

Property Finders NI

Property Syndicates - Explanation Note



What is a Property Syndicate?

A Property Syndicate enables a group of like minded investors to come together and invest in a specific property project and enjoy the returns that had previously only been available to large scale developers. This may be a short term construction project or a longer term rental structure. The investors are providing mezzanine finance for the developer.

How is a Syndicate Structured?

A Loan Agreement is signed between the Investor and the Developer, this sets out the terms on which the investment is being made and what the return will be.

Can I use my Pension money to Invest in a Syndicate as well as Private Money?

Yes, we have FSA regulated advisors to assist with advice concerning this and also to migrate pension funds into a property-friendly SIPP structure if required.

What is the Minimum Investment for a Syndicate?

Usually £25,000.

What are the expected returns from an investment in a Property Syndicate?

This will vary from project to project and also on whether the project is a Structured Return Syndicate or a Profit Share Syndicate. Please see below.

Are all Syndicates in the UK and Ireland?

No. We take advantage of opportunities worldwide, wherever the project makes good commercial sense.

For example we are currently looking at blocks of apartments in Germany, a Hotel in Turkey, a marina development in Croatia as well as apartment developments in London.

How many Syndicates are available?

We only do one syndicate at a time and will generally offer 6 opportunities per year to our investors.

Can an Investor get money out of a Syndicate before the end of the Project?

The 'Company' approach is 'no', as generally the funds are tied up in the project. However, with our database of investors we would anticipate than in an 'emergency' it would be possible for us to find another investor to take up the opportunity.

What protection do investors have?

The syndicates are not governed by FSA (Financial Services Authority) regulations and should be seen as a higher risk investment as there is no recourse to the Financial Ombudsman etc.

The comfort for the investor is provided by:

- Project is secured by the property
- All legal documents are available for opinion
- Loan Agreement – Regulated by Law Society
- Paradigm Worldwide invest in every project
- Professional Advisors used in each project

Property Finders NI

Property Syndicates - Explanation Note



Previous Property Syndicates:

1. Mercier Road - London

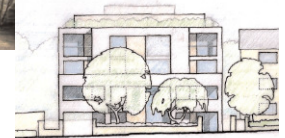
Project: To purchase, demolish and rebuild site on Mercier Road, Putney, London. This project will demolish the existing property and replace it with 11 apartments. Timescale 2 years.

Return: This was a structured return syndicate, with returns of 8% p.a, 20% on completion and share of profits (15% on all profits over £850,000).

2. Westmead - London

Project: Demolish existing property (Westmead, Putney Heath SW15) on half acre plot and build 8000 sq ft, three story house (6 bed, 5 bath and additional staff flat over 2 car garage). Timescale 12 months.

Return: This was a structured return syndicate, with returns of 8% p.a, 20% on completion and share of profits (15% on all profits over £850,000).



Different types of syndicate and returns:

Structured Return Syndicate

With this type of investment there are three types of return for the investor. Two of these are agreed at the outset of the project and the third will be dependant on the final profit level.

Example:

Return of 8% per annum for the duration of the project and 20% bonus on completion are agreed at the outset. For a £25,000 investment there will be a return of £9,000 for a two year project (You will also have your initial investment returned on completion).

Share of the profits – The return is dependant on the final profit of the project and your level of investment. If profit was £1.5 million then profit share could be 15% of all profit above £850,000. For £25,000 investment this would be ca. £6,000 (This figure is based on an initial investment by all investors of £400,000).

Profit Share Syndicate

With this type of investment there is no set return level, all returns are dependant on the final profit of the project.

Returns will reflect the level of investment, i.e. a £50,000 investor will receive double the return of some one investing £25,000.

Anticipated returns are estimated at the start of the project to provide guidelines for an investor.