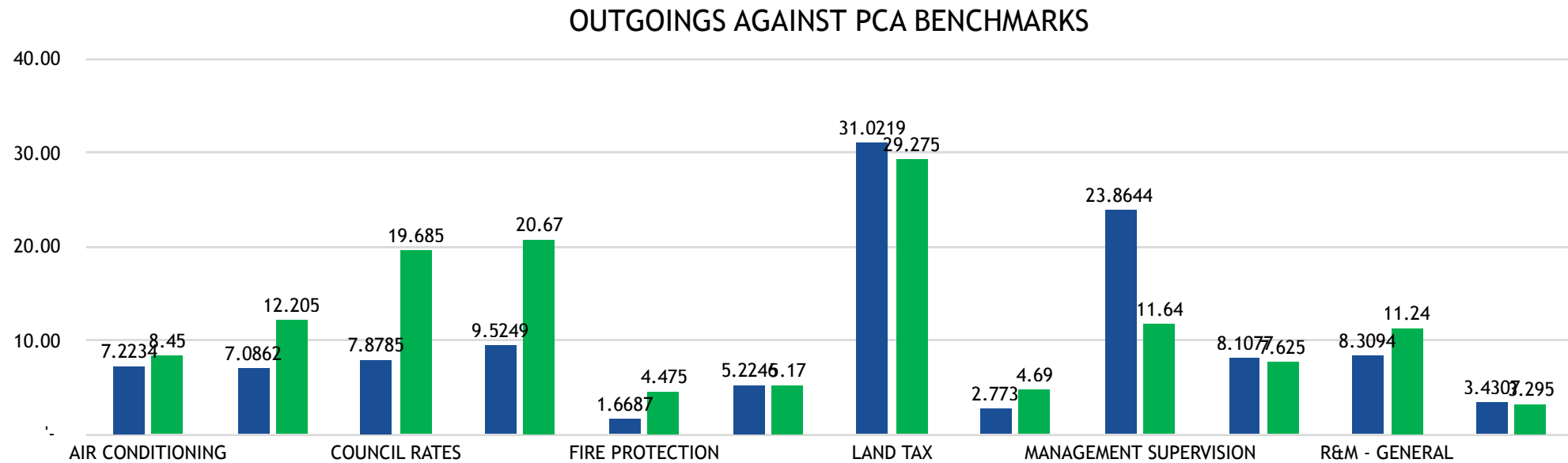
All expense data is exclusive of GST and is for the budget year ending 30 June 2018.

INPUTS	Market		Operating Profile	
	Sydney CBD	< 4,500 sq m		
	\$/sqm	\$/sqm	\$/sqm	
INCOME / COST ITEM	LOWER RANGE	BENCHMARK	UPPER RANGE	
Income				
Rental Income	344.80	467.08	509.18	
Car Park Income	0.00	11.53	84.18	
Naming / Signage Income	n/a	n/a	n/a	
Cleaning Recoveries	11.20	15.60	20.00	
TOTAL INCOME	367.69	535.08	672.47	
Statutory Charges				
Municipal / Council Rates	13.40	17.82	21.84	
Water & Sewerage Rates	1.05	2.88	3.88	
Land Tax	19.62	29.05	39.51	
Other Statutory	n/a	n/a	n/a	
TOTAL STATUTORY CHARGES	30.81	62.03	73.26	
Operating Expenses				
Insurance Premiums	3.07	5.58	7.01	
Air Conditioning & Ventilation	6.41	9.14	11.80	
Common Area Cleaning	13.40	13.76	14.11	
Building Supervision	4.13	9.28	11.28	
Car Parking	n/a	n/a	n/a	
Electricity	15.15	22.68	30.01	
Fire Protection / Public Address System	4.89	7.55	10.21	
Gas & Oil	n/a	n/a	n/a	
Lifts & Escalators	3.97	5.48	6.00	
Pest Control	0.40	0.49	0.58	
Repairs & Maintenance	3.94	9.39	15.23	
Emergency Generators	n/a	n/a	n/a	
Energy Mgmt / Bldg Automation Systems	n/a	n/a	n/a	
Security / Access Control	4.20	8.93	6.58	
Landscaping / Gardening	n/a	n/a	n/a	
Administration / Management Fee	12.12	12.93	13.75	
Miscellaneous Costs	n/a	n/a	n/a	
TOTAL OPERATING EXPENSES	89.64	109.47	131.89	
TOTAL EXPENDITURE	119.45	167.77	183.50	



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- Example – Outgoings



MULTIVIEW INVESTMENTS

- Example – Outgoings

Exterior Building – Before



Exterior Building – After





PROPERTY PRESENTATION

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Taking Expressions of Interest

Please email Helen at

helen@commercialpropertycashflow.com.au

Email subject line: **Investment Club**

Add your details to the email- Name, Phone, Email, Address

You will go on a special list to be advised of such group deals.

If you are ready to buy by the end of this year.