

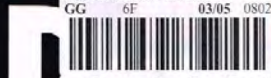


6 PROPERTIES IN 9 YEARS MEET THE INVESTOR WHO CAME TO AUSTRALIA WITH JUST A SUITCASE AND \$1000 AND FIND OUT HOW HE GREW A PORTFOLIO WORTH \$2.95M!

OUR MOST PROFITABLE DEAL HOW A YOUNG COUPLE MADE A \$70,000 EQUITY GAIN IN JUST 2 MONTHS!

AUSTRALIA'S #1 MAGAZINE FOR PROPERTY INVESTORS

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SECRET STRATEGIES OF THE WEALTHY

TRULY SUCCESSFUL INVESTORS SHARE THEIR FOOLPROOF TIPS FOR CREATING WEALTH FROM PROPERTY

EXCLUSIVE
FROM NRL LEGEND TO PROPERTY MOGUL
API's candid interview with **Darren Lockyer**

» **Margaret Lomas:**

38 properties worth \$8m+



» **Steve McKnight:**

200 properties worth \$5m+



» **Chris Gray:**

13 properties worth \$10m+



» **Michael Sherlock:**

7 properties worth \$7m+



30

hotspots about to swing up in price

» **FROM A TOWN PLANNER'S CASE FILES:** Follow the journey of a husband and wife as they complete their first development with an anticipated profit of \$602,000



STILL AUSTRALIA'S MOST TRUSTED AND WIDELY READ PROPERTY INVESTMENT MAGAZINE



Michael Sherlock

million into it, with the goal of growing that amount to \$5 million over time."

Coming from a corporate world and having experienced success, such as growing the Brumby's network to more than 300 stores and increasing its share price from 56 cents to \$3.40 in three years, Michael headed for the sharemarket.

"I spoke to brokers and analysts and they'd rave about whatever tip they'd heard at a breakfast or lunch, like 'ABC Learning is looking good'," he laughs.

When the GFC hit and markets went into meltdown, "a couple of million dollars went through a rollercoaster".

Michael's wife was a property enthusiast and preferred bricks and mortar. When shares tanked, they went on a mini shopping spree, snapping up a high-end apartment in Brisbane's CBD that they intended to eventually move into. Instead, they later sold it and bought a prestige home in the inner-western suburb of Toowong.



Michael's Toowong property



The Mackay commercial site

It wasn't their first dalliance with real estate – they already had a decent-sized property portfolio.

"I bought a duplex property in Milton in 1990 for \$140,000, which we still own. It's in a prime spot and close to the city but there's a bit of work to do. One side is

SHAKING OFF SHARES

MICHAEL SHERLOCK

Number of wholly owned properties: 7

Approximate value: \$7.26 million

Number of syndicate assets: 9

Approximate share of syndicate: \$2.3 million

While he was at the helm, Michael Sherlock transformed the Brumby's chain of bakeries from an ailing set of shops into the second-largest franchise of its kind in the country.

In 2007, he resigned as managing director after negotiating the sale of the company for \$46 million. With a pocket full of cash from his 12 per cent share and some time on his hands, he set out to scope possible investment opportunities.

"The notion of a self-managed superannuation fund (SMSF) hadn't been around long," Michael, now 61, explains.

"I established one and put about \$3.5

| RESIDENTIAL PORTFOLIO SNAPSHOT | | | | | | |
|--------------------------------|----------------|---------------|------------------|---------------|-------------|-------------|
| PROPERTY | PURCHASE PRICE | PURCHASE DATE | RENOVATION COSTS | CURRENT VALUE | WEEKLY RENT | GROSS YIELD |
| Toowong, Qld – 3-bed house | \$1,360,000 | February 2010 | \$10,000 | \$1,360,000 | \$1,150 | 4.3% |

| COMMERCIAL PORTFOLIO SNAPSHOT | | | | | | |
|-------------------------------|--------------------------------|---------------|----------------|----------------|--------------------|-----------|
| PROPERTY LOCATION | ASSET TYPE | PURCHASE DATE | PURCHASE PRICE | SHARE | MONTHLY RENT SHARE | NET YIELD |
| Mackay, Qld | Freight/distribution warehouse | December 2012 | \$9,250,000 | \$200,000 (5%) | \$1,866 | 11.1% |

MICHAEL'S STRATEGIES

- > Be comfortable with every aspect of an investment, from the fundamentals of a location to the type of asset itself and the risk involved.
- > Be adaptable with your decision-making and work towards your goals.
- > Undertake thorough research to ensure your financial choices are the right ones.
- > When it comes to commercial property, a big driver of value is the quality of the lease. Stable ASX-listed companies make good tenants.

rented and I'm renovating the other. Eventually we'll sell the whole thing and I'm confident of getting about \$1 million all up. It's in a great spot on a good block."

Michael was involved in the development of a townhouse project in Bardon in Brisbane's inner west in the 1990s. All but one of the 21 dwellings sold, so he purchased the leftover townhouse and held it until recently.

"I paid \$155,000 for it back then and rented it out all this time. I renovated it inside and out last year and it sold in July for \$670,000, which is a good result."

But that was a long-term asset and Michael's goal of increasing his nest egg quickly and achieving an annual return of five per cent led him to consider other options.

"I was after something that wasn't so negatively geared," he says. "On a rental we might take a two per cent net annual return, which to me just wasn't worth it."

When he came across a commercial property investment syndicate, he was intrigued. When he saw the returns on offer, he decided to give it a go.

"To start, I invested \$500,000 and saw returns immediately. As the trust grew and offered more opportunities, I started getting money out of shares and converting it to commercial property."

Now, his share of nine assets owned by the syndicate is worth about \$2.3 million. On average, it delivers an 11.5 per cent net annual return.

"My investment in each property varies. I've got \$450,000 in one, a couple of \$200,000 each. Every property is a standalone and has been assessed based on its fundamentals and potential.

"Syndication ticks all the boxes for my SMSF strategy. The returns are paid monthly and it's passive, unlike managing a residential property, so it's just like getting a wage."

The assets consist of industrial warehouse-style and homemaker or bulky goods retail sites. Most are in Brisbane with three more in the northern regional city of Mackay.

"I'm familiar with Mackay from my time at Brumby's. I understand the town's economy, what's contributing to it, its stability. I think that sort of understanding is important.

"One of the Mackay properties is a freight depot near the airport leased by a major company." **API**



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Do you have a question for these mega investors? Email it to forum@apimagazine.com.au and we'll do our best to publish the answer in a future issue of API.