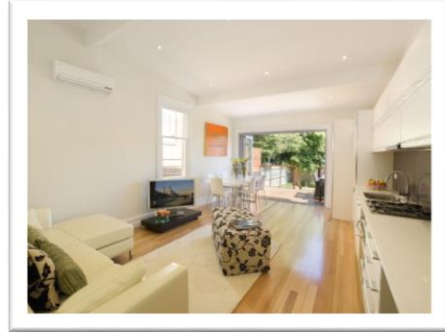


## Investment Management Services

### Intelligent Investment Management.

Investing in real estate is a serious business and its acquisition, management and administration must be treated accordingly.

As your manager, it is our responsibility to provide professional advice and manage your property to provide you with a maximum return on your investment. We are confident that our practical, sensible approach ensures this. A detailed list of services is contained later in this document, however, it is important to initially highlight what we term “Intelligent Investment Management”.



Firstly, Pacific Property Group is a centralised business. When information is required from multiple divisions i.e. sales, management and accounts administration, it is all contained under the one roof and can be cross referenced, compiled and provided quickly and efficiently.

Although residential and commercial investing is vastly different, our approach to the core issues is essentially the same.

Intelligent investment management encompasses a wide range of services and disciplines including the following:

- ♦ Detailed analysis of the property including:
  - Physical property inspections and reporting
  - Discussions with past owners regarding maintenance history
  - Discussions with Strata Managers regarding overall history
  - Discussions with past Managing Agents regarding property and tenant history.
- ♦ Optimisation of the physical property to achieve its maximum rental return.
- ♦ Competitive rental analysis to achieve strong and consistent returns.
- ♦ Competitive rental analysis to reduce vacancy rates.
- ♦ Cost effective repairs and maintenance.
- ♦ Cost/benefit analysis of capital works and expenditure.
- ♦ Intelligent advertising campaigns designed to promote the property not only the agent.
- ♦ Robust tenant selection processes.
- ♦ Robust ongoing tenant relations.
- ♦ Strong negotiation and mediation skills.
- ♦ Clear and open communication with owners.

- ♦ Pacific Property Group is not a licensed financial services provider, therefore, we provide referrals to those within these industries to assist when required. These professionals will include the likes of:

- Finance Brokers
- Financial Advisors
- Insurance Brokers
- Taxation Professionals

- ♦ Over the years Ian has gained a considerable amount of experience in renovating and construction and is able to offer sound advice on many of these matters.

When additional professional services are required we will enlist the services of the following to assist:

- Licensed Building and Pest Inspectors
- Architects and Town Planners
- Engineers
- Valuers
- Land and Property Surveyors
- Quantity Surveyors
- Specialist Property Lawyers



Obtaining comprehensive information for all of these areas may not be possible, or, may not be required. The main point to clarify is that we have a detailed understanding for the need of quality information and we have the means to compile it. Intelligent, informed decisions can only be made based on current, quality information utilised in a practical, sensible way.

We should also make it clear that the gaining of this information does not necessarily mean that significant funds will need to be allocated and spent either; it simply means that the issues are identified and can be “intelligently managed” by way of budgeting, forward planning and if need be, altering your investment strategy.

## Vacancy Rates & Competitive Rental Analysis

Vacancy rates and competitive rental analysis are in our view commonly overlooked, but so vitally important that we have singled them out for attention.

Our simple advice is that vacancy rates are the single largest contributor to reduced returns. Each week a property is vacant significantly diminishes returns, and in most cases the loss of rental income cannot be recovered by way of a premium rental, if in fact this premium rental is achieved at all.



It is of vital importance that a vacant property is marketed to be competitive; holding out for inflated or unrealistic rent is simply not intelligent management or sound advice. There are only very few situations where there is a potential justification for spending additional time to secure a very high premium rent.

Our competitive rental analysis and market opinions are generally based upon the competition in the marketplace at the time and the most recent local comparative leases. Our philosophy is such that if the property is competitively priced, it should in most cases be leased in a reasonable period of time and therefore, the vacancy rate will be minimised. There will be exceptions to this rule where, for example, a property offers unique or special features or it is located within a very specific area, in these cases it should demand a premium rent.

This theory is also brought into practise when conducting “to market” rent reviews for both residential and commercial leases. Experience has shown that to demand above market rates during a rent review will commonly result in the current tenant relocating, and therefore creating an unwanted and unplanned vacancy. This automatically translates to loss of income and therefore returns, but may also trigger the following:

- ♦ Unscheduled repairs and maintenance with potentially high capital expenditure which may include relatively simple repairs such as new paint and carpet to expensive items such as kitchens and bathrooms.
- ♦ Associated re-leasing costs including:
  - Advertising and marketing costs
  - Legal expenses
  - Agent re-leasing fees



Each property is different and will be analysed accordingly, however, there are few cases that escape these important property investment fundamentals; the need for good secure tenants providing strong consistent returns.

Clearly we are in the business of providing you with “no nonsense” sound advice, not just in the business of making a return for our own business. The two go hand in hand, if you are not deriving a return, nor are we. It’s that simple.

## **Investment Management Services:**

Ian Peacey has a very practical, hands on approach to management. Ian is a property investor himself and understands the need for effective returns. These returns are heightened by his approach to both tenant relations and maintaining and enhancing the most important asset, the property itself. Ian finds that he is doing many of the repairs himself, as frequently it is something quite simple. Why pay \$150 for something that can be fixed in a few minutes? Perhaps it has something to do with his country background....

Being an “Intelligent Investment Manager” naturally includes the everyday services that will be required, most of which are listed below.

## **Residential Management Activities Performed.**

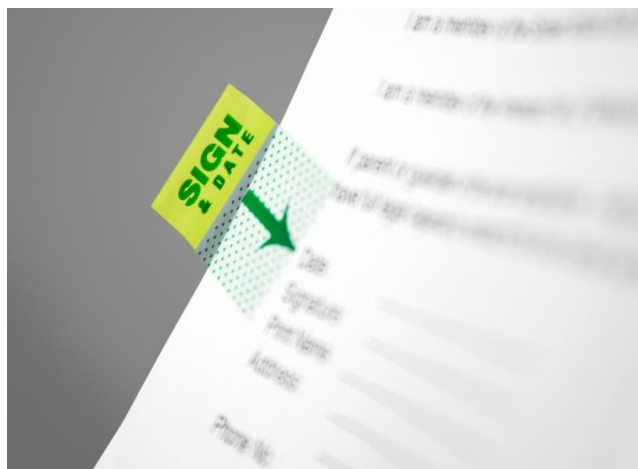
- ♦ Formulate appropriate marketing and advertising materials.
- ♦ Take photos and write copy for various media.
- ♦ Distribute advertising to print media and upload onto web sites.
- ♦ Liaising with corporate relocation companies.
- ♦ Conduct open for inspections at set times and by appointment for convenience.
- ♦ Process tenancy applications, check references and confirm 100 pt ID checks.
- ♦ Prepare and distribute leases.
- ♦ Lodge bonds with the Rental Bond Board.
- ♦ Complete incoming property inspection reports.
- ♦ Arrange or conclude required repairs and maintenance.
- ♦ Conduct regular property inspections.
- ♦ Conduct market reviews.
- ♦ Attend to overhead payments including, Council rates, water rates and strata levies
- ♦ Attend to Strata and Body Corporate issues.
- ♦ Prepare documentation and represent you at the Consumer Trader & Tenancy Tribunal.
- ♦ Distribution of Owners’ funds electronically into nominated accounts. Special arrangements can be made for mid month distributions for mortgage payments etc.
- ♦ Provide monthly statements with attached invoices to owners and other nominated professionals e.g. your Accountant.
- ♦ Provide end of year financial reports to Owners and their advisors if requested.



## Commercial Management Activities Performed

Commercial activities will include most of those listed previously, but may also include:

- ♦ Complex lease negotiations for both commercial and retail tenancies that require a sound knowledge and application of appropriate legislation including the Retail Leases Act.
- ♦ Complex lease negotiations which may include;
  - Commercial fit-outs.
  - Rent free periods.
  - Gross or net rentals where outgoings are concerned.
  - Local Council development applications and approvals.
- ♦ Calculate building outgoing recoupment's whether as a total, a fixed percentage or as increases over base dates etc.
- ♦ Reviewing trade references.
- ♦ Reviewing statements of assets and liabilities.
- ♦ Preparation and distribution of Disclosure Statements.
- ♦ In house preparation of retail and commercial leases up to 3 years duration.
- ♦ Negotiation, preparation and distribution of the "Heads of Agreement" to the Lessor's Solicitor providing instructions for the preparation of the lease.
- ♦ Investment of commercial bonds on behalf of the Lessor and Lessee.
- ♦ Forwarding retail bonds to the Rental Bond Board.
- ♦ Conducting market reviews when required based on either net face rents or effective rent.
- ♦ Negotiating with problematic tenants.
- ♦ Liaising with the Lessor's legal and financial advisors.
- ♦ Re-entering and taking possession of the premises.



### Investment Management Service Fees:

Our Investment Management fees vary significantly according to location, the size and type of property, the extent of services undertaken and numbers of properties managed under any one portfolio. Accordingly, we do not subscribe to any one formula as it would be inappropriate.

Our fees are individually calculated to be fair and equitable to both parties and directly reflect the amount of attention that any one property or portfolio will require. Clearly there will be instances where higher fees will be necessary to effectively manage a more complex property than one that will require less ongoing attention. You will find that our fees are more than competitive.



Marketing costs will vary considerably depending on market forces and whether it is deemed necessary to advertise in print media, i.e. The Sydney Morning Herald and The Mosman Daily. For this type of apartment for example, it would be unlikely that we would need to consider print advertising, as the demographic for this type of property would be searching via real estate internet portals not in the newspaper. Weighing up the pros and cons is just one example of “intelligent management” that makes a real difference.

These are the only sources of base fees and charges: Others such as tribunal and court attendance are detailed within the Management Agreement document and are rarely charged. We do not generally charge for disbursements etc.

## A SMALL SELECTION OF PROPERTIES CURRENTLY UNDER MANAGEMENT

### *RESIDENTIAL*



4 Bedroom House

Mosman



3 Bedroom Apartment

McMahons Point



3 Bedroom House

Mosman



3 Bedroom Townhouse

McMahons Point



2 Bedroom Semi

Mosman



2 Bedroom Apartment

McMahons Point



4 Bedroom House

Lane Cove



## COMMERCIAL



Retail Shops and Offices

Mosman



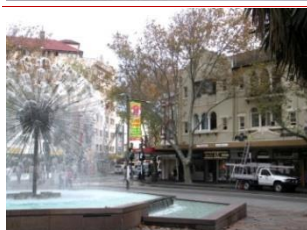
Retail Shop

Mosman



Commercial  
Professional Centre

St Ives



Retail Shop

Potts Point



Commercial Offices  
3 storey warehouse

McMahon's Point



Retail Shop

Chatswood



Retail Shop

Willoughby