RICARD GROUP
Property & Share Investments

ATTENTION: PROPERTY INVESTORS!

LOOKING FOR ACCESS
TO BETTER PROPERTY
INVESTMENT OPPORTUNITIES?

FREE REPORT

This FREE report reveals how you can get access to better opportunities for capital gains and income from the property sector. Learn how you can take advantage of this supreme asset class in the next 30 days.

Ricard Group

Contents

DISCLOSURE: *Please note that the information provided in this booklet does not constitute personal financial advice. It is general advice only.*

The Yellow Brick Road to Wealth Creation

Dear Fellow Investor,

The idea of a 'yellow brick road' evokes an image of stepping onto a golden path to prosperity. Lots of people would like to be on this path, but for many, it's not easy.

And opportunities to create prosperity for yourself are abundant but not always accessible, especially when it comes to property.

Don't worry. I've put together this short booklet to show you how you can take advantage of opportunities for property investment without needing a small fortune sitting in the bank. Or borrowing money until you can't sleep at night.

I'll show you how to get access to the surest and most reliable way of creating wealth in a five to 10-year time frame. No need for rampant speculation here.

Let the Ricard Group help put you on a path to prosperity with exciting and exclusive opportunities in the property sector.

Enjoy this booklet. And please do not hesitate to get in touch for more information on wealth creation via property investment.

Best regards,

Michael van Cuylenburg

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How Property Fits in For Australian Investors

Property investment is, and always has been, a meaningful way to create wealth. It is a brick and mortar 'yellow brick road'. In Australia, there are three ways we connect with property. They are:

1. Buying the home that we live in, i.e., or our 'principal place of residence.'
2. Buying an investment property to rent out for income and holding for future capital gain.
3. Renting a property from a property investor.

The benefits of owning an investment property are well documented by financial experts and savvy investors. But it can be tough to get started due to the need for large amounts of capital, the need to borrow (with personal guarantees) and high transaction costs.

The Australian Taxation Office (ATO) tells us that in the 2017-18 tax year (the latest statistics available):

- 67% of Australians own their homes
- 13% own at least one investment property, and
- Only 2.5% own more than one investment property

That means 33% of Australians are renters and about 85% of the population do not own an investment property

The data makes it clear: owning any property, either as a home or one or more investment properties, is a pipe dream for many Australians.

But everyone knows that holding investment property can make a big difference in wealth accumulation. Just look at the 2020 BRW Rich List to see the impact property investment has made for some of our wealthiest citizens.

It shows:

- 4 of the ten richest Australians made their wealth from the property industry and retained 'billionaire' status during 2020 despite the onset of a global pandemic.
- 48 (nearly 25%) of the wealthiest 200 built their empires in the property sector.
- Property tycoons outnumber 11 in iron ore, 21 in technology and 11 in agriculture.

We can also tell you very few of these property investors built their wealth in the traditional manner, that is: 'buying and holding' investment property.

The rich list property tycoons are mostly developers who create 'new wealth' by buying land or property and building something on it that makes the land more valuable.

What do the wealthy build precisely? The answer is places to live and places to work in the following forms:

- New homes,
- Townhouses,
- Apartments, and
- Commercial property such as:
  - Offices,
  - Shops, and
  - Warehouses.

We need to stress this point again:

The proven path rich listers followed is developing and then selling some of what they've built to create high income and holding the balance for future capital gain.

So, if there is a 'secret' to property investment, it is the extent to which you make money from building and developing property.

The distinction between 'buying' and 'building' investment property is vital because it is cheaper to build than to buy.

For example, take a townhouse. If it costs $500,000 to build, adding a normal a profit margin of say $150,000 makes the sale price $650,000.

- to Build and Hold it as an investment, the cost is $500,000.
- to Buy and Hold, the cost is $650,000.

If you were looking to buy an investment property for $650,000, what are the chances of asking and getting a $150,000 discount?

Slim to none is the answer.

The point is, 'Buying and Holding' an investment property ranks 2nd to 'Building and Holding it.'

Available Choices

To summarise, here are your 3 Main Options when it comes to making money in the property market:

1. **Buy and Hold (the traditional way & the 2nd best way)**
    - Collect a net rental yield of between 3% to 4% p.a. (there are unique situations that offer higher incomes but at possible risk of lower future market values).
    - Enjoy a capital gain of 6.4% p.a. (average over the last 25 years).
    - Hold for a minimum time: investment property usually needs to be held for 5 to 7 years to allow capital gains to accumulate.
    - Outlay a minimum deposit of 10% with the rest borrowed against the property and personal assets and supplemented by personal guarantees.

2. **Develop/Build (the best way but requires the most capital)**
    - Money is committed to a project in return for the benefit of ownership, i.e., the profit generated.
    - Sell some for cash returns and keep some for capital gain

3. **Lend to property development (income-focused rather than capital gains)**
    - Collect up to 8.0% p.a. paid monthly into your bank account as income.

Option 3 offers an attractive way of getting a **higher income** than you can get from a bank deposit or fixed income securities. Security comes from the market value of the property.

Where Do You Find These Opportunities?

1. Buy & Hold

You can find houses, townhouses, and apartments at publicly accessible websites like www.realestate.com.au.

When you find something that looks appealing, don't just look at what the sales agent is presenting. It's a good idea to get background information on:

- The sales history of the property to judge whether the asking price is reasonable.
- Compare it with other listings in the same area. Pay particular attention to its location and look for factors that add to or take away from its appeal.
- How long the property has been listed on the market to see whether it is a property that, for some reason, hasn't been able to sell quickly.
- What the likely valuation is going to be (this is important in working out what your borrowing capacity will have to be to buy the property).

Just being aware of the sales history and current listing timelines could reveal bargaining leverage and a chance to save several thousand dollars in a price negotiation.

For those that cannot afford to buy an investment property on their own, a couple of platforms facilitate fractional ownership of a property, giving investors a chance to own a small share of it.

So, you get a small rental return as well as exposure to future capital gains on the property. It is an exciting innovation to allow people to participate as a part-owner, but the major drawback is in selling that part ownership when the time comes.

There would need to be buyers looking for a share in that particular property to get a fair price. You may end up either having no buyer or having to discount the asking price to get a sale.

The selling mechanism makes fractional investing a material risk in some cases.

2. Develop/Build

If you don't have the financial resources to do it on your own but want to benefit from the profits, then look at the following options to develop/build:

Private Offers

With banks tightening their lending guidelines in the past 2-3 years, developers and builders have turned to private investors to raise shortfalls in their capital.

If you participate in transactions like this, understand that you are putting your money into someone else's project as a minority shareholder and it is almost always the case that you won't get returns equal to the inherent risk.

Further, investor proceeds are paid into a company or trust that the builder/developer controls and again almost always, you will have no ability to "check the books" to see:

- whether your money is used appropriately and for the purpose intended.
- whether or not your contribution is treated as a loan or as equity (this is critically important)
- how the project is progressing in a financial and operational sense

Beware of the dangers in these offers. It's not to say that these offers are not trustworthy; it's just that the way these offers are structured. They can leave you exposed to loss and with no clear path for getting help if you need to resolve any issue.

Investment Funds

These are all controlled and run under licenses from the Australian Securities and Investments Commission (ASIC).

Regulated funds provide better protection in terms of the legal structures, statements about conflicts of interest, details about the relevant project and rules and regulations around the use of investor money and conduct of the fund. Also, there is support and protection from the Australian Financial Complaints Authority (AFCA) that is important in the event of needing to resolve any dispute that comes up.

Investment Funds are better choices as they operate in a controlled environment providing a better level of investor protection. However, the core question still to be answered is 'who gets the major financial benefit?'.

In other words, whose project is it? You are contributing money so is it "your project" or are you merely going along for the ride on 'someone else's' project.

You need to get full details of project profitability and a clear statement of the relationship between the parties in terms of who gets what financial benefit.

Investment funds offer three choices:

1) Developer/Builder model

If a builder/developer cannot raise the required capital from a handful of people based on private agreements, then they turn to investment funds that can legally raise money from any number of people. The funds pool the money and make lump sums available to builder/developers for their projects.

These funds, at the instruction of the developer/builders, offer just enough to encourage a person to invest. Still, it is seldom the case that an investor gets a fair share of the profit with their money (even after allowing for the fact that the developer/builder would be taking 100% of the borrowing risk on construction funding).

If you are fully informed and still figure that you don't mind NOT getting a fair share of the profits, then there is nothing wrong with that. You go in with your eyes open knowing their priority which is to "get rich using OPM".

What's OPM? It is Other People's Money.

Last, a warning. The legal responsibility of those operating the fund is to look after the interests of investors, so for you, this means checking to see if events could cause the operators of the fund have split loyalties.

Look closely and dig into the detail to see if there is any evidence of "related party dealing" or "conflicts of interest". If there are, you need to be told and be OK with it.

Related party dealing is where a transaction takes place between legal entities (e.g., individuals, companies or trusts) that are not financially independent of each other. In this situation, make sure you know if the people operating the fund also wholly or partly own the builder/developer entity. If that's the case, then you are merely helping finance someone else's project via a fund.

A fund operator gets paid to operate it in the interests of investors. And if at the same time, they also get 'kickbacks' or financial benefits from the builder/developers, the core question becomes 'whose side are they on'?

There is nothing illegal about the existence of related party dealing and conflicts of interest. However, if things get messy, it may become an issue.

But to repeat, if these stated clearly and you agree to it, then it's generally OK.

2) Fund as a Developer model

The #1 way of accumulating property wealth

And the best, most transparent and honest of all. It is where investors put money into a fund, and the fund undertakes the development.

Incidentally, it is the preferred model for the Ricard Group.

Investors own the fund, and the fund owns the development under this model. Investor money buys and owns the development property, so there is the security of a real asset.

And… there are no middlemen.

The same outcome as if a high-net-worth individual does it on their own is the result here. Through the fund, smaller investors own some shares in a project and get access to outcomes that they would never otherwise be able to access.

The big plus in such an arrangement is that no personal borrowing is involved, no personal guarantees are required, so there is no exposure to the borrowing needed to finance the construction. The Fund Trustee takes care of that.

There is full disclosure of the project feasibility, regular operational reporting by an independent project manager and financial reporting by an independent accountant engaged by the fund to look after accounting and GST and Income Tax matters.

The fund operator is paid a declared fee for services provided. 100% of the profits belong to investors, and they can take their profit share or take it as a discount on a property (apartment or townhouse) purchased from the project.

As returns are highest under this scenario, this model provides investors with the 'fastest track' to making money from property.

3) Lending model

Investors place money in a fund here, and the business activity is to lend it out just like banks do.

All money is loaned out based on security over the property and take the form of monthly interest that can be much higher than the interest earned from bank and other deposits.

Those looking for attractive and regular income streams are best suited to this option.

Option 3 is the preferred income model for the Ricard Group.

The Best Way

An investor who creates a portfolio that is a mix of money in the Fund as Developer model and some in the Lending model will assure themselves of being on a stable and predictable path to prosperity.

And the best part?

You can participate with as little as $20,000. There is no need to be left out or left behind when it comes to property investment.

To re-iterate, the Ricard Group specialises in offering opportunities for property investment using:

1. Fund as a Developer model, &
2. The Lending model.

We have a team of expert advisors to arrange, manage and create developments that deliver strong returns for investors combined with a low-risk approach to development and funding.

Projects

Take advantage of nationwide opportunities.

See Appendix A for Melbourne Metro market and regional Victoria projects to give you an idea of what we assess as "investor desirable" meaning:

- short time frames for development
- minimal planning, build and marketing risk and most important:
- projects are profitable.

Keep reading for more detail about our executive and advisory team and further information on how you can participate in upcoming offers.

About Us

The Ricard Group is an investment advisory firm based in Melbourne. We provide the care and guidance investors need to build a comfortable and secure future. We achieve this by providing healthy, predictable earnings from attractive investment opportunities.

And it's all premised on knowledge, expertise and years of experience managing investment outcomes.

Executive & Advisory Team

MICHAEL VAN CUYLENBURG

Director

Michael controls Ricard activity. He enjoyed a successful career as a CPA and corporate finance executive for 25 years working across a broad range of industry sectors. A 13-year career as a Stockbroker followed and 14 years spent as the Principal of Ricard Group Pty Ltd. Michael is a Bachelor of Economics and is a Member of the Australian Institute of Company Directors.

DENNIS DANAHER

Director and Partner: Danaher Moulton

Dennis is a commercial lawyer with more than 20 years' experience across a wide range of business activities and industries. He is Director and Principal of Danaher Legal, a firm with strong property expertise. Dennis has long been involved in and given legal advice on the structuring of businesses and property developments to optimise their efficiency and returns. Danaher Legal handles all of Ricard Group's corporate and commercial matters. Dennis is also a director of Ouse River Wines and is the Trustee of several large investment Trusts.

ANJE JURIC

Director: Developments Now

Anje acts as Ricard's representative overseeing the financial aspects of each project. An engineering career spanning over a quarter of a century, Anje has delivered several high-profile property developments in Victoria including Manor Lakes master-planned community and ARK residential apartment development and has previously worked with prominent developers including Dennis Family Corporation, Metricon, and Hickory Group. Anje's extensive experience is sought-after in the industry.

Next Steps on the Path to Prosperity

We are currently offering investors the opportunity to invest in the following funds from the Ricard Group:

- The Ricard Group Property Development Fund – 'Fund as a Developer Model'
- The Ricard Group Property Income Fund – 'The Lending Model'

Minimum subscription for each fund is $20,000. The funds have created to help put you on the path to prosperity. Realise the value of investing in high-quality developments that provide:

- Significant development profits
- Certain capital gains
- Stable monthly income

Here are the next steps if you'd like to know more:

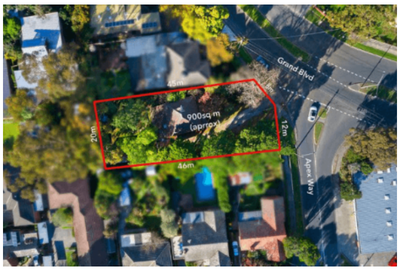
Step 1
Register your interest on our website. We'll send you an offer document with more information.

Step 2
Speak with Michael Van Cuylenburg directly.

Step 3
Subscribe and receive issuance of shares in one of our **Development** or **Income** funds (or both).

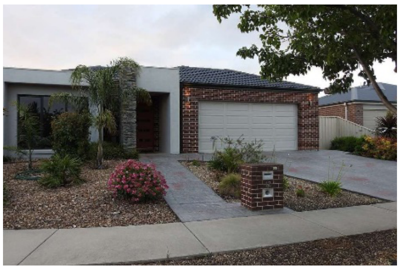
Appendix A

Project Examples



PROJECT ONE
TWO LUXURY TOWNHOUSES

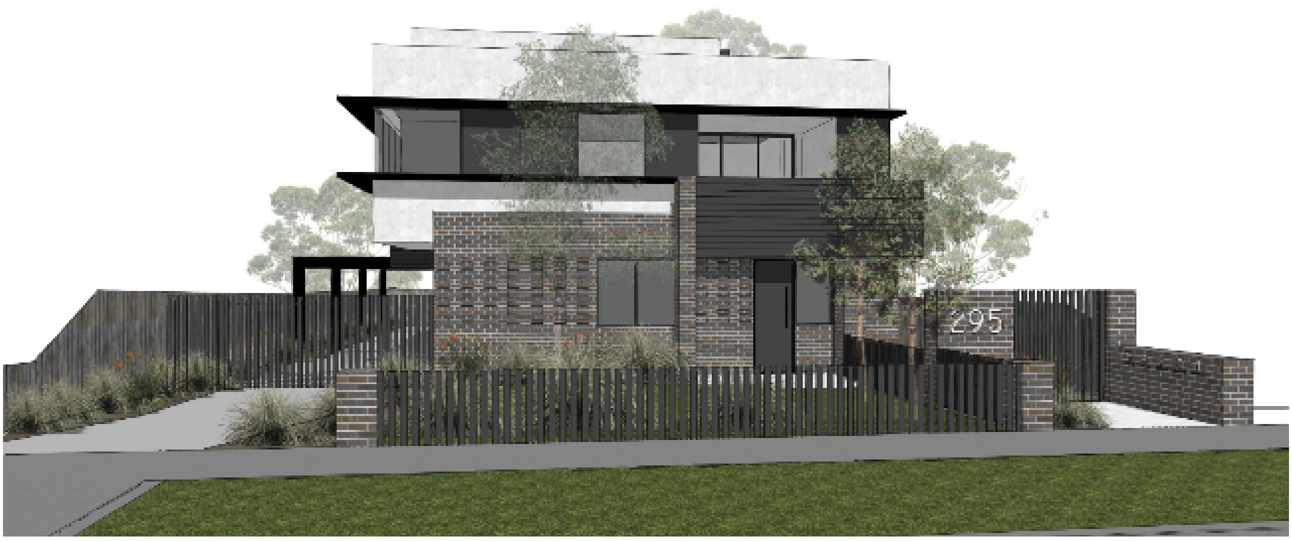
Location	:	Montmorency, Vic
Stage	:	Under construction
Status	:	Fully Subscribed
		Strong Investment return
Project timeframe	:	18 months



PROJECT TWO
SINGLE RESIDENTIAL DWELLING

Location	:	Horsham, Victoria
Stage	:	Under construction
Status	:	Fully Subscribed
		Strong Investment return
Project timeframe	:	Six months

PROJECT THREE
TOWNHOUSE DEVELOPMENT UNDER CONSIDERATION



This project is an excellent example of land sold with a Planning Permit in place. The vendor, in this case, purchases land and spends time and money arranging an architect’s design and obtaining a permit.

The planning process typically takes 9 -12 months so in this case, buying land with a permit saves a lot of time and the project is ready to start as soon as purchase of the land is confirmed. Like they say in the building industry, "it is shovel-ready."

The "Fund as Developer" model is the vehicle of choice and a target return of 22.1% over 15 months (or 17.7 % per annum) has been forecast.

There is no need to borrow money from the bank or provide loan guarantees for the construction loan as the Trustee will do that.

You don't have to be a rich-lister to get these returns. Investment funds with the Ricard Group have minimum buy-ins as low as $20,000. A small minimum investment shows how simple it can be to invest in property in the next 30 days without having a vast amount of capital at the ready.

Project Feasibility

	$'000	$'000
Revenue from Sales		3,260
Development Costs		
Land	1,075	
Construction Cost	1,362	
Council Fees	70	
Consultants	160	
Holding Costs	17	
Marketing	105	
Finance Cost	147	
Total Project Cost		2,936
Profit		324

Funding Arrangement	
Capital 50%	1,468
Construction Loan 50%	1,468
Total Project Cost	**2,936**
Investor Return on Capital	22.1 %
Project Time Frame	15 mths